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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
OCEAN CAY**

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
OCEAN CAY**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS is made this 9th day of July, 1997, by TAYLOR WOODROW COMMUNITIES, a Florida general partnership, joined in by OCEAN CAY HOMEOWNERS ASSOCIATION, INC., a Florida not-for-profit corporation.

STATEMENT OF BACKGROUND INFORMATION

- A. Terms capitalized in this Declaration are defined in Article III hereof.
- B. Declarant is the master land developer of the Property.
- C. The Property will be developed as a planned community to be known as "Ocean Cay".
- D. The Declarant has formed the Association to fulfill the Association's obligations as set forth in this Declaration.
- E. This Declaration and the Association will govern the Property.

STATEMENT OF DECLARATION

Declarant hereby declares that the Property shall be held, sold, conveyed, encumbered, leased, occupied and improved subject to the following covenants, conditions, restrictions, easements and provisions.

**ARTICLE I
GENERAL PLAN OF DEVELOPMENT**

The Property, including without limitation development tracts, recreation tracts open space and other tracts, shall be developed in accordance with all applicable governmental approvals, and all applicable codes and permits, and development agreements. The Property will be developed as a single-family residential community.

It is the intention that the Property will be subject to this Declaration. The Association is responsible for the administration of this Declaration.

**ARTICLE II
INTENT OF DECLARATION**

Declarant desires to provide for the preservation and enhancement of the value, desirability and attractiveness of the Property and, therefore, Declarant intends by this Declaration to impose upon the Property mutually beneficial covenants, conditions, restrictions and easements under a general plan of improvement for the benefit of all Owners within the Property. Declarant desires to provide flexible and reasonable procedures for the overall development of the Property, and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property, and maintenance of property dedicated to or owned by the Association.

ARTICLE III
DEFINITIONS

Section 3.1 "Ocean Cay" shall mean and refer to the planned community anticipated to be developed on the Property.

Section 3.2 "Area of Common Responsibility" shall mean and refer to the Common Area, together with those areas, if any, which by the terms of this Declaration, or by contract or agreement with any other person, or a governmental agency become the responsibility of the Association.

Section 3.3 "Architectural Review Committee or ARC" shall refer to the committee established in Article XIII hereof.

Section 3.4 "Articles of Incorporation" or "Articles" shall mean and refer to the Articles of Incorporation of the Association, as filed with the Secretary of State of Florida, and as may be amended from time to time. The Articles of Incorporation are attached to this Declaration as Exhibit "B". Amendments to the Articles of Incorporation shall be recorded in the Public Records.

Section 3.5 "Assessment" or "Assessments" shall mean and refer to those charges, fees and/or obligations set forth in Article XII hereof, including without limitation Annual Assessments, Special Assessments and Benefit Assessments.

Section 3.6 "Association" shall mean and refer to Ocean Cay Homeowners Association, Inc., a Florida not-for-profit corporation, its successors or assigns, whose purpose is to administer the Properties in accordance with the provisions of this Declaration.

Section 3.7 "Benefit Assessment" shall mean and refer to Assessments levied against Members benefitting from a special service or amenity for the cost incurred for providing such service or amenity, or for sanctions levied in accordance with this Declaration which may include without limitation remedial maintenance, repair or replacement and insurance.

Section 3.8 "Board of Directors" or "Board" shall be the elected or appointed body of the Association having its normal meaning under Florida corporate law.

Section 3.9 "By-Laws" shall mean and refer to the By-laws of the Association as may be amended from time to time. The By-laws are attached to this Declaration as Exhibit "C". Amendments to the By-laws shall be recorded in the Public Records.

Section 3.10 "Common Area" or "Common Property" shall be an inclusive term referring to all real property dedicated to, owned by, or held by the Association under lease, easement or other means of ownership or use, or intended by Declarant in its sole discretion to be devoted to the common use or enjoyment of the Members or for preservation within the Properties, in accordance with this Declaration. The term "Common Property" shall also include any personal property acquired by the Association if said property is designated as "Common Property" by the Association or the Declarant to be Common Property. Any land or personal property held by the Association shall lose its character as Common Property upon the expiration of the Association's right in and to such property. The Common Property may include, without limitation, entry features, lakes, landscaping, signage, buffer areas and improvements thereon, conservation areas, and recreational facilities such as swim, social and other sports facilities.

Section 3.11 "Common Assessment" shall mean and refer to Assessments levied against all Members in the Properties to fund Common Expenses.

Section 3.12 "Common Expenses" shall mean and include the actual and estimated expenses incurred by the Association for maintenance, operation and other services required or authorized to be performed by the Association which is attributable to the Area of Common Responsibility, including any reasonable reserves, all as may be found to be necessary or appropriate by the Board pursuant to this Declaration, the By-Laws, and the Articles of Incorporation of the Association. Common Expenses shall specifically include, but not be limited to, costs and expenses of maintenance, repair and operation of the Surfacewater Management System to be maintained by the Association.

Section 3.13 "Community-Wide Standards" shall mean the standards of conduct, maintenance, or other activity generally prevailing throughout the Properties from time to time. Such standards may be more specifically determined by the Board of Directors and by the Declarant so long as the Declarant owns one or more Lots within the Properties. Community-Wide Standards shall be part of the Rules and Regulations and Community-Wide Standards shall be binding on all Owners.

Section 3.14 "Declarant" shall mean and refer to Taylor Woodrow Communities or its successors; or a successor-in-title to any portion of the property described on Exhibit "A" hereof pursuant to an instrument which is duly recorded in the Public Records and which conveys and assigns to the grantee thereof all or any portion of the rights of Taylor Woodrow Communities hereunder. Such conveyance and assignment may be partial in which event Taylor Woodrow Communities' rights so conveyed shall be limited as provided in the instrument, or the same may be a complete conveyance and assignment, in which latter event shall vest such successor with all of the rights of Taylor Woodrow Communities hereunder at which time Taylor Woodrow Communities will be released of all liability hereunder.

Section 3.15 "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Easements for Ocean Cay as the same may be amended or Supplemented from time to time.

Section 3.16 "First Mortgagee" shall mean and refer to any Institutional Lender who holds a first mortgage on a Lot and who has notified the Association in writing of its holdings.

Section 3.17 "Initial Property" shall mean and refer to the real property described on Exhibit "A" attached hereto and incorporated herein.

Section 3.18 "Institutional Lender" shall mean and refer to Declarant, a bank, life insurance company, federal or state savings and loan association, real estate or mortgage investment trust, qualified pension, profit sharing, IRA accounts or trusts, or lender generally recognized in the community as an institutional lender.

Section 3.19 "Lot" shall mean and refer to a portion of the Properties, whether developed or undeveloped, intended for development, use or occupancy as an attached or detached residence for a single family and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family lots, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided. The term shall include all portions of the lot owned as well as any structure or other improvements thereon. Any two (2) or more Lots which are under common ownership and on which a single residence has been constructed shall nevertheless be considered to be two (2) or more separate Lots for purposes of voting, assessment and all other matters hereunder. The term unimproved Lot shall mean a Lot upon which a foundation slab has not been poured.

Section 3.20 "Member" shall mean and refer to a Person entitled to membership in the Association, as provided herein and in the By-Laws.

Section 3.21 "Merchant Builder" shall mean and refer to all builders who purchase Lots to construct residential dwellings thereon and who are participants in any organized builder program which may be implemented by the Declarant.

Section 3.22 "Owner" shall mean and refer to the record title holder, whether one (1) or more persons or entities, of the fee simple title to any Lot situated within or upon the Properties. Owners shall not include any mortgagee unless and until such mortgagee has acquired title to a Lot pursuant to an action for foreclosure or any proceeding in lieu of foreclosure. If a Lot is sold under a recorded contract for deed, and the contract specifically so provides, then the purchaser (rather than the fee owner) will be considered the Owner. If a Lot is subject to a written lease with a term in excess of one (1) year and the lease specifically so provides, then upon filing a copy of the lease with the Board of Directors, the lessee (rather than the fee owner) will be considered the Owner for the purpose of exercising all privileges of membership in the Association but the fee owner shall jointly and severally remain responsible for all obligations relative to such Lot.

Section 3.23 "Person" means a natural person, a corporation, a partnership, a trustee, or any other legal entity.

Section 3.24 "Plat" or "Plats" shall mean any plat or plats recorded in the Public Records affecting any or all of the Properties.

Section 3.25 "Property" or "Properties" shall mean the real property subject to this Declaration from time to time.

Section 3.26 "Public Records" shall mean and refer to the Public Records of Duval County, Florida.

Section 3.27 "Rules and Regulations" shall mean the rules and regulations adopted by the Board as same may be amended from time to time.

Section 3.28 "Site Plan" shall mean and refer to the graphic plans developed by Declarant from time to time for development of the Properties, including subdivision into lots and the number thereof. Information contained on a Site Plan shall not bind the Declarant to develop any portion of the Properties in any particular manner, fashion, with any particular number of Lots, or dedicate or convey any portion of the Property to the Association or other persons.

Section 3.29 "Special Assessment" shall mean and refer to Assessments levied in accordance with Article XII, Section 4 of this Declaration.

Section 3.30 "Supplemental Declaration" or "Supplement" shall mean an amendment or supplement to this Declaration executed by or consented to by Declarant or its successors in interest which subjects additional property to this Declaration and/or imposes, additional restrictions and obligations or removes restrictions and obligations on the land described therein.

Section 3.31 "Surface Water Management System" shall mean the portion of the Properties including improvements thereon which are designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from such system as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, F.A.C.

Section 3.32 "Turnover" shall mean that date following conversion of Class "B" votes to Class "A" votes upon which the Declarant transfers majority control of the Board as provided in the By-Laws.

ARTICLE IV
PROPERTY RIGHTS AND PROPERTY SUBJECT TO THIS
DECLARATION AND ADDITIONS THERETO

Section 4.1 **Property.** The real property which is, and shall be held, transferred, sold, conveyed and occupied subject to this Declaration is the Initial Property, together with additional lands that may be subjected to this Declaration, from time to time, as provided in Article X of this Declaration.

Section 4.2 **Enjoyment of Common Areas.** Every Owner of a Lot shall have a right and easement of enjoyment in and to the Common Areas for their intended purpose, subject to this Declaration as it may be amended from time to time, Rules and Regulations and subject to any restrictions or limitations imposed by law or in a recorded instrument or affecting any deed conveying such property to the Association. Certain portions of the Common Areas may be subject to recorded conservation easements or use restrictions. Any Owner of a Lot may assign his or her right of enjoyment to the members of his or her family, lessees and social invitees, as applicable, subject to this Declaration, reasonable regulation by the Board and in accordance with Rules and Regulations adopted from time to time. An Owner who leases his or her Lot shall be deemed to have assigned all such rights to the lessee of the Lot.

ARTICLE V
MEMBERSHIP AND VOTING RIGHTS

Section 5.1 **Membership.** Every Owner of a Lot shall be deemed to have either a Class "A" or Class "B" membership in the Association, as provided in Section 2 below.

No Owner of a Lot, whether one (1) or more Persons, shall have more than one (1) membership per Lot. In the event the Owner of a Lot is more than one (1) Person, votes and rights of use and enjoyment shall be as provided herein. The rights and privileges of membership may be exercised by a Member or the Member's spouse, subject to the provision of this Declaration and the By-Laws. In the event a Member is a corporation, partnership, trust or other entity or joint form of ownership, voting rights may only be exercised by the individuals listed on a certificate filed with the Secretary of the Association and rights to use the Common Areas shall be by the occupant of the Lot, subject to notification and compliance with all applicable Rules and Regulations. Membership shall be appurtenant to and may not be separated from ownership of a Lot except as otherwise provided herein. Change of membership in the Association shall be established by recording in the Public Records, a deed or other instrument conveying record fee title to the Lot, and by the delivery to the Association of a copy of such recorded instrument. The Owner designated by such instrument shall, by said Owner's acceptance of such instrument, become a Member of the Association, and the membership of the prior owner shall be terminated.

Section 5.2 **Voting.** The Association shall have two (2) classes of membership, Class "A" and Class "B" as follows:

5.2.1 Class "A". Class "A" Members shall be all Owners of Lots with the exception of the Class "B" Member.

Class "A" Members shall be entitled to one (1) equal vote for each Lot in which they hold the interest required for membership.

5.2.2 Class "B". The Class "B" Member shall be the Declarant or its assigns or successors in interest. The Class "B" Member shall have five (5) votes for each Lot owned by the Declarant and Merchant Builders. The Class "B" Member shall be entitled to appoint or elect all of the members of the Board of Directors until Turnover, as specified in the By-Laws. The Class "B" membership shall terminate and become converted to Class "A" membership upon the earlier of Turnover or the date upon which the Lot is sold to a Person other than a Merchant Builder.

Upon and after the Turnover, the Class "B" member shall be deemed to be a Class "A" member entitled to one (1) vote for each Lot in which the interest required for membership under Section 1 hereof is held. At such time, the Declarant shall call a meeting as provided in the By-Laws for special meetings to advise the membership of the termination of Class "B" status (hereafter called "Turnover Meeting").

Section 5.3 Members. Voting on Association matters requiring a vote of the Members will be cast by the Members in accordance with this Declaration and the By-Laws.

Section 5.4 Administration of the Association. The affairs of the Association shall be administered by the Board of Directors in accordance with this Declaration, the Articles of Incorporation and the By-Laws. The Board of Directors shall not be required to obtain a vote of the membership on any matter, except as required by this Declaration, the Articles of Incorporation, By-laws or applicable law. The Articles of Incorporation and the By-Laws may be amended in the manner set forth herein, however, no such amendment shall conflict with the terms of this Declaration or adversely affect the rights of Declarant, without the prior written approval of Declarant. Any attempt to amend this provision or any provision of the contrary to these prohibitions shall be of no force or effect.

Section 5.5 Control by Declarant. As provided in the Articles of Incorporation and the By-laws, the Board of Directors shall initially consist of the individuals named in the Articles of Incorporation, all appointed by Declarant. In accordance with the By-laws, control of the Board of Directors shall be retained by Declarant until the conveyance of ninety percent (90%) of the Lots by Declarant to Owners, other than Declarant and its affiliates or a Merchant Builder.

Section 5.6 Interpretation. The provisions of this Declaration as well as those of the Articles, By-laws and any Rules and Regulations shall be interpreted by the Board of Directors. Any such interpretation of the Board which is rendered in good faith shall be final, binding and conclusive if the Board receives a written opinion of legal counsel to the Association, or the counsel having drafted this Declaration or other applicable document, that the interpretation is not unreasonable, which opinion may be rendered before or after the interpretation is adopted by the Board. Notwithstanding any rule of law to the contrary, the provisions of this Declaration and the Articles, By-laws and the rules and regulations of the Association shall be liberally construed so as to effectuate the purposes herein expressed with respect to the efficient operation of the Association and the preservation and protection of the Properties.

Section 5.7 Declarant's Rights in the Association. Prior to, and after, the Turnover and until conveyance of the last Lot to be contained within the Property, whether the Declarant exercises the right to appoint or elect any or all of the members of the Board or not, the Board shall have no authority to, and shall not, without the written consent of the Declarant, which may be withheld for any or no reason whatsoever, undertake any action which shall:

5.7.1 prohibit or restrict in any manner the sales and marketing program of the Declarant or any Merchant Builder or the leasing activities of the Declarant or any Merchant Builder;

5.7.2 decrease the level of maintenance services of the Association performed by the Board of Directors existing immediately prior to Turnover (or the Declarant's earlier relinquishment of the right to appoint the Board of Directors);

5.7.3 make any Special or Benefit Assessment against or impose any fine upon portions of the Property owned by the Declarant;

5.7.4 change the membership of the ARC or diminish its powers as stated herein;

5.7.5 alter or amend the Declaration, the Articles or By-Laws of the Association;

5.7.6 terminate or waive any rights of the Association under this Declaration;

5.7.7 convey, lease, mortgage, alienate or pledge any easements or Common Area of the Association;

5.7.8 accept the conveyance, lease, mortgage, alienation or pledge of any real or personal property to the Association;

5.7.9 terminate or cancel any easements granted hereunder or by the Association;

5.7.10 terminate or impair in any fashion any easements, powers or rights of the Declarant hereunder;

5.7.11 restrict the Declarant's rights to use, access and enjoy any of the Properties, or

5.7.12 cause the Association to default on any obligation it has under any contract or this Declaration.

In any such matter, the Declarant's consent shall be exercised by the person designated to so act by the Declarant.

ARTICLE VI MAINTENANCE

Section 6.1 Preamble. The responsibility for the maintenance of the Properties is divided between the Association and the Owners. Interior maintenance of residential structures is the responsibility of each Owner. Maintenance of all other portions of the Lots, unless otherwise provided in this Declaration, Supplement, or by Plat, is the responsibility of the Owner thereof. All such maintenance shall be performed in accordance with the Community Wide Standard. Unless otherwise provided, the maintenance of the Area of Common Responsibility is the responsibility of the Association in the manner provided in this Declaration, Plats, agreements or contracts. The Board of Directors has the right to require the Owners to maintain their property in accordance with the Community-Wide Standards; and it is the responsibility of the Owner, unless otherwise assumed by the Association in accordance with the terms of this Declaration, Supplement, Plats, agreements or contracts to maintain landscaping in a neat and trimmed manner, and to keep the property (including improvements) in a neat and attractive condition as determined by the Board of Directors and remove all objectionable debris or material as may be located on their Lot or Common Area.

