

DECLARATION OF COVENANTS AND
RESTRICTIONS FOR
SELVA LAKES

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made by RGM Properties, Inc., a Florida corporation whose address is 1112 3rd Street, North, Suite 9, Neptune Beach, Florida 32233 ("Developer"), this 21st day of May, 1986.

Preliminary Statement

ARTICLE I

INTRODUCTION, DEFINITIONS AND CONSTRUCTION

Developer is the owner of the real property located in Duval County, Florida more particularly described on Exhibit A attached hereto (the "Property"), in fee simple absolute subject to those matters described on Exhibit A. Developer has caused the Property to be surveyed and platted as Selva Lakes in accordance with the Plat. Developer hereby restricts the use of the Property and declares that the Property and all portions thereof (except to the extent specifically exempted herein) and all additions made in accordance with this Declaration, shall be held, occupied, sold and transferred subject to the easements, restrictions and covenants of this Declaration, which Developer is imposing for the benefit of all owners of the Property or portions thereof for the purpose of preserving the value and maintaining the desirability of the Property.

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

- 1.1 "A.R.C." means the Architectural Review Committee of the Association as set forth in Article VIII hereof.
- 1.2 "Association" means Selva Lakes Association, Inc., a corporation not for profit organized pursuant to Chapter 617, Florida Statutes, its successors and assigns.
- 1.3 "Board" or "Board of Directors" means the Association's Board of Directors.
- 1.4 "Common Areas" means all property from time to time owned by the Association or designated for ownership by the Association for the common use and enjoyment of all Owners, together with all improvements, fixtures, and tangible personal property now or hereafter situated thereon and all appurtenant easements.
- 1.5 "Developer" means RGM Properties, Inc., a Florida corporation whose address is 1112 3rd Street, North, Neptune Beach, Florida 32233, its successors and assigns with respect to

the entire Property, and all other Persons who acquire substantially all the undeveloped Lots within the