Section 6.2 Maintenance by Association. Commencing as of the date hereof the Association shall maintain and keep in good repair the Area of Common Responsibility, such maintenance to be funded as hereinafter provided. Nothing contained herein shall be deemed to mean that the Association is responsible for the maintenance of any portion of the Lots unless such maintenance is mandated by the terms of a Supplement or by a separate agreement as between the Owner and the Association. The maintenance to be performed by the Association shall include, but need not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures, and improvements, including sidewalks, buildings and other improvements owned by or dedicated to the Association, situated upon the Common Area, and such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, or by a contract or agreement with the Association.

Except as otherwise specifically provided herein or any Supplement, all costs associated with maintenance, repair and replacement of Areas of Common Responsibility shall be a Common Expense to be allocated among all Lots as part of the Common Assessment. All Lots on which no improvements have been constructed and which are owned by persons other than Declarant or Merchant Builders shall be mowed and groomed on a periodic basis

as determined by the Association on a mandatory basis and such services shall be provided by the Association and the cost thereof divided among the affected Owners and assessed directly to the individual Owners as a Benefit Assessment. The Declarant and Merchant Builders shall be responsible for maintenance on vacant Lots which they own.

Any walls, fences and landscaping surrounding portions of the Property may be maintained by the Association, if such property is within the Area of Common Responsibility, and a perpetual easement of ingress and egress over the walls, fences and landscaping, and Lots are hereby granted to the Association for purposes of construction and maintenance activities related to any such walls, fences and landscaping. The Association shall exercise its powers of ingress and egress in a manner which does not damage, disturb or unreasonably interfere with use of the Property over which ingress or egress is utilized.

The Association may contract with any Person for the management of all or part of the Property for purposes of carrying out all or a portion of the maintenance services provided for in the Declaration.

Except to the extent assumed by a governmental unit, agency or special district, the Association shall have the obligation for maintenance of any street lighting facilities from the date of recording this Declaration or from the date of installation of the street lighting, whichever occurs first. In the event the Declarant installs such street lighting, Declarant shall be entitled to all rebates or refunds of the installation charges and to the extent such rebates or refunds are paid to the Association, the Association shall forthwith pay same to the Declarant.

In the event the Association shall fail to carry out any of its maintenance activities hereunder, then any aggrieved Owner(s) may seek to specifically enforce the provisions of this Declaration subject to the terms and provisions hereof.

Section 6.3 Owner's Responsibility. Each Owner shall maintain his or her Lot and all structures, parking areas and other improvements thereon, unless such maintenance is the responsibility of the Association pursuant to a Supplement. In the event a home constructed on a Lot is going to be unoccupied for a consecutive period of one (1) month or longer, the Association may require the Owner to designate a responsible firm or individual to undertake his or her general maintenance responsibilities, which responsibilities shall include, at a minimum maintaining exterior appearance, safeguarding the property to prepare for severe weather and repairing the property in the event of any damage therefrom. At the request of the Association, the name(s) and address of such firm or individual must be furnished to the Association. Owners of Lots fronting on any roadway within the Properties shall maintain driveways serving their respective Lot and shall maintain and irrigate landscaping on that portion of the area, if any, or right-of-way between the Lot boundary and the nearest pavement edge. Owners of Lots fronting on the water's edge or upon greenbelt buffer fronting the water's edge of any lake, other body of water within the Properties or a conservation or preservation area shall maintain and irrigate, at such Owner's expense, all landscaping between the Lot boundary and such edge of the lake or conservation area. The Owners performing maintenance of the foregoing areas abutting a Lot shall have no right to install or remove trees, shrubs or similar vegetation from this area without prior approval pursuant to Article XIII hereof.

Trees bordering the pavement edge of the roadways (street trees) as installed by Declarant or a Merchant Builder will be the maintenance responsibility of the Owner, including but not limited to the obligation for the proper irrigation of these trees and the cost of any maintenance, repair or replacement. Replacement trees shall be of the same species and substantially similar in size as trees replaced.

All maintenance required by this Section 6.3 shall be performed in a manner consistent with the Community-Wide Standard. After ten (10) days notice by the Board of Directors to correct deficient maintenance, if said deficiencies remain uncured, then the Board of Directors shall have the absolute right to contract for and to perform maintenance as shall be prescribed by the Board of Directors and for the purpose the Owner grants unto the Board of Directors, its agents, employees, and all others designated by the Board of Directors, the right to enter upon the property of the Owner for the purpose of completing such maintenance work, all without liability or

responsibility, criminal or civil, for trespass or any other action. The cost of such work required by the Board of Directors to cure maintenance deficiencies (together with an administration surcharge equal to 10% of such cost) shall be assessed against the Owner and his or her Lot as a Benefit Assessment.

Section 6.4 Surface Water Drainage and Management System.

6.4.1 All Owners acknowledge that the Property is located within the boundaries of the St. John's River Water Management District. Due to ground water elevations underneath the Property, priorities established by governmental authorities and other causes outside of the control of the Declarant and the Association, water levels in any lakes or other bodies of water within or adjacent to the Property may fluctuate at certain times during the year and such fluctuations may be material. Neither the Declarant nor the Association shall have any liability for aesthetic conditions, damage to plantings or direct or consequential damages of any nature caused by the fluctuation of water levels.

6.4.2 The Surface Water Management System located within the Common Areas shall be maintained by the Association in compliance with all approvals, codes and regulations of governmental authorities and the St. John's River Water Management District. Maintenance of the Surface Water Management System shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. John's River Water Management District which pursuant to the terms of this Declaration are not the responsibility of others, as well as water quality and wetland monitoring or testing. Any repair or reconstruction of the Surface Water Management System shall be as permitted, or if modified, as approved by the St. John's River Water Management District and appropriate governmental authorities.

6.4.3 The Association shall take no action which modifies the Surface Water Management System in a manner which changes the flow of drainage of surface water, except to the extent the same is approved by the requisite governmental or quasi-governmental authorities.

6.4.4 The Property shall be burdened with easements for drainage and flow of surface water in a manner consistent with the approved and constructed Surface Water Management System.

6.4.5 The Association, City of Jacksonville Beach, Duval County, Florida and the St. John's River Water Management District shall have a non-exclusive easement for use of Surface Water Management System, and an easement for ingress, egress and access to enter upon any portion of the Property in order to construct, maintain or repair, as necessary, any portion of the Surface Water Management System provided such easement rights shall be exercised in a manner which does not unreasonably disturb use or condition of the Properties.

6.4.6 Any amendment of this Declaration which would affect the Surface Water Management System or the responsibility of the Association to maintain or cause to be maintained the Surface Water Management System must be approved by St. John's River Water Management District.

6.4.7 The St. John's River Water Management District, City of Jacksonville Beach and Duval County Florida shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation, monitoring, repair and replacement of the Surface Water Management System.

ARTICLE VII
INSURANCE AND CASUALTY LOSSES

Section 7.1 Insurance. The Association's Board of Directors or its duly authorized agent shall have the authority to and shall obtain blanket all-risk coverage insurance for all insurable improvements on the Common Area, or if blanket all-risk coverage is not reasonably available or cost efficient, then at a minimum an insurance policy covering loss or damage by fire or other hazards, including extended coverage, vandalism, and malicious mischief. This insurance shall be in an amount sufficient to cover one hundred percent (100%) of the replacement cost of any repair or reconstruction in the event of damage or destruction from such hazard.

The Association shall not have any insurance responsibility for any Lot.

The Board shall also obtain a public liability policy covering the Common Area, the Association, and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents, and, if available at a reasonable cost, directors' and officers' liability insurance. The public liability policy shall have at least One Million Dollars (\$1,000,000.00) per person limit, as respects bodily injury and property damage, a One Million Dollar (\$1,000,000.00) limit per occurrence, and the property damage limit shall be not less than One Hundred Thousand Dollars (\$100,000.00).

Premiums for all insurance on the Common Area shall be Common Expenses of the Association and shall be included in the Common Assessment. The policy may contain a reasonable deductible, and in the case of casualty insurance, the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

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

7.1.1 All policies shall be written with a company authorized to do business in Florida.

7.1.2 All policies on the Common Area shall be for the benefit of the Association and the Owners.

7.1.3 Exclusive authority to adjust losses under policies obtained by the Association on the Common Area shall be vested in the Association's Board of Directors. No Owner, or First Mortgagee or other lienholder, shall have any right of participation with respect to losses pertaining to the Common Area.

7.1.4 In no event shall the insurance coverage obtained and maintained by the Association's Board of Directors hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their First Mortgagees and the insurance carried by the Association shall be primary.

7.1.5 All casualty insurance policies shall have an inflation guard endorsement, if reasonably available.

7.1.6 The Association's Board of Directors shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

7.1.6.1 a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, the Owners, and their respective tenants, servants, agents, and guests.

7.1.6.2 a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

7.1.6.3 a statement that no policy may be cancelled, invalidated, suspended, or subject to non-renewal account of any one (1) or more individual Owners;

7.1.6.4 a statement that no policy may be cancelled, invalidated, suspended, or subject to non-renewal on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner, or First Mortgagee;

7.1.6.5 that any "other insurance" clause in any policy exclude individual Owners' policies from consideration; and

7.1.6.6 that the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to the other insurance required by this Section, the Board shall obtain, as a Common Expense, worker's compensation insurance if and to the extent required by law, a fidelity bond or bonds on directors, officers, employees, and other Persons handling or responsible for the Association's funds, if available at reasonable costs, and flood insurance on Common Areas, if required.

Section 7.2 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry all-risk casualty insurance on the Lot(s) and structures constructed thereon. Each Owner of a Lot further covenants and agrees that in the event of a partial loss or damage resulting in less than total destruction of structures comprising his Lot, the Owner shall remove all debris within thirty (30) days after the damage or destruction and complete repair or reconstruction of the damaged structure within six (6) months thereafter, subject to force majeure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XIII of this Declaration. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds. In the event that the structure is totally destroyed, the Owner of the Lot may decide not to rebuild or not to reconstruct, in which case the Owner shall clear the Lot of all debris within thirty (30) days after the damage or destruction, return the Lot to substantially the natural state in which it existed prior to the beginning of construction, fully sod and provide an underground irrigation system for the Lot and thereafter the Lot shall be considered an unimproved Lot which shall be maintained in a neat and attractive condition consistent with the Community-Wide Standard and this Declaration. In the event a structure is totally destroyed and an Owner determines to rebuild, all debris shall be removed within thirty (30) days after the damage or destruction and reconstruction shall be completed within six (6) months thereafter, subject to force majeure and delays.

All policies of insurance required by the terms of this Section shall name the Association as an additional insured and shall require that the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification, or non-renewal.

Section 7.3 Damage and Destruction.

7.3.1 Immediately after damage or destruction by fire or other casualty to all or any part of the improvements covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed improvements. Repair or reconstruction, as used in this paragraph, means repairing or restoring the affected portion of the improvements to substantially the same condition in which they existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes, other governmental requirements or otherwise determined to be appropriate by the Board of Directors.

7.3.2 Any damage or destruction to the Common Area shall be repaired or reconstructed unless, the Members representing at least seventy-five percent (75%) of the votes attributable to Lots decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within said period, then the period shall be extended until such funds or information shall be made available; provided however, such extension shall not exceed sixty (60) additional days, unless extenuating circumstances necessitate an additional delay. No holder of any lien relative to the Properties or any Lot therein shall have the right to participate in the determination of whether the damage or destruction to Common Area shall be repaired or constructed.

7.3.3 In the event that it should be determined in the manner described above that the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the affected portion of the Properties shall be restored to their natural state and maintained undeveloped by the Association in a neat and attractive condition consistent with the Community-Wide Standard.

Section 7.4 Disbursement of Proceeds.

7.4.1 Proceeds of insurance policies shall be disbursed as follows: If the damage or destruction for which the proceeds of insurance policies are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repair or reconstruction, or in the event no repair or reconstruction is made (after making such settlement as is necessary and appropriate with the affected Owner or Owners and their mortgagee(s), as their interest may appear, if any Lot is involved), shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any First Mortgagee of a Lot and may be enforced by such First Mortgagee.

7.4.2 If it is determined, as provided in Section 7.3 of this Article, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds described above.

Section 7.5 Repair and Reconstruction. If the damage or destruction to the Common Area for which insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a Special Assessment against all Owners on the same basis as provided for Common Assessments. Additional Assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VIII NO PARTITION

Except as is permitted in this Declaration or amendments thereto, there shall be no judicial partition of the Common Area or any part thereof, nor shall any Person acquiring any interest in the Properties or any part thereof seek any judicial partition. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

ARTICLE IX CONDEMNATION

Whenever all or any part of the Common Area shall be taken by (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven percent (67%) of the total votes attributable to Lots, and the approval of the Declarant, as long as the Declarant owns any property described on Exhibit "A") any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association, as trustee for all Owners, to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant, so long as the Declarant owns any property described in Exhibit "A" of this Declaration, and Members representing at least sixty-seven percent (67%) of the total votes within the Association, shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area to the extent lands are available therefor, in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the provisions regarding the disbursement of funds in respect to casualty, damage or destruction which is to be repaired shall apply.

If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are funds remaining after any such restoration or replacement is completed, then such award or funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine, in its sole discretion.

ARTICLE X ANNEXATION AND REMOVAL

Section 10.1 Annexation Without Approval of Membership. Until Turnover, the Declarant shall have the right, privilege, and option, from time to time, to annex any real property, to the provisions of this Declaration and the jurisdiction of the Association. Such right of Declarant shall be unilateral and subject solely to the consent of the Owner of the real property to be annexed. Such annexation shall be accomplished by filing in the Public Records a Supplemental Declaration annexing such property executed solely by Declarant and the Owners of such property. Such Supplemental Declaration shall not require the consent of any Person other than Declarant and the Owner of such property. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Said Supplemental Declaration may also impose additional restrictions, or removal or limit restrictions contained herein. Declarant shall have the unilateral right to transfer to any other Person the said right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property annexed hereto and that such transfer is memorialized in a written, recorded instrument executed by the Declarant.

Section 10.2 Annexation With Approval of Membership. After Turnover, subject to the consent of the Owner thereof, upon the written consent or affirmative vote of a majority of the votes represented by the Members of the Association present at a meeting duly called for such purpose, the Board of Directors may annex real property, to the provisions of this Declaration and the jurisdiction of the Association by filing of record in the Public Records a Supplemental Declaration describing the property to be annexed. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed, and any such annexation shall be effective upon filing unless otherwise provided therein. The relevant provisions of the By-Laws dealing with regular or special meetings, as the case may be, shall apply to determine the time required for and the proper form or notice of any meeting called for the purpose of considering annexation of property pursuant to this Section 10.2 and to ascertain the presence of a quorum at such meeting.

Section 10.3 Acquisition of Additional Common Area. Declarant may convey to the Association additional property, improved or unimproved, located within the Properties which upon conveyance or dedication to the Association shall be accepted by the Association without further action and thereafter shall be maintained by the Association at its expense for the benefit of its Members. The Association may acquire additional Property, improved or unimproved, upon due consent of a majority of the Board of Directors.

Section 10.4 Removal of Property. Declarant reserves the right to amend this Declaration from time to time prior to Turnover, in its sole discretion, without the prior notice or consent of any Person to remove any portions of the Property then owned by the Declarant (or any affiliate of Declarant) or by the Association from the provisions of this Declaration if and to the extent such property was originally subjected to this Declaration in error or if Declarant changes the development plan for the Properties, provided however, that Declarant, concurrently with such removal shall grant and/or confirm such easements as are necessary or requisite relative to the reasonable maintenance and/or construction of those Lots theretofore conveyed by Declarant.

Section 10.5 Amendment. This Article shall not be amended without the prior written consent of Declarant.

ARTICLE XI
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 11.1 Common Area.

11.1.1 On or before Turnover, the Declarant shall convey its interest in the Common Areas to the Association. The Association shall accept title to any interest in real or personal property transferred to it by Declarant. Property interests transferred to the Association by Declarant may include fee simple title, easements, leasehold interests and licenses to use. Any fee simple interest in property transferred to the Association by Declarant shall be transferred to the Association by quit claim deed, free and clear of all liens (other than the lien for property taxes and assessments not then due and payable), but shall be subject to the terms of this Declaration, and any and all easements, rights-of-way, reservations, covenants, conditions, restrictions, equitable servitudes and other encumbrances of record or reserved by Declarant in the instrument of conveyance. The property or interest in property transferred to the Association by Declarant may impose special restrictions governing the uses of such property and special obligations on the Association with respect to the maintenance of such property. No title insurance or title opinion shall be provided to the Association by the Declarant.

THE ASSOCIATION SHALL ACCEPT "AS IS" THE CONVEYANCE OF SUCH PROPERTY WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, IN FACT OR BY LAW, WITH RESPECT THERETO, OR WITH RESPECT TO THE IMPROVEMENTS THEREON, INCLUDING, WITHOUT LIMITATION, REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR THE ORDINARY OR ANY PARTICULAR PURPOSE, AND WITHOUT ANY REPRESENTATIONS OR WARRANTIES REGARDING REPAIRS OR REGARDING THE CONDITION, CONSTRUCTION, ACCURACY, COMPLETENESS, DESIGN, ADEQUACY OF THE SIZE OR CAPACITY IN RELATION TO THE UTILIZATION, DATE OF COMPLETION OR THE FUTURE ECONOMIC PERFORMANCE OR OPERATIONS OF, OR THE MATERIALS OR FURNITURE WHICH HAS BEEN OR WILL BE USED IN SUCH PROPERTY OR REPAIRS, EXCEPT AS SET FORTH HEREIN. BY ACCEPTANCE OF AN INTEREST IN ANY SUCH PROPERTY OR THE DEED TO ANY LOT, THE ASSOCIATION AND ALL OWNERS RELEASE DECLARANT FROM ANY CLAIMS AND WARRANT THAT NO CLAIM SHALL BE MADE BY THE ASSOCIATION OR ANY OWNER RELATING TO THE CONDITION, OR COMPLETENESS OF SUCH PROPERTY OR REPAIRS OR FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING THEREFROM. All costs and expenses of any conveyance of any property by Declarant to the Association shall be paid for by the Association.

11.1.2 The Association, shall be responsible for the management and control of the Areas of Common Responsibility and shall maintain and keep the Areas of Common Responsibility in good repair in accordance with the Community-Wide Standard, such maintenance to be funded as herein provided.

Section 11.2 Maintenance and Indemnity. Notwithstanding the fact that Declarant may initially retain ownership of the Common Areas, the Association shall pursuant to this Declaration be responsible for the management, maintenance and operation of the Common Areas, including without limitation all property taxes and other assessments which are liens against the Common Areas, from and after the date of recordation of this Declaration. The Association will indemnify, defend and hold harmless Declarant and its successors and assigns, and their affiliates, partners, employees and agents against and in respect of, and reimburse the same on demand for, any and all claims, demands, losses, costs, expenses, settlements, obligations, liabilities, damages, recoveries and deficiencies, including but not limited to interest, penalties, attorneys and paralegals' fees and disbursements (even if incident of any appeals), the Declarant or its successors or assigns, and their partners, affiliates, officers, stockholders, directors, employees, or agents incur or suffer which arise, result from or relate to the ownership, operation or management of the Common Areas or any other activities of the Association after the date of this

Declaration other than any act resulting from the gross negligence or willful misconduct by Declarant. To the extent necessary, the Association shall levy a Special Assessment against Owners other than Declarant or Merchant Builders to cover the costs of indemnity.

Section 11.3 Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Sanctions may include reasonable monetary fines which shall constitute a lien upon the Owner's Lot or Lots and the right to use any recreational facilities (if any) on the Common Area, and exclusion from the Properties of any contractor, subcontractor, agent or other invitee who fails to comply with the provisions of such rules and regulations. The Board shall, in addition, have the power to seek relief in any court for violations or to abate unreasonable disturbances. Imposition of sanctions shall be subject to the procedures for disciplinary action provided in the By-Laws of the Association. Fines shall constitute Benefit Assessments subject to the lien rights provided in this Declaration.

The Association, through the Board, by contract or other agreement, shall have the right to enforce all applicable federal, state and local laws, ordinances and regulations and to permit any governmental or quasi-governmental agency to enforce such parties' rules and ordinances on the Properties.

Section 11.4 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE XII ASSESSMENTS

Section 12.1 Creation of Assessments. There are hereby created Assessments for expenses for the Association as may from time to time be authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article. There shall be three (3) types of Assessments: (a) Common Assessments for Common Expenses for the benefit of all Members of the Association; (b) Special Assessments as described in Section 4 below; and (c) Benefit Assessments as described in Section 5 below.

Common Assessments shall be allocated One (1) assessment per Lot subject to this Declaration.

All Assessments, together with interest (at a rate not to exceed the highest rate allowed by applicable usury law or one and one-half (1½) percent per month, whichever is less) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees, shall be a charge on the Lot (and improvements) to which they pertain and shall be a lien upon such property against which each assessment is made. Such lien to be effective as of the date of the original recording of this Declaration. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, shall also be the personal obligation of the Person who owned such Lot at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable to the time of conveyance, except as otherwise provided in Section 9 below.

The Association shall, upon the written request of any Owner, furnish, within ten (10) days after such written request, to any Owner liable for any type of Assessment a certificate in writing signed by an officer of the Association setting forth whether such Assessment has been paid as to his particular Lot. Such certificate shall be conclusive evidence of payment to the Association of such Assessment therein stated to have been paid. The Association may require the advance payment of a processing fee not to exceed three month's Common Assessment on one Lot for the issuance of each such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors and such determinations by the Board may include, without limitation, acceleration of that fiscal year's Common Assessments for delinquencies. Unless the Board otherwise provides, the Common Assessments shall be paid in quarterly installments, Benefit Assessments shall be paid monthly in advance or as incurred, and Special Assessment shall be paid when levied.

No Owner may waive or otherwise exempt himself from liability for Assessments, including, by way of illustration and not limitation, by non-use of Common Areas or abandonment of his property. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. The Owner of each Lot, by acceptance of a deed therefore, whether or not it shall be expressed in any such deed, shall be deemed to covenant and agree to pay the Assessments and such obligations shall be binding on all Merchant Builders or developers purchasing Lots for development and/or resale. No diminution or abatement of Assessments or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board under this Declaration or the By-Laws, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Declarant in connection with the development of Ocean Cay or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

Prior to Turnover, the Declarant shall have no obligation to pay Assessments on Lots which it owns, whether such Lots are original inventory or have been reacquired by Declarant. Rather, until that time, the Declarant may elect annually to pay the difference between the amount of Assessments assessed relative to all Lots subject to Assessment and the amount of actual expenditures required to operate the Association during the fiscal year. Such election shall be by written notice to the Board not less than thirty (30) days prior to the beginning of each fiscal year and if no notice is delivered by Declarant, Declarant shall be deemed to have elected to pay such differential. The Declarant's financial obligations to the Association may be satisfied in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these. After Turnover, the Declarant shall be obligated to pay Assessments in the same manner as any other Owner.

Section 12.2 Purpose of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the proper maintenance, replacement, repair and management of the Properties and in particular for operation of the Association and fulfilling its obligations under the Declaration and all documents and agreements executed in connection herewith.

Section 12.3 Computation of Common Assessment. It shall be the duty of the Board annually to prepare a budget covering the estimated Common Expenses of the Association during the coming year ("Annual Budget") and to prepare a budget based on estimated Common Expenses which would be incurred assuming all Areas of Common Responsibility and Lots anticipated to be developed and subjected to this Declaration were complete ("Buildout Budget"). Subsequent to Turnover, it shall be the duty of the Board at least fifteen (15) days prior to the budget workshop as described in the By-Laws to prepare the Annual Budget and mail the same to all Members. Any budget adopted by the Association may include a capital contribution establishing a reserve fund, in accordance with a reserve budget separately prepared, and shall separately list general and specific expenses, if any. The Board shall cause a copy of the Buildout Budget, and the notice of the Common Assessment amount, to be delivered to each Owner at least thirty (30) days prior to the beginning of each fiscal year. Prior to Turnover, the Buildout Budget, Annual Budget and Common Assessments shall be determined by the Board of Directors in their sole and absolute discretion. After Turnover, the budget and Common Assessments shall become effective unless disapproved at the budget workshop by a vote of the Members representing at least a majority of the total Association membership.

Notwithstanding the foregoing, in the event the proposed budget is disapproved or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding year shall continue for the current year;

provided, however, that upon the adoption of a new budget, the same shall be deemed retroactive to the beginning of the then current budget year and each Owner shall pay the increase, if any, in the Common Assessment from the beginning of such year at the time the next quarterly installment is due.

Prior to Turnover, the Common Assessment to be levied against Lots subject to assessment for the coming year against each Lot shall be computed by dividing the Buildout Budget by the number of Lots within the Property subject and anticipated to be subject to this Declaration. Subsequent to Turnover, the Common Assessment to be levied for the coming year shall be computed by dividing the Annual Budget by the total number of assessable Lots described in Section 12.1 and 12.8 then subject to Assessment and reasonably anticipated to become subject to Assessment during the fiscal year.

Section 12.4 Special Assessments. In addition to the Assessments authorized by Section 12.3 hereof, the Association may levy Special Assessments applicable to that year only, provided any such assessment which would exceed that year's Common Expenses for such year shall require the affirmative vote of a majority of the Members of the Association and the affirmative vote or written consent of the Class "B" Member, if such exists. Such Special Assessment shall be for the purpose of defraying, in whole or in part, the cost of any acquisition, construction or reconstruction, or any unexpected or unbudgeted expense or repair.

Section 12.5 Benefit Assessments. The Board of Directors of the Association may impose a Benefit Assessment upon any Owner whose use or treatment of a Lot increases the maintenance cost to the Association above that which would result from compliance by the Owner with this Declaration or a Supplemental Declaration. The amount of such Assessment shall be equal to such cost increase and may be enforced in the manner provided for any other Assessment. Any charge for individual services shall be deemed a Benefit Assessment. Unimproved Lots shall be charged a Benefit Assessment for the maintenance of said Lot by the Association. This charge shall be equal to the cost of the maintenance of all unimproved Lots (except those owned by Declarant or a Merchant Builder) divided by a number of unimproved Lots owned by Owners other than the Declarant or Merchant Builder on the day of such Assessment. For the purposes of the foregoing an "unimproved Lot" shall be deemed to mean a Lot upon which a foundation slab has not yet been poured. The Association may levy a Benefit Assessment against any Owner individually and against such Owner's Lot to reimburse the Association for costs incurred in bringing the Owner's Lot into compliance with the provisions of the Declaration or damages incurred by the Association due to acts or omissions of the Owner, his family or invitees. Fines are considered Benefit Assessment and may be levied after notice to the Member and an opportunity for a hearing. Reasons for Benefit Assessments shall include, but not be limited to, remedial action, costs and legal fees incurred or anticipated to be incurred by the Association.

Section 12.6 Lien for Assessments. Upon recording of a notice of lien on any Lot there shall exist a perfected lien for unpaid and future Assessments prior and superior to all liens placed of record after the date of this Declaration, except (1) all taxes, bonds, assessments, and other levies which by law would be superior thereto, and (2) the lien or charge of any First Mortgage of record made in good faith and for value by an Institutional Lender.

The lien of the Association, when delinquent, may be enforced by suit, judgment and foreclosure.

The Association, acting on behalf of its Members, shall have the power to bid for the Lot, at foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. During the period in which a Lot, is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no Assessments shall be levied on it; and (c) each other Lot, shall be charged, in addition to its usual Assessment, its equal pro rata share of the Assessment that would have charged the property owned by the Association, had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Assessments and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

Section 12.7 Reserve Budget and Reserve Contribution. The Board of Directors may annually prepare a reserve budget which shall take into account the number and nature of replaceable assets, the useful life of each asset and the anticipated repair and replacement cost. If a reserve budget is established, the Board shall set the required reserve contribution, in an amount sufficient to permit meeting the projected needs of the Association, as shown on the reserve budget, with respect both to amount and timing of annual Assessments over the period of the budget. The reserve contribution required shall be fixed by the Board and included within and distributed with the budget and Common Assessment, as provided in Section 3 of this Article.

IF RESERVES ARE ESTABLISHED, NEITHER DECLARANT NOR MERCHANT BUILDERS SHALL BE UNDER NO OBLIGATION TO FUND OR PAY THE RESERVE CONTRIBUTIONS.

NOTHING IN THIS SECTION OR THIS DECLARATION SHALL REQUIRE THE ASSOCIATION TO COLLECT OR ASSESS FOR CAPITAL RESERVES. IF RESERVES ARE COLLECTED, NO REPRESENTATION IS MADE THAT THE AMOUNTS COLLECTED WILL BE SUFFICIENT FOR CAPITAL REPLACEMENTS OR REPAIRS.

Section 12.8 Date of Commencement of Assessments. Except as specifically provided herein to the contrary, the obligation to pay the Assessments provided for herein shall commence as to each Lot on the date this Declaration is recorded. If Declarant elects to pay the difference between the expenses of the Association and assessments collected from Owners, other than Declarant, Lots owned by Declarant shall not be assessed, but shall be used in computing the assessments levied on Owners (other than Declarant) based on the Buildout Budget. The first year's Assessment levied on any Lot shall be adjusted according to the number of months remaining in the fiscal year at the time Assessments commence on the Lot.

Section 12.9 Subordination of the Lien to First Mortgage. The lien of Assessments, including interest, late charges (subject to the limitations of Florida law), and costs (including attorney's fees) provided for herein, shall be subordinate to the lien of an Institutional Mortgagee's first mortgage upon any Lot. The sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot which is subject to foreclosure of an Institutional Mortgagee's first mortgage, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any Assessments thereafter becoming due. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from Owners of all the Lots including such acquirer, its successors and assigns.

Section 12.10 Duties of the Board of Directors. The Board of Directors of the Association shall prepare a roster of Owners or other property, and Assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Owner; provided only the Board, an Owner or his First Mortgagee may look at the status of Assessments on the Owner's Property (unless otherwise required by law).

Section 12.11 Initial Contributions to Working Capital. Upon every initial transfer of record title to a Lot after the date of recording of this Declaration, a contribution shall be made by or on behalf of the purchaser to the Association's working capital in an amount equal to three (3) months Common Assessment applicable to a Lot for that year. Where any Lot is sold by Declarant to a Merchant Builder the Declarant may, by reference thereto in a contract for sale or deed of conveyance, waive the initial payment for that Lot until resale by the Merchant Builder. The initial contribution upon the sale of each Lot by Declarant or a Merchant Builder shall be utilized by the Association for operations, maintenance acquisition of personal property and improvements to real property. The Declarant, its parent, subsidiaries, affiliates and assigns, shall be exempt from payment of the contribution required by this Section. The capital contribution required by this Section shall constitute an assessment against the Lot and shall be subject to the same lien rights and other rights of collection applicable to other Assessments under this Article. NO REPRESENTATION OR WARRANTY IS MADE BY DECLARANT OR THE ASSOCIATION THAT, ON THE DATE OF TURNOVER, ANY FUNDS WILL BE AVAILABLE IN THE WORKING CAPITAL FUND.

Section 12.12 Exempt Property. Notwithstanding anything to the contrary herein, the following property shall be exempt from payment of Common Assessments, Special Assessments and Benefit Assessments:

12.12.1 all Common Area; and

12.12.2 all property dedicated to and accepted by any governmental authority or public utility.

ARTICLE XIII ARCHITECTURAL STANDARDS

Section 13.1 ARC. All property which is now or may hereafter be subjected to this Declaration is subject to review and architectural and site plan review. This review shall be in accordance with this Article and such guidelines and standards as may be promulgated by the ARC. The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the ARC. After Turnover, the Declarant shall have the authority to enforce decisions of the ARC concurrently with the Association. The Board of Directors shall have the right to lien Lots for violations of this Declaration, design and development guidelines promulgated by the ARC and decisions of the ARC. Said lien shall include, but not be limited to, costs of remedial action taken by the Association, and costs and previous party legal fees incurred by the Association in prosecuting its claim. This Article may not be amended without the Declarant's written consent in its sole and absolute discretion so long as the Declarant owns any land subject to this Declaration or subject to unilateral annexation by Declarant under this Declaration.

No construction, which term shall include within its definition clearing, excavation, grading, and other site work, no exterior alteration or modification of existing improvements, and no plantings or removal of plants, trees, or shrubs shall take place except in strict compliance with this Article, until the requirements below have been fully met, and until the approval of the ARC. Notwithstanding the foregoing, the Declarant, in its discretion, may establish preliminary procedures for architectural review whereby an Owner or an Owner's agent may meet with the ARC for the purpose of exhibiting to such body preliminary concepts or drawings for the contemplated construction and in order to assist such Owner or Owner's agent in formulating a design which will comport with the architectural standards of the ARC. Such discussions shall not be binding on the ARC.

All structures constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications submitted to and approved by the ARC.

The ARC shall have exclusive jurisdiction over all construction on any portion of the Properties. Until all of the Property subject to this Declaration from time to time has been developed and conveyed to purchasers (other than Merchant Builders) in the normal course of development and sale, the Declarant retains the right to appoint all members of the ARC, which shall consist of three (3) persons, none of whom shall be required to be Owners and who shall serve terms subject to the sole discretion of Declarant. There shall be no surrender of the Declarant's right to appoint all members of the ARC prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of the Declarant's right to appoint the members of the ARC, the members of the ARC shall thereafter be appointed by the Board of Directors. THE AUTHORITY OF THE ARC DURING THE PERIOD THE SAME IS APPOINTED BY THE DECLARANT IS DERIVED FROM THE DECLARANT AND NOT THE ASSOCIATION. THEREFORE, DURING THE PERIOD THE ARC HAS NO FIDUCIARY DUTY TO THE ASSOCIATION OR ITS MEMBERS.

Each member of the ARC shall be appointed for an annual term and may be removed with or without cause by the entity or body who appointed such member. Two (2) members of the ARC shall constitute a quorum. Members of the ARC may vote by proxy. The ARC shall meet on an as needed basis.

The ARC may prepare and promulgate design and development guidelines and application and review procedures, provided the same shall not be in direct conflict with the standards specifically set forth in this Declaration. Copies shall be available from ARC for review by Owners, Merchant Builders, and developers who seek to engage in development of or construction upon all or any portion of the Properties and such parties shall conduct their operations in accordance therewith and the minimum standards set forth herein. The ARC shall have sole and full authority to prepare and to amend the guidelines and procedures.

Section 13.2 Architectural Approval.

13.2.1 Each residential and accessory structure shall be either (i) Bahamian style; (ii) low country plantation style; or (iii) beach cottage style. Roofs shall have a minimum pitch of 5:12 and shall be constructed of 300 pound, 25 year warranty architectural shingles or standing seamless aluminum roof. Exterior wall surfaces shall be smooth, sand light textured stucco or shell coquina. Roof and exterior wall colors shall be coordinated and selected from those pre-approved by the ARC. Each residential and accessory structure must be designed to accommodate a masonry material on the entire front of the structure, and continue at least eight (18) inches down the side of the house. The remainder of the exterior material shall consist of either lap siding or be consistent with material on the front of the structure. Custom designed structures of "period" architecture, e.g., all wood plantation type, shall be considered for approval by the ARC on a per case basis.

13.2.2 The plans to be submitted to the ARC for approval shall include three copies of (i) construction plans and specifications, (ii) an elevation or rendering of all improvements, (iii) site plan, (iv) landscape plan, and (v) such other items as the ARC may deem appropriate. One copy of such plans, specifications and related data so submitted shall be retained in the records of the ARC, and the other copy shall be returned to the Owner or Merchant Builder marked "Approved as Noted".

13.2.3 Approval shall be granted or denied by the ARC based upon compliance with the provisions of the Declaration, the design and development guidelines, the quality of workmanship and materials, harmony of external design with surrounding structures, the effect of the improvements on the appearance of the surrounding areas, and all other factors, including purely aesthetic considerations which, in the sole opinion of the ARC, will affect the desirability or suitability of the construction. The ARC shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable.

13.2.4 Approval or disapproval of applications shall be given to the applicant in writing by the ARC within thirty (30) days after complete submittal has been made to the ARC, unless an extension is agreed to by the applicant. Once the application has been approved, the construction of the improvements applied for may be commenced, provided that all such construction is in accordance with the submitted plans, and provided further that such plans conform in all respects to the other terms and provisions of this Declaration, Rules and Regulations and the design and development guidelines.

13.2.5 After approval by the ARC, the proposed improvements must be commenced within six (6) months or approval must once again be obtained from the ARC as provided herein. Commencement shall require that the foundation be completed. Once commenced, the construction must proceed diligently. The exterior of any principal structure and the accompanying landscaping shall be completed within nine (9) months from commencement unless the ARC allows an extension of time. Notwithstanding, if any existing residence is repainted or roofing is changed after preconstruction approval has been given by the ARC, then the Owner shall seek and obtain approval by the ARC for such repaint and/or reroof selections.

13.2.6 The ARC may establish a fee schedule to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors or attorneys retained in accordance with the terms hereof.

Section 13.3 Minimum Design Standards. Subject to more detailed standards in the design and development guidelines, all residential structures and improvements to Lots shall, at a minimum, meet the following criteria:

13.3.1 Requirements of governmental approvals applicable to the Property.

13.3.2 The floor area of any principal residential structure shall not contain less than 1700 square feet minimum enclosed air conditioned living area for a single story residence, and a first floor enclosed living area of 1200 square feet for any multi-story residence and a total enclosed living area of 1700 square feet. Specifically excluded from "enclosed living area" are garages, open or screened porches, terraces and other covered areas.

13.3.3 Each Lot shall have the following setbacks for all, improvements, (other than landscaping) of any nature to be located on the Lot:

- (a) A 20 foot setback from the front Lot line, or 15 foot setback from the front Lot line in cases where garages have side entry;
- (b) A total combined side setback of 10 foot with a minimum of 5 feet on each side for interior side Lot line;
- (c) a 15 foot setback from the rear Lot line; and
- (d) a 10 foot setback from any side street Lot line.

The term "front Lot line" shall mean any boundary line which is contiguous to a street right-of-way and which the front of the residential structure faces. The term "rear Lot line" shall mean any Lot boundary line, other than a Lot line which is contiguous to a street right-of-way, which does not extend to or intersect the front Lot line. The term "interior side Lot line" shall mean any Lot boundary line other than a front or rear Lot line, and other than a Lot line which is contiguous to a street right-of-way. As to all corner Lots, the Developer may, in its sole discretion, determine which Lot lines are the front lot lines and the side street Lot lines. Notwithstanding the foregoing, all setbacks must comply with minimum applicable City and County zoning requirements.

13.3.4 A maximum of forty-five percent (45%) of a Lot shall be covered by the principal structure, excluding exposed patios, decks or terraces. Areas not under roof cover of the principal structure shall not be counted in determining Lot coverage.

13.3.5 The maximum height of a structure for all permitted or permissible uses is thirty-five (35) feet as measured from natural grade.

13.3.6 All garages must be constructed to accommodate at least two automobiles and be constructed as part of the principal residential structure. Except for model homes or Merchant Builders, garages may not be air conditioned and enclosed to increase the living area of the principal residential structure.

13.3.7 Subject to approval by the ARC, ancillary structures, such as cabanas or guest quarters may be constructed. Temporary or permanent ancillary structures such as by way of example and not limitation storage sheds, tool sheds, workshops, hot houses, carports and above ground pools are not permitted.

13.3.8 No fence or wall shall exceed six (6) feet in height and no chain link fence shall be allowed on any Lot. All fences, except those regarding Lakefront Lots, shall be constructed in shadowbox style using 1" thick wood material or shall be of design and materials approved in advance by the ARC. No fence or wall shall be built beyond the imaginary line extending from the front corner of the principal structure to the side Lot lines. For corner Lots, no fence or wall on sides common to street rights-of-way shall extend forward of the

rear corner of the principal structure. Only black or white aluminum ornamental fences (wrought iron type) shall be allowed on Lots abutting a water management area, lakes or ponds or easements abutting such area and shall be no higher than four (4) feet at the sides and rear of Lot. In no case shall any fence extend into any area outside the boundaries of the Lot or within areas deemed "jurisdictional wetlands."

13.3.9 Minimum landscaping requirement of all Lots on which a principal structure has been completed shall require full sod, either St. Augustine or Foratam, for front, side and rear yards. Additionally, a minimum of thirty (30) shrubs, at least three (3) gallon in size, shall be incorporated with said landscaping. No less than two (2) trees with a minimum caliper of three (3) inches at breast height shall be incorporated in the landscape plan.

13.3.10 No specimen trees (10" in diameter at 6" above the ground) may be removed without written approval of the ARC unless located within ten (10) feet of the principal structure.

Section 13.4 No Waiver of Future Approvals. The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matter whatever subsequently or additionally submitted for approval or consent.

Section 13.5 Variance. The ARC may authorize variances from compliance with any of their guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing, (b) be contrary to the restrictions set forth in the body of this Declaration, or (c) estop the ARC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain the issuance of any permit, or the terms of any financing shall not necessarily be considered a hardship warranting a variance.

Section 13.6 No Representation. No approval of plans and specifications and no publication of design and developmental guidelines, if any, shall be construed as representing or implying that such plans, specifications or standards will, if followed, result in properly designed improvements. Such approvals and guidelines shall in no event be construed as representing or guaranteeing that any residential structure or other improvements built in accordance therewith will be built in accordance with the applicable building codes or other governmental requirements or in a good and workmanlike manner. Neither Declarant, the Association, nor the ARC shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved pursuant to the terms of this Article, nor any defections in construction undertaken pursuant to such plans and specifications.

Section 13.7 Compliance. Any contractor, subcontractor, agent, employee or other invitee of an Owner or Merchant Builder who fails to comply with the terms and provisions of the guidelines and procedures promulgated by the ARC may be excluded from the Properties by the Association without liability to any person. Prior to exclusion of any contractor or subcontractor for violations of guidelines and procedures promulgated by the ARC, the contractor or subcontractor shall have the right to the notice and hearing procedures contained in the By-Laws.

Section 13.8 Right to Inspect. There is specifically reserved unto the ARC the right of entry and inspection upon any Lot for the purpose of determination by the ARC whether there exists any constriction or any improvements which violate the terms of any approval by the ARC or the terms of which Declaration or of any other covenant, conditions and restrictions to which its deed or other instrument of conveyance or Plat makes reference. The ARC is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy, and in the event it becomes necessary to resort to litigation to determine the propriety of any constructed improvement, or to remove any unapproved improvements, the prevailing party shall be entitled to recovery of all court costs, expenses, reasonable attorney's fees in connection therewith and the same shall be

assessable and collectible in the same manner as any assessment provided for herein. At all times the ARC is appointed by the Board of Directors, the Association shall indemnify and hold harmless each member of the ARC from all costs, expenses, and liabilities, including attorney's fees, incurred by virtue of any service by a member of the ARC as a member of the ARC.

Section 13.9 Exemption. Notwithstanding anything to the contrary contained herein, improvements and construction activities of Declarant shall be exempt from the provisions of this Article XIII.

Section 13.10 Professionals. The ARC may retain the services of consultants, such as by way of example and not limitation, architects, engineers, inspectors and attorneys.

ARTICLE XIV USE RESTRICTIONS

The Properties shall be used only for single-family residential dwellings and other purposes as may be more particularly be set forth in the applicable governmental approvals and ordinances and this Declaration and any amendments or Supplement hereto. Any Supplemental Declaration or additional covenants imposed on any portion of the Property, may impose stricter standards than those contained in this Article.

The Association, acting through its Board of Directors, shall have the authority to make and to enforce standards and restrictions governing the use of the Properties, in addition to those contained herein. The use restrictions set forth in this Article shall be binding until and unless overruled, cancelled or modified in a regular or special meeting of the Association by the vote of Members representing a majority of the total votes in the Association and by the Class "B" Member, so long as such membership shall exist.

Such regulations and use restrictions shall be binding upon all Owners and occupants of Lots. Notwithstanding anything to the contrary herein, the Declarant shall be exempt from application of the provisions of this Article so long as it owns any property described on Exhibit "A" primarily for development and/or resale.

Section 14.1 Occupants Bound. All provisions of the Declaration, By-Laws and of any Rules and Regulations or use restrictions promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants, guests, invitees and lessees of any Owner. Every Owner shall cause his occupants to comply with the Declaration, By-Laws, and the Rules and Regulations adopted pursuant thereto, and shall be responsible for all violations and losses to the Properties caused by such occupants, notwithstanding the fact the such occupants are fully liable and may be sanctioned for any violation of the Declaration, By-Laws, and Rules and Regulations adopted pursuant thereto.

Section 14.2 Parking and Vehicular Restrictions. Parking in the Properties shall be restricted to private automobiles and passenger-type vans, jeeps and pick up trucks having a capacity of no more than two (2) tons, and only within the parking areas therein designed and/or designated for such purpose. This restriction is designed to prohibit parking of "commercial vehicles" (as defined below) on a Lot, unless fully enclosed in a closed garage. No Owner shall conduct repairs (except in an emergency) or restorations of any motor vehicle, or other vehicle upon any portion of the Properties, except in an enclosed area with the doors thereto closed at all times.

No commercial vehicles, or campers, mobile homes, motor homes, house trailers or trailers of every other description, recreational vehicles, boats, boat trailers, house trailer or vans, shall be permitted to be parked or to be stored at any place within the Properties, except in spaces for some or all of the above specifically designated by the Declarant or the Association, if any, and in fully enclosed garages. No Owner shall keep any vehicle on the Common Areas which is deemed a nuisance by the Board. For purposes of this Section, "commercial vehicles" shall mean those which are not designed and used for customary, personal/family purposes, and those vehicles which contain commercial lettering. The absence of commercial-type lettering or graphics on a vehicle shall not be dispositive as to whether it is a commercial vehicle. The determination of the Board of Directors as to the

commercial nature of a vehicle shall be binding on an Owner. The prohibitions on parking contained above in this Section shall not apply to temporary parking of commercial vehicles such as for construction use or providing pick-up and delivery and other commercial services nor to any vehicles of the Declarant. No parking on lawns shall be permitted. No on-street parking shall be permitted, unless prior written approval by the Board of Directors or the Association Manager is obtained.

Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the Rules and Regulations may be towed by the Association at the sole expense of the owner of such vehicle if such vehicle remains in violation for a period of twenty-four (24) hours from the time a notice of violation is placed on the vehicle. The Association shall not be liable to the owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason or such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. For purposes of this paragraph, "vehicle" shall also mean campers, mobile homes, trailers, etc. BY ACQUISITION OF TITLE TO A LOT, THE OWNER PROVIDES TO THE ASSOCIATION THE IRREVOCABLE RIGHT TO TOW VEHICLES PARKED ON THE OWNER'S LOT OR ON ANY RIGHT-OF-WAY WHICH ARE IN VIOLATION OF THIS DECLARATION. AN AFFIDAVIT OF THE PERSON POSTING THE AFORESAID NOTICE STATING THAT IT WAS PROPERLY POSTED SHALL BE CONCLUSIVE EVIDENCE OF PROPER POSTING.

Section 14.3 Traffic Regulation. The Association may, but shall not be obligated to, employ individuals, a security company or enter into an agreement with local law enforcement, to enforce speed limits, rules and regulations concerning operation of motorized vehicles, parking restrictions (collectively, "Traffic Regulations") and to otherwise provide a more secure environment. Traffic Regulations shall include but not be limited to prohibitions on stopping, backing or parking on private rights of way, cul-de-sacs and roundabouts. Each Owner, for themselves, their family, lessees and invitees, acknowledge the Association may fine an individual for violation of Traffic Regulations. Failure to pay any fine after an opportunity for a hearing on this matter may, to the extent permitted by applicable law, result in suspension of the privileges to use private streets in the Properties and/or a lien being imposed on the Owner's Lot, if the fine is imposed against the Owner or his or her family member or lessee.

Section 14.4 Animals and Pets. No animals, wildlife, livestock, reptiles, or poultry of any kind shall be raised, bred, or kept on any portion of the Properties, except that dogs, cats or other usual and common household pets may be permitted in reasonable number determined by the Board of Directors in its discretion, provided they are not permitted to roam the Property. All pets shall be controlled by their Owner at all times. Those pets which, in the sole discretion of the Association, endanger the health, make objectionable noise or constitute a nuisance or inconvenience to the Owners of other Lots or the owner of any portion of the Properties shall be removed upon request of the Board within three (3) days of written request, provided if the Board determines an animal is a safety hazard, the Owner shall immediately remove the animal from the Property. No pets shall be kept, bred, or maintained on any Lots for commercial purposes. Household pets shall at all times whenever they are outdoors shall be confined on a leash held by a responsible person. Pets shall not be permitted on the Common Areas. All persons bringing a pet onto Lots, other than their own shall be responsible for removing any solid waste of the pet.

Section 14.5 Nuisances. No portion of the Properties shall be used, in whole or in part, for the storage of any property or thing that will cause it to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept upon any portion of the Properties that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious, illegal or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to any person using any portion of the Properties. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties. No outside burning of wood, leaves, trash, garbage or household refuse shall be permitted within the Properties.

Section 14.6 Hazardous Materials. Hazardous materials shall only be stored on the Property if reasonably necessary to the maintenance of the Properties or operation of any permitted business within the Properties. All hazardous materials shall be stored, utilized and accounted for in accordance with all governmental requirements.

Section 14.7 Trash. No rubbish, trash, garbage or other waste material shall be kept or permitted on the Properties except in containers located in appropriate areas, if any, and in all events such containers shall not be visible from any of the Properties except for the minimum time necessary for its collection. Trash shall be placed curbside no earlier than dusk the day prior to collection and empty receptacles shall be removed from curbside by dusk on the day of collection. Trash receptacles shall be kept within enclosed garages or on the side of a Lot screened from view from rights-of-way and Common Areas. Said restriction shall not apply to construction sites. No odor shall be permitted to arise therefrom so as to render the Properties or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No clothing or household fabrics shall be hung, dried or aired in a manner which is visible from the Common Area or other Lots, and no lumber, grass, shrub or tree clippings or plant waste, metals, bulk material or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Properties, except within an enclosed structure appropriately screened from view erected for that purpose, if any.

Section 14.8 Unsightly or Unkept Conditions. It shall be the responsibility of each Owner of a Lot, to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her Lot.

Section 14.9 Outside Installations. No exterior antennas, aerials, satellite dishes, or other apparatus for the reception or transmission of television, radio, or other signals of any kind shall be placed, allowed, or maintained upon the exterior of any Lot or Common Area, except in compliance with any standards imposed by the ARC and applicable law. Exterior antennas, aerials, satellite dishes and other reception apparatus which are one meter or less in height and width may be installed prior to architectural approval by the ARC, provided the Association may require any such improvements to be relocated or screened from view for safety or to maintain the aesthetic appearance of the Property. The Declarant and/or the Association shall have the right, without obligation, to erect an aerial, satellite dish, or other apparatus for a master antenna or cable system for the benefit of all or a portion of the Properties, should any such master system or systems be utilized and require any such exterior apparatus. No radio station or shortwave operations of any kind shall operate from any Lot or Common Areas.

Section 14.10 Subdivision of Lot and Time Sharing. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Board of Directors of the Association. The Board may permit a division in ownership of any Lot intended for a single family detached residence as shown on a Plat, but solely for the purpose of increasing the size of the adjacent Lots. Except as may otherwise be provided by Supplemental Declaration, in the event of a division in ownership of any Lot, the Owners among whom the ownership is divided shall be treated as co-owners of the divided Lot for purposes of voting and shall be jointly and severally liable for all Assessments against the Lot hereunder. Declarant hereby expressly reserves the right to replat any Lot or Lots owned by Declarant. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations.

No Lot shall be made subject to any type of timeshare program, interval ownership, vacation club or similar program whereby the right to exclusive use of the Lot rotates among multiple owners or members of the program on a fixed or floating time schedule over a period of years. This Section shall not prohibit ownership of a Lot intended for residential use by up to two (2) joint tenants or tenants-in-common nor shall it prohibit ownership by an owner who is not a natural person. Notwithstanding anything to the contrary, the Declarant shall specifically be exempt from any timeshare or interval ownership development restrictions imposed by this Declaration.

Section 14.11 Firearms. The discharge of firearms within the Properties is prohibited. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size. Notwithstanding anything to the contrary contained herein or in the By-Laws, the Association shall not be obligated to take any action to enforce this Section.

Section 14.12 Irrigation. No sprinkler or irrigation systems of any type which draws upon water from creeks, streams, rivers, lakes, ponds, wetlands, canals or other ground or surface waters within the Properties shall be installed, constructed or operated within the Properties by any Person, other than the Association.

Section 14.13 Tents, Trailers, and Temporary Structures. Except as may be permitted by the Board of Directors, no tent, basement or structure of a temporary nature shall be placed upon any Lot unless such structure will be used for special short-term occasions.

Section 14.14 Insurance Rates. Nothing shall be done or kept in the Common Area which will increase the rate of insurance on any property insured by the Association without the approval of the Board, nor shall anything be done or kept on any Lot, or the Common Areas which would result in the cancellation of insurance on any property insured by the Association or which would be in violation of any law.

Section 14.15 Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 14.16 Utility Lines. No overhead utility lines, including without limitation lines for electric, telephone and cable television, shall be permitted within the Properties, except for temporary lines as required during construction and lines within the Property as the same exist on the date hereof and may be replaced.

Section 14.17 Wetlands, Lakes and Water Bodies. All lakes, ponds and streams within the Properties, if any, shall be designated as aesthetic amenities only. No swimming, boating, playing, fishing or use of personal flotation devices, shall be permitted.

Section 14.18 Recreational Facilities. Any pool, playground, or other recreation areas furnished by the Association shall be used at the risk of the user, and the Association shall not be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

Section 14.19 Business Use. No trade or business may be conducted in or from any Lot, except that an Owner or occupant residing in a Lot may conduct business activities within the Lot so long as: (a) the existence or operation of the business activity in not apparent or detectable by sight, sound or smell from outside the Lot; (b) the business activity conforms to all governmental requirements; (c) the business activity does not involve persons coming onto the residential properties who do not reside in the Properties (other than normal routine residential delivery of mail and parcel(s)) or door-to-door solicitation of residents of the Properties; and (d) the business activity is consistent with the residential character of Lot and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. Notwithstanding the above, the leasing of a Lot shall not be considered a trade or business within the meaning of this Section.

14.20.1 Definition. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Lot by any person or persons other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

14.20.2 Leasing Provisions.

14.20.2.1 General. Lots may be rented only in their entirety; no fraction or portion may be rented. There shall be no subleasing of Lots or assignment of leases unless prior written approval is obtained from the Board of Directors. All leases shall be in writing except with the prior written consent of the Board of Directors. The minimum lease term for any Lot within the Properties is seven (7) months and no more than two (2) leases may be made on any Lot in any one calendar year.

Section 14.21 Landscaping. Installation and removal of landscaping shall be subject to the prior approval of the ARC. No trees shall be removed except for diseased or dead trees and trees needing to be removed to promote the growth of other landscaping or for safety reasons and such removal may be conditioned upon replacement of removed trees.

Section 14.22 Septic Tanks. Septic tanks are not permitted on any portion of the Property, except temporarily for sales centers or model homes.

Section 14.23 Approval by ARC. The following use restrictions are restrictions that permit or prohibit certain conduct or uses and require certain permitted uses to be approved by the ARC in accordance with Article XIII. The following restrictions are illustrative only and shall in no event be deemed a comprehensive list of items subject to approval in accordance with Article XIII.

14.23.1 Signs. No sign, billboard or advertisement of any kind, including, without limitation, those of realtors, contractors, subcontractors and "For Sale", shall be erected within the Properties without the written consent of the ARC, except as may be required by legal proceedings or applicable law, and except signs, regardless of size, used by Declarant, its successor and assigns, and replacement of such signs (similar or otherwise). If permission is granted to any Owner to erect a sign within the Properties, the ARC reserves the right to restrict the size, color, lettering, height, material and location of the sign. Under no circumstances shall signs, flags, banners or similar items advertising or providing directional information with respect to activities being conducted outside the Properties be permitted within the Properties. No sign shall be nailed or otherwise attached to trees.

14.23.2 Driveways, Walkways and Mailboxes. All driveways, sidewalks and mailboxes shall be maintained in the style and color originally established or approved in accordance with Article XIII. The ARC may, in its discretion, adopt a uniform style and color for mailboxes within the Property.

14.23.3 Pools. No above-ground pools shall be erected, constructed or installed on any Lot. Above-ground spas or jacuzzis may be permitted if approved in accordance with Article XIII.

14.23.4 Wells and Drainage. No private water system shall be constructed on any Lot. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant or the Association may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Subject to approval of the St. John's River Water Management District, Declarant hereby reserves for itself and the Association a perpetual easement across the Properties for the purpose of altering drainage and water flow provided the same shall not unreasonably interfere with an Owner's use of the Property.

14.23.5 Air Conditioning Units. No window air conditioning units may be installed on any Lot, except as approved in accordance with Article XIII. All air conditioning units shall be screened from view of Common Property, and adjacent Lots.

14.23.6 Lighting. Except for seasonal Christmas or holiday decorative lights, which may be displayed between Thanksgiving and January 10 only, all exterior lights must be approved in accordance with Article XIII.

14.23.7 Artificial Vegetation, Exterior Sculptures and Similar Items. All artificial vegetation, exterior sculpture, fountains, flags and similar items must be approved in accordance with Article XIII; provided, however, that nothing herein shall prohibit the appropriate display of the American Flag.

14.23.8 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, and is approved in accordance with Article XIII.

14.23.9 Fences. No dog runs, animal pens or fences of any kind shall be permitted on any Lot except as approved in accordance with Article XIII.

14.23.10 On-Site Fuel Storage. No on-site storage of gasoline or other fuels shall be permitted on any Lot except that up to five (5) gallons of fuel may be stored on each Lot for emergency purposes and operation of lawn mowers and similar tools or equipment. Notwithstanding this provision, underground fuel tanks for storage of heating fuel for dwellings, pools, gas grills and similar equipment may be permitted on a Lot if approved in accordance with Article XIII.

14.23.11 Play Equipment, Etc. All bicycles, tricycles, scooters, skateboards and other play equipment, wading pools, baby strollers and similar items shall be stored so as not to be visible from streets or property adjacent to a Lot. No such items shall be allowed to remain on the Common Area or on Lots so as to be visible from adjacent property when not in use. All swing sets, basketball hoops and backboards and similar sporting or playground equipment may be erected on Lots provided it is approved in accordance with Article XIII.

14.23.12 Window Coverings. All windows on any structure which are visible from the street or dwellings on other Lots shall have window coverings which have a white or off-white backing or blend with the exterior color of the dwelling, as approved pursuant to Article XIII. Reflective window coverings are prohibited. No awnings, canopies or shutters shall be permanently installed on the exterior of any building unless first approved in accordance with Article XIII.

14.23.13 Pool Enclosures. Screened pool enclosures shall comply with the design guidelines and standards set by the ARC.

ARTICLE XV CABLE TELEVISION

Section 15.1 CATV Agreement. The Association may, but shall not be required to, enter into a bulk rate cable television agreement ("CATV Agreement") for all or a portion of the Properties. If a CATV Agreement is entered into, all Lots subject to the CATV Agreement shall be charged for basic cable service, regardless of whether the Owner desires cable television service. It is anticipated that if CATV Agreement is entered into by the Association, tier channels, remotes, pay channels and other services offered by the cable provider will be available on an individual subscriber basis.

Section 15.2 Easements. Declarant and the Association shall have the right to grant easements to the cable provider for installation and maintenance of the cable television system, including without limitation head-ends, wiring, switches and amplifiers. The cable provider shall also have the right to use easement area dedicated for utilities. Notwithstanding anything to the contrary, the cable provider shall retain ownership of all cable television equipment installed within the Common Areas.

ARTICLE XVI
GENERAL PROVISIONS

Section 16.1 Term. The covenants and restrictions of this Declaration shall run with and bind the Properties, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any Properties subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years each, unless an instrument in writing, signed by sixty seven percent (67%) of the then Owners, has been recorded within the year preceding the beginning of each successive period of ten (10) years, agreeing to change said covenants and restrictions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein. Notwithstanding the foregoing, any terms, provisions, covenants, restrictions or prohibitions contained herein which relate to, pertain to or affect any environmentally sensitive areas of the Properties or any portion of the Properties which is subject to the rules, ordinances or regulations of the Federal Government, the State of Florida or the County of Duval or any agency or body of the foregoing shall be applicable to the Properties in perpetuity unless the waiver of same shall have been obtained from the appropriate party or unless the rule, ordinance or regulation shall have been abrogated or repealed by the appropriate party.

Section 16.2 Amendment. Until the Turnover, the Declarant may unilaterally amend this Declaration. Prior to Turnover, the Class "A" Members may not amend this Declaration. After Turnover this Declaration may be amended by the Board of Directors, provided, any amendment, which has a materially adverse effect on the Owner of a Lot shall require the affirmative vote (in person or by alternate) or written consent, or any combination thereof, of Members representing sixty-seven percent (67%) of the total votes in the Association. However, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. Any amendment to be effective must be recorded in the Public Records.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent and no contrary provision in any mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant, as the case may be, or the assignee of such right or privilege.

Notwithstanding anything to the contrary set forth in this Section 16.2, no amendment shall be effective without the written joinder and consent of the Declarant (so long as the Declarant owns one or more Lots within the Properties) to the amendment.

Section 16.3 Indemnification. The Association shall to the broadest extent possible by applicable statute indemnify and hold harmless every officer, director, and committee member against any and all expenses, including counsel and paralegal fees, reasonably incurred by or imposed upon such officer, director, or committee member in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member. The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer, director, or committee member, or former officer, director, or committee member may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

Section 16.4 Easements for Utilities, Etc. There is hereby reserved unto Declarant, so long as the Declarant owns any property described on Exhibit "A", the Association and the designees of each (which shall include, without limitation, Duval County, Florida and any utility company), easements upon, over, across, and under all of the Properties for ingress and egress; dispensing maintenance chemicals; installation, replacing, repairing, relocating and maintaining walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephones, gas and electricity; provided, the exercise of this easement shall not interfere with structure on Lots or otherwise unreasonably interfere with the Owner's use of a Lot, except in an emergency, entry into any Lot shall be made only after reasonable notice to the Owner or occupant thereof.

Without limiting the generality of the foregoing, there are hereby reserved for the local water, electric and gas supplier easements across all Lots for ingress, egress, installation, reading, replacing, repairing, and maintaining meter boxes. Utility Easements dedicated or granted by Plat or separate instrument shall be for the installation, maintenance and replacement of utility distribution or collection lines, lift stations, junction and control boxes and other equipment utilized in connection with the distribution and collection of utilities. All utilities easements, whether designated by Plat or separate conveyance, whether on Lots or within streets, rights-of-way or utility easements shall be for installation of and maintenance of below grade improvements provided, however, that water and sewer treatment facilities and control panels for utilities may be installed and maintained above ground. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Properties, except as may be approved by the Association's Board of Directors or as provided by Declarant.

Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board of Directors shall have the right to grant such easement over the Properties without conflicting with the terms hereof. The easements provided for in this Article shall in no way adversely affect any other recorded easement on the Properties.

Section 16.5 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 16.6 Right of Entry. The Association shall have the right, but not the obligation, to enter into any Lot for emergency and safety reasons, to abate nuisances (including, without limitation, false burglar alarms) and to inspect for the purpose of ensuring compliance with this Declaration, the By-Laws and the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include, but not be limited to, the right of the Association to enter a Lot to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after request by the Board.

Section 16.7 Perpetuities. If any of the covenants, conditions, restrictions, or the provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of William Clinton, President of the United States of America.

Section 16.8 Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of the Members as hereinafter provided. The Association shall prepare a budget of the total estimated cost of the litigation which shall be submitted to the Members for a vote along with the notice of the proposed litigation. The budget shall be based upon an estimate of the total cost and fees of the litigation made by the attorney being retained by the Association for the litigation. The Association shall assess all Owners (other than the Declarant) by Special Assessment for the total estimated costs and fees of the proposed litigation and no funds from Common Assessments or other sources may be used for such purpose. The Special Assessment must be collected prior to institution of legal proceedings. Both the proposed commencement of litigation and the budget and assessment for the litigation must be approved by a vote of the Members

representing seventy-five (75%) percent of the total votes of the Association. This Section shall not apply, however, to (a) actions brought by the Association against parties other than the Declarant to enforce the provisions of this Declaration (including without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided herein, (c) proceedings involving challenges to ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 16.9 Use of the Term "Ocean Cay". No person shall use the term "Ocean Cay" or any derivative thereof or logo in any printed or promotional material without the prior written consent of the Declarant. However, Owners may use the term "Ocean Cay" in printed or promotional matter where such term is used solely to specify that particular property is located within "Ocean Cay" and the Association shall be entitled to use the word "Ocean Cay" in its name.

Section 16.10 Compliance. Every Owner and occupant of any Lot, their guests and invitees, shall comply with all lawful provisions of this Declaration, the By-Laws and Rules and Regulations of the Association. Failure to comply shall be grounds for an action to recover sums dues, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Property. Further, in the event of any violation of any ordinances, rules or restrictions imposed by the County of Duval with respect to the Properties, the County of Duval may, without the consent of the Association or any Person, seek judicial enforcement of such ordinances, rules or restrictions and if such enforcement shall be required by a court of competent jurisdiction, the Duval County shall be entitled, in addition to all other awards or directions of enforcement, to all reasonable attorney's fees and court costs incurred by said County relative to its enforcement of the foregoing.

Section 16.11 Independent Builders. The Properties are a planned community being developed by the Declarant. The individual buildings constructed within the Properties may be constructed by the Declarant, Merchant Builders or others who are independent contractors who purchase unimproved Lots from the Declarant. If a building is constructed by a person or entity other than the Declarant, the Declarant shall have no liability whatsoever for such builder's activities, whether direct or indirect, including, without limitation, marketing or construction of the building or actions of any principal, officer, trustee, partner, agent or subcontractor.

Section 16.12 Notice of Transfer of Lot. In the event that any Owner (Other than the Declarant) desires to sell or otherwise transfer title of his or her Lot, (by sale, gift or judicial decree) such Owner shall give the Board of Directors at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date on which such transfer of title is to take place, and such other information as the Board of Directors may reasonably require. Until such written notice is received by the Board of Directors and the capital contribution required by Article XII, Section 12.11 hereof is paid in full the transferor shall remain jointly and severally liable with the transferee for all obligations of the Owner of the Lot, including payment of all Assessments, notwithstanding the transfer of title to the Lot.

Section 16.13 Documents to Grantees. All Lot Owners shall be obligated to deliver the documents originally received from the Declarant, (or copies thereof, which may be obtained from the Association) containing this Declaration, Supplements and all other declarations and documents, to any grantee of such Owners. Copies may be acquired from the Association for a reasonable reproduction fee.

Section 16.14 Dissolution of Association. The Association shall not be dissolved nor shall it dispose of any real property contained within the Common Area subject to this Declaration, by sale or otherwise (except to an entity organized for the purpose of owning and maintaining such Common Areas), without the prior approval of all Owners, their mortgagees and any governmental agencies having jurisdiction over the Properties. In the event of termination, dissolution or final liquidation of the Association, the responsibility for the operation and maintenance of the Surface Water Management System must be transferred to and accepted by an entity which would comply with Section 40C-42.027, F.A.C., and be approved by the St. John's River Water Management District prior to such termination, dissolution or liquidation.

Section 16.15 Recognition by Owners of Declarant's Rights to Develop and Construct Improvements on the Properties. Each Owner on his, her or its own behalf and on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns acknowledges and agrees that the completion of the development of the Property may occur over an extended period of time and that incident to such development and the construction associated therewith the quiet use and enjoyment of the Properties and each portion thereof may be temporarily interfered with by the development and construction work occurring on those portion of the Properties owned by the Declarant or its successors and assigns and each Owner, on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, lienors and assigns does hereby waive all claims for interference with such quiet enjoyment and use as a result of the development and construction of the balance of the Properties. Each Owner on behalf of such Owner's heirs, personal representatives, successors, mortgagees, lienors and assigns agrees that the development, construction and completion of the balance of the Properties may interfere with such Owner's original and existing views, light and air and diminish the same and each such Owner or such Owner's behalf and on behalf of such Owner's heirs, assigns, personal representatives, successors, mortgagees, lienors and assigns does hereby release the Declarant and its successors in interest and others involved from all claims that they may have in connection therewith.

Section 16.16 Pronouns. In this Declaration, the use of any gender shall be deemed to include all genders and use of the singular shall include the plural, wherever appropriate to further the intention of this Declaration.

Section 16.17 Security. Declarant or the Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. NEITHER THE ASSOCIATION OR DECLARANT, SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES, AND NEITHER THE ASSOCIATION, NOR THE DECLARANT, SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY LOT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, ELECTRONIC MONITORING SYSTEM OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT OR THE ARCHITECTURAL REVIEW COMMITTEE MAY NOT BE COMPROMISED OR CIRCUMVENTED, THAT ANY FIRE PROTECTION OR ELECTRONIC MONITORING SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE, NOT THAT FIRE PROTECTION OR ELECTRONIC MONITORING SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY LOT, AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, AND DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY LOT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO HOMES AND TO THE CONTENTS OF HOMES AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS BOARD OF DIRECTORS AND COMMITTEES, AND DECLARANT, HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR ELECTRONIC MONITORING SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTIES.

Section 16.18 Disclaimer of Association Liability. AS USED IN THIS ARTICLE, "ASSOCIATIONS" SHALL MEAN THE ASSOCIATION, AND ALL COMMITTEE AND BOARD MEMBERS, EMPLOYEES, AGENTS, CONTRACTORS (INCLUDING MANAGEMENT COMPANIES), SUBCONTRACTORS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN OR IN THE ARTICLES OF INCORPORATION, BY-LAWS, ANY RULES OR REGULATIONS OF THE ASSOCIATIONS OR ANY OTHER DOCUMENT GOVERNING OR BINDING THE ASSOCIATIONS (COLLECTIVELY, THE "ASSOCIATION DOCUMENTS"), THE ASSOCIATIONS SHALL NOT BE LIABLE OR RESPONSIBLE FOR, OR IN ANY MANNER A GUARANTOR OR INSURER OF, THE HEALTH, SAFETY OR WELFARE OF ANY OWNER, MEMBER, OCCUPANT OR USER OF ANY PORTION OF OCEAN CAY, OR THEIR GUESTS, INVITEES, AGENTS, SERVANTS, CONTRACTORS OR SUBCONTRACTORS OR FOR ANY PROPERTY OF ANY SUCH PERSONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING:

(a) IT IS THE EXPRESS INTENT OF THE ASSOCIATION DOCUMENTS THAT THE VARIOUS PROVISIONS THEREOF WHICH ARE ENFORCEABLE BY THE ASSOCIATIONS AND WHICH GOVERN OR REGULATE THE USES OF THE PROPERTY, HAVE BEEN WRITTEN, AND ARE TO BE INTERPRETED AND ENFORCED, FOR THE SOLE PURPOSE OF ENHANCING AND MAINTAINING THE ENJOYMENT OF OCEAN CAY AND THE VALUE THEREOF; AND

(b) THE ASSOCIATIONS ARE NOT EMPOWERED, AND HAVE NOT BEEN CREATED, TO ACT AS AN AGENCY WHICH ENFORCES OR INSURES COMPLIANCE WITH THE LAWS OF THE STATE OF FLORIDA OR DUVAL COUNTY OR THE PREVENTION OF TORTIOUS ACTIVITIES.

EACH MEMBER (BY VIRTUE OF HIS ACQUISITION OF A LOT AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON, OR MAKING ANY USE OF, ANY PORTION OF OCEAN CAY (BY VIRTUE OF ACCEPTING SUCH INTEREST OR LIEN OR MAKING SUCH USE) SHALL BE BOUND BY THIS ARTICLE AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS AND CAUSES OF ACTION AGAINST WHICH THE LIABILITY OF THE ASSOCIATIONS HAS BEEN DISCLAIMED IN THIS ARTICLE. EACH MEMBER DOES HEREBY RELEASE DECLARANT AND THE ASSOCIATIONS FROM ALL LIABILITY FROM INJURY AND/OR ACCIDENTAL DEATH DUE TO ADVERSE WEATHER AND ALL EFFECTS AND RESULTS THEREOF.

ARTICLE XVII MORTGAGEE/PROVISIONS

The following provisions are for the benefit of First Mortgagees holding mortgages on Lots. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

Section 17.1 Notice to Mortgagee. A First Mortgagee who provides written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number), will be entitled to timely written notice of:

17.1.1 any condemnation loss or any casualty loss which affects a material portion of the Properties;

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

17.1.3 any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

17.1.4 any proposed action which would require the consent of a specified percentage of eligible holders.

Section 17.2 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least sixty-seven percent (67%) of the First Mortgagees or Members representing at least sixty-seven percent (67%) of the total Association vote entitled to be cast thereon consent, the Association shall not:

17.2.1 by act or omission seek to abandon, alienate, release, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or other similar purposes consisting with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

17.2.2 change the method of determining the obligations, Assessments, dues, or other charges which may be levied against an Owner of a Lot (a decision, including contracts, by the Board or provisions of any Supplemental Declaration recorded on any portion of the Properties regarding Assessments for other similar areas shall not be subject to this provision where such decision or Supplement is otherwise authorized by this Declaration);

17.2.3 by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Lots and of the Common Area (The issuance and amendment of architectural standards, procedures, rules and regulations, of use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision.);

17.2.4 fail to maintain insurance, as required by this Declaration; or

17.2.5 use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

Section 17.3 Taxes. First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and First Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 17.4 No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the First Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 17.5 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any mortgage encumbering such Owner's Lot.

Section 17.6 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirement less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

Section 17.7 Applicability of this Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or Florida law for any of the acts set out in this Article.

Section 17.8 Failure of Mortgagee to Respond. Any Institutional Lender who received a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Institutional Lender within thirty (30) days of the date of the Association's request.

Section 17.9 Management Agreement Limitations. Notwithstanding anything contained herein which might otherwise be construed to the contrary, any agreement for professional management of the Association, or any other agreement providing for services by the Declarant to the Association, may not exceed one (1) year and must provide for termination by either party without cause and without payment of a termination fee on thirty (30) days or fewer written notice.

ARTICLE XVIII DECLARANT'S RIGHTS

Section 18.1 Declarant. The Declarant and its affiliates will undertake the work of constructing buildings, dwellings and improvements related thereto. The completion of that work and the sale, rental and other disposal of Lots is essential to the establishment and welfare of Ocean Cay as a community. As used in this Section and its subparagraphs, the words "its successor or assigns" specifically do not include purchasers of completed Lots. In order that said work may be completed and Ocean Cay established as a fully occupied community as rapidly as possible, no Owner or the Association shall do anything to interfere with the Declarant's activities. Without limiting the generality of the foregoing, nothing in this Declaration or the Articles or By-Laws shall be understood or construed to:

18.1.1 Prevent the Declarant, its successors or assigns, or its or their contractors or subcontractors, from doing on any property owned by them whatever they determine to be necessary or advisable in connection with the completion of said work, including without limitation, the alteration of its construction plans and designs as the Declarant deems advisable in the course of development (all models or sketches showing plans for future development of the Properties may be modified by the Declarant at any time and from time to time, without notice); or

18.1.2 Prevent the Declarant, its successors or assigns or its or their contractors, subcontractors or representatives from erecting, constructing and maintaining on any property owned or controlled by the Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing said work and establishing Ocean Cay as a community and disposing of the same by sale, lease or otherwise; or

18.1.3 Prevent the Declarant, its successors or assigns or its or their contractors or subcontractors, from conducting on any property owned or controlled by the Declarant or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements on the Properties and of disposing of Lots therein by sale, lease or otherwise; or

18.1.4 Prevent the Declarant, its successors or assigns, from determining in its sole discretion the nature of any type of improvements to be constructed as part of Ocean Cay.

Any or all of the special rights and obligations of the Declarant may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records.

The Declarant expressly reserves the right to grant easements and rights-of-way over, under and through the Common Areas so long as the Declarant owns any property subject to this Declaration primarily for development and/or resale; provided, no such easement shall adversely interfere in a material manner with the use of the Common Area by the Members.

Notwithstanding any provisions contained in the Declaration to the contrary, so long as construction and initial sale of Lots shall continue, it shall be expressly permissible for Declarant to maintain and carry on upon portions of the Common Area and Lots owned by Declarant such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Lots, including, but not limited to, business offices, signs, model lots, and sales offices, and the Declarant shall have an easement for

access to such facilities. The right to maintain and carry on such facilities and activities shall include specifically the right to use any Lot owned by the Declarant and any clubhouse or activity center which may be owned by the Association, as models, or information or sales offices.

So long as Declarant continues to have rights under this paragraph, no Person shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Properties without Declarant's review and written consent thereto, and any attempted recordation without compliance herewith shall result in such declaration of covenants, conditions and restrictions, or similar instrument being void and of no force and effect unless subsequently approved by recorded consent signed by the Declarant.

Section 18.2 Future Easements and Modifications. Declarant reserves the right to grant, modify or enter into easements, dedications, agreements, licenses, restrictions, reservations, covenants and rights of way to modify the boundary lines and to plat or replat portions of the Property. The Association, and each Owner and Merchant Builder agree to execute and deliver any and all agreements, documents, plats and instruments which are necessary or desirable to accomplish the same.

Section 18.3 Amendment. This Article may not be amended without the express written consent of the Declarant; provided, however, the rights contained in this Article shall terminate upon the earlier of (a) thirty (30) years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.


{REMAINDER OF PAGE LEFT INTENTIONALLY BLANK}

IN WITNESS WHEREOF, this Declaration has been executed as of the date first above written.

Signed, sealed Delivered
in the presence of:

**TAYLOR WOODROW COMMUNITIES, a Florida
general partnership**

By: Taylor Woodrow Homes Florida, Inc.,
a Florida corporation, a General Partner



Sign Name

Print Name DAWN E. BALLIET

By: 

John R. Peshkin, President

Address:

7120 South Beneva Road
Sarasota, FL 34238



Sign Name


Print Name Laurie J. Wood-Peters

By: Monarch Homes of Florida, Inc., a Florida
corporation, a General Partner



Sign Name

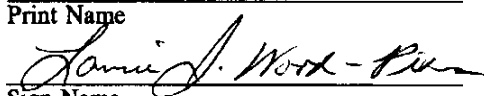
Print Name DAWN E. BALLIET

By: 

John R. Peshkin, President

Address:

7120 South Beneva Road
Sarasota, FL 34238




Sign Name

Print Name Laurie J. Wood-Peters

STATE OF FLORIDA
COUNTY OF SARASOTA

The foregoing instrument was acknowledged before me this 9th day of July, 1997, by John R. Peshkin as President of Taylor Woodrow Homes Florida, a Florida corporation, as General Partner of TAYLOR WOODROW COMMUNITIES, a Florida general partnership, on behalf of said partnership. He/She is ☒ personally known to me or has produced _____ as identification.

My Commission Expires:

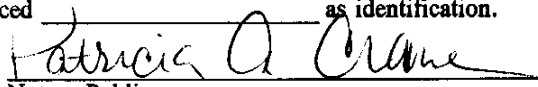


Notary Public
PATRICIA A. CRANE
My Commission CC567383
Expires Jul. 25, 2000

STATE OF FLORIDA
COUNTY OF SARASOTA

The foregoing instrument was acknowledged before me this 9th day of July, 1997, by John R. Peshkin as President of Monarch Homes of Florida, Inc., a Florida corporation, a Florida corporation, as General Partner of TAYLOR WOODROW COMMUNITIES, a Florida general partnership, on behalf of said partnership. He/She is ☒ personally known to me or has produced _____ as identification.

My Commission Expires:



Notary Public
PATRICIA A. CRANE
My Commission CC567383
Expires Jul. 25, 2000

JOINDER OF ASSOCIATION

The undersigned hereby joins in this Declaration this 17 day of July, 1997.

Signed, sealed and delivered
in the presence of:

OCEAN CAY HOMEOWNERS ASSOCIATION,
INC., a Florida not-for-profit corporation

Debbi Buddenhagen
Sign Name

Debbi Buddenhagen
Print Name

[Signature]
Sign Name

Jeffy Burch
Print Name

By: [Signature]
Keith E. Bass, President

STATE OF FLORIDA
COUNTY OF ~~SARASOTA~~ SEMINOLE

The foregoing instrument was acknowledged before me this 17th day of July, 1997, by Keith E. Bass as President of Ocean Cay Homeowners Association, Inc. a Florida not-for-profit corporation, on behalf of said corporation. (He/She is ☒) personally known to me or has produced N/A as identification.

WITNESS my hand and official seal in the County and state aforesaid this 17th day of July, 1997.

My Commission Expires: 3/17/2001

Barbara A. Klich
Notary Public



Barbara A Klich
My Commission CC630473
Expires March 17, 2001

July 15, 1997
TAYLOR/OCEANCAY/DECLARAT

BLOCKS 16, 17, 18, 19, 20 AND 24; LOTS 1, 2 AND 3, BLOCK 21; LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 17, 18, 19 AND 20 OF BLOCK 23; LOTS 4, 5, 6, 7, 8 AND 9 OF BLOCK 26; PART OF LOTS 4, 5, 6, 7, 11, 12, 13 AND 14, BLOCK 21; PART OF LOTS 10 AND 11 OF BLOCK 23; PART OF LOTS 10, 11, 12, 13, 14, 15, 16 AND 17 OF BLOCK 26, TOGETHER WITH DESOTO AVENUE (A 50 FOOT RIGHT OF WAY) LYING EAST OF SOUTH BEACH PARKWAY (FORMERLY COASTAL HIGHWAY BOULEVARD, A 100 FOOT RIGHT OF WAY) AND WEST OF MILLIE DRIVE (FORMERLY DIXIE BOULEVARD, A 50 FOOT RIGHT OF WAY); A PART OF PONCE DE LEON AVENUE (A 50 FOOT RIGHT OF WAY) LYING EAST OF SOUTH BEACH PARKWAY AND WEST OF SANDRA DRIVE (FORMERLY FLORIDA BOULEVARD, A 50 FOOT RIGHT OF WAY); PART OF SEMINOLE AVENUE (A 50 FOOT RIGHT OF WAY) LYING EAST OF SOUTH BEACH PARKWAY AND WEST OF LOT 8, BLOCK 21; PART OF NORBERTA WAY (FORMERLY PABLO BOULEVARD, A 50 FOOT RIGHT OF WAY) LYING SOUTH OF OSCEOLA AVENUE AND NORTH OF SEMINOLE AVENUE; PART OF BURLING WAY (FORMERLY MIAMI BOULEVARD, A 50 FOOT RIGHT OF WAY) LYING SOUTH OF OSCEOLA AVENUE AND NORTH OF SAID LOT 13, BLOCK 21; PART OF MILLIE DRIVE (FORMERLY DIXIE BOULEVARD, A 50 FOOT RIGHT OF WAY) LYING SOUTH OF LOT 18, BLOCK 23 AND NORTH OF PONCE DE LEON AVENUE, ALL LYING IN JACKSONVILLE BEACH HEIGHTS SUBDIVISION, AS RECORDED IN PLAT BOOK 11, PAGE 40 OF THE CURRENT PUBLIC RECORDS OF DUVAL COUNTY, FLORIDA, TOGETHER WITH BLOCK 3, AND LOTS 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13 AND 14 OF BLOCK 2; PART OF LOT 15, BLOCK 2; PART OF LOTS 9, 16, 11, 12 AND 17 OF BLOCK 5, AND PORTIONS OF SEMINOLE AVENUE (A 50 FOOT RIGHT OF WAY), HIGHLAND AVENUE (A 50 FOOT RIGHT OF WAY), ST. AUGUSTINE BOULEVARD (A 60 FOOT RIGHT OF WAY), AND NORBERTA WAY (FORMERLY PABLO BOULEVARD, A 50 FOOT RIGHT OF WAY), ALL LYING IN OCEANVIEW HIGHLANDS, AS RECORDED IN PLAT BOOK 11, PAGE 36 OF THE CURRENT PUBLIC RECORDS OF SAID COUNTY, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: FOR A POINT OF BEGINNING COMMENCE AT THE INTERSECTION OF THE SOUTHERLY RIGHT OF WAY LINE OF SAID OSCEOLA AVENUE WITH THE EASTERLY RIGHT OF WAY LINE OF SAID SOUTH BEACH PARKWAY; THENCE NORTH 89°05'42" EAST, ALONG THE SOUTHERLY RIGHT OF WAY LINE OF SAID OSCEOLA AVENUE, A DISTANCE OF 818.56 FEET TO THE WESTERLY RIGHT OF WAY LINE OF SAID MILLIE DRIVE; THENCE SOUTH 00°48'32" EAST, ALONG SAID WESTERLY RIGHT OF WAY LINE, A DISTANCE OF 552.92 FEET TO THE NORTHEAST CORNER OF SAID LOT 17, BLOCK 23, JACKSONVILLE BEACH HEIGHTS SUBDIVISION; THENCE NORTH 88°58'16" EAST, ALONG THE NORTH LINE OF SAID LOTS 4 AND 17, BLOCK 23, A DISTANCE OF 818.56 FEET TO THE WESTERLY RIGHT OF WAY LINE OF SAID SOUTH BEACH PARKWAY; THENCE SOUTH 00°57'33" WEST, A DISTANCE OF 326.41 FEET; THENCE NORTH 82°28'42" WEST A DISTANCE OF 186.82 FEET; THENCE SOUTH 54°46'30" WEST, A DISTANCE OF 104.39 FEET; THENCE SOUTH 70°33'26" WEST, A DISTANCE OF 86.19 FEET; THENCE SOUTH 82°25'02" WEST, A DISTANCE OF 68.79 FEET; THENCE SOUTH 34°45'08" WEST, A DISTANCE OF 315.50 FEET; THENCE SOUTH 61°44'29" WEST, A DISTANCE OF 510.24 FEET; THENCE SOUTH 53°18'01" EAST, A DISTANCE OF 164.25 FEET; THENCE SOUTH 01°56'55" EAST, A DISTANCE OF 88.27 FEET; THENCE SOUTH 30°59'50" EAST A DISTANCE OF 90.71 FEET; THENCE SOUTH 12°39'43" EAST A DISTANCE OF 90.92 FEET; THENCE SOUTH 01°51'47" WEST A DISTANCE OF 511.2 FEET; THENCE SOUTH 18°52'13" WEST A DISTANCE OF 98.41 FEET; THENCE SOUTH 40°42'12" WEST A DISTANCE OF 100.68 FEET; THENCE SOUTH 60°49'08" WEST A DISTANCE OF 98.41 FEET; THENCE SOUTH 79°39'35" WEST A DISTANCE OF 88.18 TO A POINT SITUATE IN THE SOUTHWESTERLY LINE OF SAID LOT 15, BLOCK 2; THENCE NORTH 50°10'55" WEST, ALONG SAID LINE, A DISTANCE OF 114.32 FEET TO THE MOST WESTERLY CORNER OF SAID LOT 15, BLOCK 2, THE SAME BEING THE MOST EASTERLY CORNER OF AFORESAID LOT 3, BLOCK 2; THENCE SOUTH 39°49'05" WEST, ALONG THE SOUTHEASTERLY LINE OF SAID LOT 3, BLOCK 2, A DISTANCE OF 50.00 FEET TO THE MOST SOUTHERLY CORNER OF SAID LOT 3, BLOCK 2; THENCE NORTH 50°10'55" WEST, ALONG THE SOUTHWESTERLY LINE OF SAID LOT 3, BLOCK 2 AND THE NORTHWESTERLY PROLONGATION THEREOF, A DISTANCE OF 138.87 FEET TO A POINT SITUATE IN THE AFORESAID EASTERLY RIGHT OF WAY LINE OF SOUTH BEACH PARKWAY; THENCE NORTH 01°35'55" WEST, ALONG SAID EASTERLY RIGHT OF WAY LINE, A DISTANCE OF 838.00 FEET TO AN ANGLE POINT IN SAID RIGHT OF WAY LINE; THENCE NORTH 00°26'25" WEST, CONTINUING ALONG SAID EASTERLY RIGHT OF WAY LINE OF SOUTH BEACH PARKWAY, A DISTANCE OF 1324.46 FEET TO THE POINT OF BEGINNING.

State of Florida

Book 8676 Pg 572



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of OCEAN CAY HOMEOWNERS ASSOCIATION, INC., a Florida corporation, filed on July 7, 1997, as shown by the records of this office.

I further certify the document was electronically received under FAX audit number H97000011112. This certificate is issued in accordance with section 15.16, Florida Statutes, and authenticated by the code noted below.

The document number of this corporation is N97000003883.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Eighth day of July, 1997

Authentication Code: 397A00035135-070897-N97000003883-1/1



CR2EO22 (1-95)

EXHIBIT "B"

Sandra B. Northam
Secretary of State

**ARTICLES OF INCORPORATION
OF
OCEAN CAY HOMEOWNERS ASSOCIATION, INC.
(A Not-For-Profit Corporation)**

The undersigned hereby executes these Articles of Incorporation for the purpose of forming a not-for-profit corporation under Chapter 617 Florida Statutes:

ARTICLE I

NAME

The name of the corporation shall be Ocean Cay Homeowners Association, Inc. (hereinafter referred to as the "Association"). Its principal office shall be at 7120 South Beneva Road, Sarasota, Florida 34238 or at such other place as may be designated, from time to time, by the Board of Directors.

ARTICLE II

NOT-FOR-PROFIT CORPORATION

The Association is a not-for-profit corporation.

ARTICLE III

DURATION

The period of duration of the Association is perpetual. Existence of the Association shall commence with the filing of these Articles with the Secretary of State.

ARTICLE IV

PURPOSE

The purpose for which the Association is organized is to further the interests of the Members, including without limitation maintenance of property owned by, reserved or dedicated to or agreed to be maintained by the Association, (including without limitation all or portions of the Surface Water Management System which shall be

THIS DOCUMENT WAS PREPARED BY
Marc I. Spencer, Esq., CHERRY & SPENCER, P.A.
1665 Palm Beach Lakes Boulevard #600
West Palm Beach, Florida 33401
(407) 471-7767 (407) 471-7974 (Facsimile)
Florida Bar No.: 0508950

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operated, maintained and managed in a manner consistent with the St. John's River Water Management District permit conditions and applicable governmental regulations); to exercise all the powers and privileges and to perform all of the duties and obligations of the Association as defined and set forth in that certain Declaration of Covenants, Conditions, Restrictions and Easements for Ocean Cay (the "Declaration") to be recorded in the public records of Duval County, Florida, including the establishment and enforcement of payment of Assessments contained therein, and to engage in such other lawful activities as may be to the mutual benefit of the Owners and their Lots. All terms used herein which are defined in the Declaration shall have the same meaning herein as therein.

EXHIBIT "B"
ARTICLE V

POWERS

The powers of the Association shall include and be governed by the following provisions:

Section 1. Common Law and Statutory Powers. The Association shall have all of the common law and statutory powers granted to it under Florida law, as the same may be amended or supplemented, which are not in conflict with the terms of these Articles and the Declaration.

Section 2. Necessary Powers. The Association shall have all of the powers reasonably necessary to exercise its rights and powers and implement its purpose, including, without limitation, the following:

- A. The power to fix, levy and collect adequate Assessments against Lots, as provided in and subject to the Declaration.
- B. The power to levy and collect Assessments for the costs of maintenance and operation of the Surface Water Management System.
- C. The power to expend monies assessed and collected for the purpose of paying the expenses of the Association, including without limitation costs and expenses of maintenance and operation of the Surface Water Management System.
- D. The power to manage, control, operate, maintain, repair and improve the Areas of Common Responsibility.
- E. The power to purchase supplies, materials and lease equipment required for the maintenance, repair, replacement, operation and management of the Areas of Common Responsibility.
- F. The power to insure and keep insured the Common Property.
- G. The power to employ the personnel required for the operation and management of the Association and the Areas of Common Responsibility.
- H. The power to pay utility bills for utilities serving the Areas of Common Responsibility.
- I. The power to pay all taxes and assessments which are liens against the Common Property.

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- J. The power to establish and maintain a reserve fund for capital improvements, repairs and replacements.
- K. Subject to applicable laws, ordinances and governmental regulation, the power to control and regulate the use of the Properties.
- L. The power to make reasonable Rules and Regulations and to amend the same from time to time.
- M. The power to enforce by any legal means the provisions of these Articles, the By-Laws, the Declaration and the Rules and Regulations promulgated by the Association from time to time.
- N. The power to borrow money and to select depositories for the Association's funds, and to determine the manner of receiving, depositing, and disbursing those funds and the form of checks and the person or persons by whom the same shall be signed, when not signed as otherwise provided in the By-Laws.
- O. The power to enter into a contract with any person, firm, corporation, or management agent of any nature or kind to provide for the maintenance, operation, repair and upkeep of the Areas of Common Responsibility or the operation of the Association. The contract may provide that the total operation of the managing agent, firm or corporation shall be at the cost of the Association. The contract may further provide that the managing agent shall be paid from time to time a reasonable fee. The power to delegate to the management agent, all of the powers and duties of the Association, except those matters which must be specifically approved by Members or the Board of Directors, as provided by the Declaration, these Articles of Incorporation, the By-Laws or applicable law.
- P. The power to appoint committees as the Board of Directors may deem appropriate.
- Q. The power to collect delinquent Assessments and fines by suit or otherwise, to abate nuisances and to fine, enjoin or seek damages from Owners for violation of the provisions of the Declaration, these Articles of Incorporation, the By-Laws or the Rules and Regulations.
- R. Subject to the terms of the Declaration, the power to bring suit and to litigate on behalf of the Association.
- S. The power to adopt, alter and amend or repeal the By-Laws of the Association as may be desirable or necessary for the proper management of the Association.
- T. The power to provide any and all supplemental municipal services as may be necessary or proper.
- U. The power to possess, employ and exercise all powers necessary to implement, enforce and carry into effect the powers above described.

Section 3. Funds and Title to Properties. All funds and title to all properties acquired by the Association and the proceeds thereof shall be held in the name of the Association for the benefit of the Owners in accordance with the provisions of the Declaration. No part of the income, if any, of the Association shall be distributed to the Owners, directors, or officers of the Association. Nothing herein shall prohibit the Association from reimbursing its directors, officers and committee members for all expenses reasonably incurred in performing service rendered to the Association.

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Section 4. Limitations. The powers of the Association shall be subject to and be exercised in accordance with the provisions of the Declaration.

ARTICLE VI

QUALIFICATIONS OF MEMBERSHIP

The qualifications for membership and the manner of admission shall be as provided by the By-Laws of the Association.

ARTICLE VII

VOTING RIGHTS

The Members shall have the right to vote on Association matters as provided in the Declaration and By-Laws.

ARTICLE VIII

LIABILITY FOR DEBTS

Neither the Members nor the officers or directors of the Association shall be liable for the debts of the Association.

ARTICLE I

BOARD OF DIRECTORS

Section 1. The number of directors constituting the initial Board of Directors of the Association is three (3) and the names and addresses of the persons who will serve as the initial Board of Directors of the Association are:

<u>Name</u>	<u>Address</u>
Keith E. Bass	7120 South Beneva Road Sarasota, Fl 34238
Kathryn B. Clayton	7120 South Beneva Road Sarasota, Fl 34238
John Peshkin	7120 South Beneva Road Sarasota, Fl 34238

Section 2. The Board of Directors shall be the persons who will manage the corporate affairs of the Association and are vested with the management authority thereof. The Board of Directors will be responsible for the administration of the Association and will have the authority to control the affairs of the Association, as are more fully set forth in the Declaration and the By-Laws of the Association.

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Section 3. The method of election or appointment and terms of office, removal and filling of vacancies shall be as set forth in the By-Laws of the Association.

ARTICLE X

BY-LAWS

The By-Laws of the Association may be adopted, amended, altered or rescinded as provided therein; provided, however, that at no time shall the By-Laws conflict with these Articles of Incorporation or the Declaration.

ARTICLE XI

CONSTRUCTION

These Articles of Incorporation and the By-Laws of the Association shall be construed, in case of any ambiguity or lack of clarity, to be consistent with the provisions of the Declaration. In the event of any conflict between the terms of the Declaration, these Articles of Incorporation or the By-Laws, the following order of priority shall apply: the Declaration, the Articles of Incorporation and the By-Laws.

ARTICLE XII

SOLE INCORPORATOR

The name and address of the sole incorporator is as follows:

Marc I. Spencer

Cherry & Spencer, P.A.
1665 Palm Beach Lakes Blvd.
Suite 600
West Palm Beach, FL 33401

ARTICLE XIII

OFFICERS

The affairs of the Association shall be managed by a President, a Vice-President, a Secretary and a Treasurer, and if elected by the Board of Directors, any such other officers and assistant officers as may be designated by the Board of Directors. The Board of Directors at each annual meeting shall elect, to serve for a term of one (1) year, a President, a Vice-President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time determine appropriate.

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ARTICLE XIVAMENDMENT

Amendments to these Articles of Incorporation shall require the affirmative vote of Members casting seventy-five percent (75%) of the total votes in the Association in favor of such amendment.

ARTICLE XVREGISTERED AGENT AND REGISTERED OFFICE

The name of the initial registered agent shall be Marc I. Spencer and the street address of the registered office of the Association shall be 1665 Palm Beach Lakes Boulevard, Suite 600, West Palm Beach, FL 33401.

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation this 7th day of July, 1997.

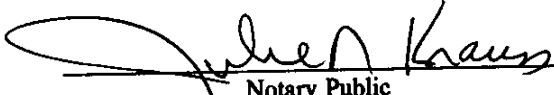


Marc I. Spencer, Incorporator

STATE OF FLORIDA
COUNTY OF PALM BEACH

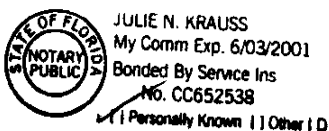
BEFORE ME, the undersigned authority, personally appeared MARC I. SPENCER, known to me and known by me to be the person described in and who executed the foregoing and who acknowledged before me that he executed the same for the uses and purposes therein expressed. He is personally known to me.

WITNESS my hand and official seal in the County and State last aforesaid, this 7th day of July, 1997.



Notary Public

(Official Seal)




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**CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE
FOR THE SERVICE OF PROCESS WITHIN FLORIDA,
NAMING AGENT UPON WHOM PROCESS MAY BE SERVED**

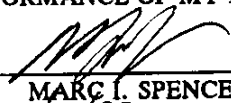
IN COMPLIANCE WITH SECTION 48.091, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED

FIRST--THAT OCEAN CAY HOMEOWNERS ASSOCIATION, INC., DESIRING TO ORGANIZE OR
QUALIFY UNDER THE LAWS OF THE STATE OF FLORIDA, WITH ITS PRINCIPAL PLACE OF
BUSINESS AT 7120 SOUTH BENEVA ROAD, SARASOTA, FLORIDA 34238.

SECOND--MARC I. SPENCER, LOCATED AT 1665 PALM BEACH LAKES BOULEVARD, SUITE
600, WEST PALM BEACH, FLORIDA 33401 AS ITS AGENT TO ACCEPT SERVICE OF PROCESS WITHIN
FLORIDA.

SIGNATURE 
MARC I. SPENCER, INCORPORATOR
DATE 7/7/97

HAVING BEEN NAMED TO ACCEPT SERVICE OF PROCESS FOR THE ABOVE STATED
CORPORATION, AT THE PLACE DESIGNATED IN THIS CERTIFICATE, I HEREBY AGREE TO ACT IN
THIS CAPACITY AND I FURTHER AGREE TO COMPLY WITH PROVISIONS OF ALL STATUTES
RELATIVE TO THE PROPER AND COMPLETE PERFORMANCE OF MY DUTIES.

SIGNATURE 
MARC I. SPENCER
DATE 7/7/97

Taylor\Ocean Cay\Articles

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**BY-LAWS
OF
OCEAN CAY HOMEOWNERS ASSOCIATION, INC.**

EXHIBIT "C"

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OF

OCEAN CAY HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.

Identity

Section 1. Name. The name of the corporation is Ocean Cay Homeowners Association, Inc. (the "Association").

Section 2. Principal Office. The initial principal office of the Association is at 7120 South Beneva Road, Sarasota, Florida 34238.

Section 3. Adoption. These By-Laws have been adopted as the By-Laws of the Association.

Section 4. Definitions. Terms used in these By-Laws which are defined in the Declaration of Covenants, Conditions, Restrictions and Easements for Ocean Cay (the "Declaration") shall have the same meaning in these By-Laws as in the Declaration.

ARTICLE II.

Powers and Duties of the Association
and the Exercise Thereof

The Association shall have all powers granted to it by Florida law, the Declaration, the Articles of Incorporation, and these By-Laws, all of which shall be exercised by its Board of Directors unless the exercise thereof is otherwise restricted in the Declaration, the Articles, these By-Laws or by law.

ARTICLE III.

Membership

The Association shall have the following two (2) classes of membership: Class "A" Members and the Class "B" Members, as described in the Declaration. Owners of Lots shall be Class "A" Member of the Association. Members shall have the right to vote only on Association matters requiring a Membership vote pursuant to the Declaration, Articles of Incorporation, By-laws, or Florida law. The Class "B" Membership shall exist prior to Turnover and shall be, held by the Declarant, for Lots which it and Merchant Builders own.

ARTICLE IV.

Meetings of Members

Section 1. Date and Place of Meetings. Meetings of the Members shall be held on the date and at the place designated by the Board of Directors.

Section 2. Annual Meetings of Members. An annual meeting of the Members shall be held each year in April. Subject to Article VI, at each annual meeting, the Members shall elect the Board of Directors of the Association and may conduct such other business as may be properly brought before the meeting.

Section 3. Special Meetings. The President of the Association may call special meetings of the Members. In addition, it shall be the duty of the President to call a special meeting of the Members if so directed by resolution of a majority of the Board of Directors or, if after the Turnover, upon a petition signed by at least ten percent (10%) of the total vote of the Membership. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally, or by mail or any other manner complying with law, to each Member, not more than fifty (50) nor less than twenty (20) days before the date of such meeting, by or at the direction of the President or the Secretary. In addition, such notice shall be posted in a conspicuous place within the Property on the date of its mailing to the Members.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association.

Section 5. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence in person or by proxy of Members representing thirty percent (30%) of the total votes in the Association shall constitute a quorum at all meetings of the Association.

Section 6. Adjournment of Meetings. If any meeting of Members cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed in Section 4.

Section 7. Vote Required. When a quorum is present at any meeting, a majority of the vote represented by the Members represented (in person or by proxy) at such meeting shall decide any question brought before the meeting, unless the Declaration, the Articles of Incorporation, these By-Laws or any applicable law provides otherwise.

Section 8. Proxies. Members may vote by proxy; provided the form of proxy is subject to the reasonable approval by the Board of Directors. In lieu of proxies, sealed ballots may be utilized for election of directors.

Section 9. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 10. Budget Workshop. Each year subsequent to Turnover, the Board of Directors, in October, shall hold a budget workshop meeting which Members may attend and comment on the next fiscal year's proposed budget. Members shall be provided a minimum of twenty (20) day's notice of the budget workshop along with copies of the proposed budget. There shall be no requirement that a quorum of Members attend the budget workshop, and it shall not be necessary that Members vote to approve the budget. Any Members present at the budget workshop may require the President to call a vote of the Members present at such workshop. Such vote shall be for the sole purpose of determining whether the budget will be disapproved in accordance with the Declaration. No Budget Workshop or Member vote for approval or disapproval of a budget will be held prior to the Turnover.

ARTICLE V.

Election of Board of Directors

Section 1. Number of Directors. The governance and administration of the affairs of the Association shall be vested in a Board of Directors. The number of directors of the Association shall be not less than three (3) nor more than six (6). The initial Board shall consist of the three (3) persons named in the Articles of Incorporation.

Section 2. Election or Appointment of Directors. Until the first annual meeting of Members after the conveyance of ninety percent (90%) of the Lots, in all phases, to Owners (other than Merchant Builders), the Declarant shall have the right to appoint all of the Members of the Board of Directors (the "Turnover Date"). The Declarant shall initially appoint the three (3) persons who shall serve as the initial Board of Directors. At the first annual meeting of Members to occur after the conveyance of ninety percent (90%) of the Lots, in all phases, to Owners (other than Merchant Builders), or such earlier date, as determined by the Class "B" Member, in its sole and absolute discretion, the Board shall be established at an odd number equal to the number of directors to be elected by the Members, which number shall be no more than five (5). The Declarant shall call a meeting within sixty (60) days after the Turnover at which the following shall occur: (a) the existing directors shall resign; (b) the Members shall elect the directors as described in Section 4; and (c) the Class "B" Membership shall terminate and be converted to a Class "A" Membership. The Declarant may, in its sole and absolute discretion, permit the Members to elect a portion of the directors earlier than the Turnover.

Directors elected by the Members at the Turnover meeting and each annual meeting thereafter shall serve for annual terms and shall be elected by Members at large.

In addition to any directors elected by the Class A Members at and subsequent to Turnover, the Declarant shall have the right to appoint one (1) director until such time as all of the Lots in all phases of Ocean Cay are conveyed to Owners (other than Merchant Builders).

For purposes of this Section the total number of Lots to be developed shall be considered one hundred and eighty-six (186). This density is the anticipated maximum density permitted for the property currently anticipated to be developed as Ocean Cay. **NO REPRESENTATION OR WARRANTY IS MADE THAT, UPON BUILDOUT, THE PROPERTY WILL BE DEVELOPED WITH THIS NUMBER OF LOTS.** Density may be reduced or additional lands may be added increasing the number of Lots permitted.

Section 3. Qualifications for Election. Except with respect to appointed directors, all directors shall be Members.

Section 4. Directors Election. Prior to the Turnover, the Declarant shall appoint all directors.

After Turnover, all of the elected directors shall be elected by the Class A Members at-large.

Section 5. Nomination of Directors. Immediately prior to the Turnover meeting and each annual meeting thereafter, the Members can nominate Members for election by filing a petition signed by a minimum of ten (10) Owners in good standing.

The names of any nominees, after having been certified by the Secretary or any other officer, that they are qualified for election and have been nominated in accordance with the provisions of these By-Laws shall be included in any proxy mailing to the Members. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Nominations, may also be made from the floor at the annual meeting of Members.

Section 6. Removal of Directors and Vacancies. Any director appointed may be removed, with or without cause, only by the party entitled to appoint the director. Any director elected by the Member may be removed, with or without cause, by the majority vote of the Members who were entitled to elect such director. Upon removal of a director, a successor shall be elected or appointed by the party entitled to elect or appoint the director so removed to fill the vacancy for the remainder of the term of such director.

Any elected director who has three (3) consecutive unexcused absences, as determined by the Board, from Board meetings or any elected director who is delinquent in the payment of any Assessment or other charges due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the remaining directors. In the event of the death, disability, or resignation of a director elected by the Members, the members of the Board may elect a successor to fill the vacancy for the remainder of the term of such director. The Declarant shall replace its appointed directors upon death, disability, removal or resignation.

Section 7. Compensation. No director shall receive a salary or any other compensation whatsoever from the Association for acting as such, but shall be entitled to be reimbursed for expenses reasonably incurred on behalf of the Association.

Section 8. Fiduciary Duty. The directors shall act in good faith in a manner they reasonably believe to be in the best interests of the development of The Property and the purpose of the Association.

ARTICLE VI.

Meetings of Board of Directors

Section 1. Organizational Meeting. The organizational meeting of the Board of Directors shall be held within ten (10) days after the annual meeting of the Members at such time and place as shall be fixed by the Board of Directors.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but commencing with the Turnover, at least four (4) regular meetings shall be held during each fiscal year with at least one (1) per quarter, provided, however, that the annual meeting shall constitute a regular meeting. Notice of the time and place of any meeting shall be posted in a conspicuous place within Ocean Cay at least forty-eight (48) hours prior to the time of the meeting, unless the meeting is an emergency special meeting. In the alternative, notice of the meeting may be mailed or delivered to all members at least seven (7) days in advance of the meeting. At such time as the Association has 100 or more members, notice of meetings of the Board of Directors may be published or in the alternative the Board may provide members with a pre-arranged schedule of meetings of the Board.

Section 3. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President or by any three (3) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The giving of notice of any special meeting shall comply with the notice provisions set forth in Section 2 of this Article VI.

Section 4. Meetings Concerning Assessments. An assessment may not be levied at a Board meeting unless the notice of the meeting includes a statement that assessments will be considered and the nature of the assessments.

Section 5. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted provided that notice of such reconvened meeting shall comply with the notice provisions set forth in Section 2 of this Article VI.

Section 6. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book containing written records of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings as well as a notation as to any Director who abstained from voting or voted contrary to the prevailing opinion. No votes at any Board of Directors meeting may be by proxy or secret ballot, except that secret ballots may be utilized in the election of officers.

Section 7. Open Meetings. All meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director and granted by the President. In such case, the President may limit the time any Member may speak.

Section 8. Telephone Meetings. Any regular or special meeting of the Board of Directors may be held by telephone conference, at which each participating director and any member in attendance can hear and be heard by all other participating directors.

ARTICLE VII.

Officers

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

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors during a fiscal year. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by a majority vote of the Board of Directors in the sole discretion of the Board and the removal of a director who also is an officer shall automatically act as a removal from such director's position as an officer.

Section 4. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at a later time specified in the notice and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

ARTICLE VIII.

Duties of Officers

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as are from time to time specifically conferred or imposed by the Board of Directors.

Section 1. President. The President shall be the chief executive officer of the Association and shall:

- (a) Act as presiding officer at all meetings of the Members and the Board of Directors.
- (b) Call special meetings of the Members and the Board of Directors.

(c) Sign, with the Secretary or Treasurer if the Board of Directors so requires, all checks, contracts, promissory notes, leases, subleases and other instruments on behalf of the Association, except those which the Board of Directors specifies may be signed by other persons.

(d) Perform all acts and duties usually required of a chief executive to ensure that all orders and resolutions of the Board of Directors are carried out.

(e) Act as an ex-officio member of all committees and render an annual report at the annual meeting of Members.

Section 2. Vice President. The Vice President, in the absence or disability of the President, shall exercise the powers and perform the duties of the President. The Vice President also shall assist the President generally, and exercise other powers and perform other duties as shall be prescribed by the directors.

Section 3. Secretary. The Secretary shall have the following duties and responsibilities:

(a) Attend all regular and special meetings of the Members and the Board of Directors and keep all records and minutes of proceedings thereof or cause the same to be done.

(b) Have custody of the corporate seal, if any, and affix the same when necessary or required.

(c) Attend to all correspondence on behalf of the Board of Directors, prepare and serve notice of meetings and keep membership books.

(d) Have custody of the minute book of the meetings of the Board of Directors and Members and act as agent for the transfer of the corporate books.

Section 4. Treasurer. The Treasurer shall:

(a) Receive monies as shall be paid into his hands for the account of the Association and disburse funds as may be ordered by the Board of Directors, taking proper vouchers for disbursements and be custodian of all contracts, leases and other important documents of the Association which he shall keep or cause to be kept safely deposited.

(b) Supervise the keeping of accounts of all financial transactions of the Association in books belonging to the Association and deliver the books to his successor. The Treasurer shall prepare and distribute to all of the members of the Board of Directors prior to each annual meeting, and whenever else required, a summary of the financial transactions and condition of the Association from the preceding year. The Treasurer shall make a full and accurate report on matters and business pertaining to his office to the Members at the annual meeting and make all reports required by law.

(c) The Treasurer may have the assistance of an accountant or auditor, who shall be employed by the Association. In the event the Association enters into a management agreement, it shall be proper to delegate any or all of the Treasurer's functions to the management agent as is deemed appropriate by the Board of Directors.

ARTICLE IX.

Committees

Section 1. Standing Committees. Each year after the Turnover, the President, subject to the approval of the Board of Directors, shall designate the chairperson (who shall be a director) and members of each of the following committees:

(a) Grounds Committee. The Grounds Committee shall advise the Board of Directors on matters concerning maintenance of the Common Areas. No live trees shall be moved from the Common Areas nor shall any alteration or improvement be made to the Common Areas except with the approval of the Board of Directors.

(b) Newsletter Committee. The Newsletter Committee shall supervise and control the preparation of a periodic newsletter for distribution to all Members.

(c) Legal and By-Laws Committee. The Legal and By-Laws Committee shall be charged with the publication and interpretation of the rules and regulations, By-Laws, and Declaration and generally, with all matters of a legal nature pertaining to the Association.

(d) Architectural Review Committee. The ARC shall have the duties and powers set forth in the Declaration.

Section 2. Ad Hoc Committees. The President, subject to the approval of the Board of Directors, may, from time to time, appoint such ad hoc committees, with such powers and composition as the President, with the approval of the Board of Directors shall determine.

Section 3. Powers of Committees. The several committees shall act only as committees and the individual members thereof shall have no power or authority to act on behalf of the Board of Directors or the Association. All committees shall be advisory only and shall report to and be under the supervision of the Board of Directors. Committee members may be removed, with or without cause, upon majority vote of the Board of Directors.

Section 4. Committee Meetings. All meetings of any committee of the Association shall be open to all members. Notice of the time and place of any committee meeting shall be posted in a conspicuous place within Ocean Cay at least forty-eight (48) hours prior to the time of the meeting. In the alternative, notice of the meeting may be mailed or delivered to all members at least seven (7) days in advance of the meeting. At such time as the Association has 100 or more members, notice of committee meetings may be published or in the alternative the each committee may provide members with a pre-arranged schedule of meetings.

ARTICLE X.

Discipline

Section 1. Enforcement. The Board of Directors shall have the power to impose reasonable fines, not to exceed the maximum allowable under Florida law, which shall constitute an automatic and continuing lien upon the Lot of the violating Owner, to preclude contractors, subcontractors, and from performing the within services for violation of any duty imposed under the Declaration, these By-Laws or the Rules and Regulations; provided, however, nothing herein or in the Declaration shall authorize the Association or the Board of Directors to limit an Owner's or occupant's ingress and egress to or from the Owner's Lot. In the event that any occupant of a Lot violates the Declaration, these By-Laws or the Rules and Regulations, and a fine is imposed, the fine shall first be assessed against the occupant residing therein; provided, however, if the fine is not paid by the occupant within the time period set by the Board of Directors, the Owner shall pay the fine upon notice from the Association. Fines are considered Benefit Assessments. The failure of the Board of Directors to enforce any provision of the Declaration or By-Laws shall not be deemed a waiver of the right of the Board of Directors to do so thereafter.

Section 2. Notice. Prior to imposition of any sanction hereunder, the Board of Directors or its delegate shall serve the accused with written notice describing (a) the nature of the alleged violation, (b) the proposed sanction to be imposed, (c) a period of not less than fourteen (14) days within which the alleged violator may present a written request to the Board of Directors for a hearing; and (d) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge has been requested within the fourteen (14) day notice.

Section 3. Hearing. If a hearing is requested within the allotted fourteen (14) day period, the sanction shall be stayed pending the hearing, which shall be held before a committee comprised of at least three (3) members appointed by the Board who are not officers, directors or employees of the association, or the spouse, parent, child, brother or sister of an officer, director or employee. The committee shall set the date and time of the hearing which shall be no sooner than ten (10) days after the receipt of the notice requesting a hearing. If the committee, by majority vote, does not approve a proposed fine or suspension, it may not be imposed. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the accused appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 4. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association may elect to enforce any provisions of the Declaration, these By-Laws or the Rules and Regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the violator shall pay all costs, including reasonable attorneys' and paralegals' fees actually incurred by the Association.

ARTICLE XI.

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall commence upon the first day of January and conclude on the thirty-first day of December.

Section 2. Depositories. The funds of the Association shall be deposited in such accounts as may be selected by the Board of Directors, including without limitation checking and savings accounts in one (1) or more banks and/or savings and loan associations, Certificates of Deposit, U.S. Treasury Bills and money market accounts with an investment firm or firms, all in accordance with resolutions approved by the Board of Directors. The funds shall be used only for lawful purposes of the Association.

Section 3. Expenses. The receipts and expenditures of the Association may be credited and charged to accounts as the Board of Directors may determine, in accordance with good accounting practices as set forth in Section 7 below.

Section 4. Reserve Accounts. The Association may, but shall not be required to, establish and maintain an adequate reserve account for the periodic maintenance, repair and replacement of the Common Property.

Section 5. Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the expenses of the Association for the fiscal year and to provide and maintain funds for the accounts established by the Board of Directors, in accordance with good accounting practices as set forth in Section 7 below. The Association shall provide each member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the member.

Section 6. Fidelity Bonds. The Association shall, if available at a reasonable cost, purchase blanket fidelity bonds for all directors, officers and employees of the Association and for any management agent who controls or disburses funds of the Association and any contractor handling or responsible for Association funds. The following provisions shall govern the Association's purchase of the bonds.

(a) Each fidelity bond purchased by the Association shall name the Association as an obligee of the bond.

(b) The premiums for bonds shall be paid by the Association.

(c) The fidelity bonds shall cover the maximum funds that will be in the custody of directors, officers or employees of the Association, or a management agent, at any time while the bonds are in force.

(d) Each bond shall include a provision requiring ten (10) days' written notice to the Association before the bond can be cancelled or substantially modified for any reason.

Section 7. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting (exclusive of depreciation and amortization), as defined by generally accepted accounting principles, shall be employed;

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

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

(d) no remuneration shall be accepted by a manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise;

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

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

(i) statement of operations reflecting all income and expense activity for the preceding period on an accrual basis (excluding depreciation and amortization);

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

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

(iv) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (An Assessment shall be considered delinquent fifteen (15) days after the date due unless otherwise determined by the Board of Directors);

(g) an annual report consisting of at least the following shall be distributed to all Members within sixty (60) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above shall not be required to be audited by a Certified Public Accountant, provided however the Board may authorize an audit as a Common Expense;

(h) Accounting records of the Association shall be maintained for at least seven (7) years after the date of the records.

Section 8. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by the President and Secretary or by such other members of the Board or officers of the Association as may be designated by resolution of the Board of Directors.

(a) Inspection by Owners and Mortgagees. The Declaration; Articles of Incorporation; By-Laws; Rules and Regulations; Supplements; Amendments to the Declaration, Articles of Incorporation, By-Laws; membership register; financial and accounting records; minutes of meetings of the Members, the Board, and committees; current insurance policies; association contracts; and copies of plans, permits, warranties, and other items provided by the Declarant, shall be made available for inspection and copying by any Mortgagee, Owner or by his or her duly appointed representative at any reasonable time and for a purpose reasonably related to his or her interest as a Owner at the office of the Association. Such records shall include a record of receipts and expenditures and accounts for each Owner, which accounts shall designate the names and addresses of the Owners, the due dates and amount of each Assessment, the amounts paid upon the account and the balance due. Accounts of Owners shall only be available for inspection by the Board, the officers and the Owner or such Owner's Mortgagee, unless otherwise required by law. Minutes of grievance hearings will not be released to any Person other than the Person subject to the disciplinary action. Books and records of the Association may be kept at the Association office at the Properties or off-site at the office designated by the Declarant. Books and records of the Association shall be maintained for a period of at least seven (7) years after the date of the books and records.

(b) Rules for Inspection. The Association shall make the foregoing records available for inspection and/or copying within ten (10) business days after written request for inspection. The Board shall establish reasonable rules with respect to:

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

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

Section 10. Insurance. The Association shall procure, maintain and keep in full force and effect insurance as may be required by the Declaration to protect the interests of the Association and the Owners.

ARTICLE XII.

Miscellaneous

Section 1. Parliamentary Rules. Robert's Rules of Order (then current edition) shall govern the conduct of Association proceedings when not in conflict with Florida law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 2. Construction. If there are conflicts between the provisions of Florida law, the Articles of Incorporation, the Declaration and/or these By-Laws, the provisions of Florida law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 3. Validity. If any By-Law or Rule or Regulation is adjudicated to be invalid, such fact shall not affect the validity of any other By-Law or Rule or Regulation.

Section 4. Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

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

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

Section 5. Amendments. Until the Turnover, the Declarant may amend these By-Laws in its sole and absolute discretion. The Class "A" Members shall have no right to amend these By-laws. After the Turnover, Amendments to these By-laws shall require the affirmative vote of a majority of the Board of Directors. Amendments to the By-laws shall be recorded in the Public Records of Duval County, Florida.

Section 6. Rules and Regulations. The Association, through the Board of Directors shall adopt Rules and Regulations consistent with the rights and duties established by the Declaration. The Rules and Regulations as amended, duly adopted by the Board, shall by reference be incorporated herein.

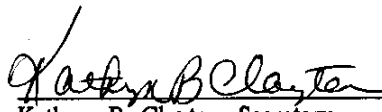
No amendment may remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

I, the undersigned, do hereby certify:

That I am duly elected and acting Secretary of the Ocean Cay Homeowners Association, Inc., a Florida not-for-profit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 9th day of July, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the corporate seal
this 9th day of July, 1997.


Kathryn B. Clayton, Secretary

(Seal)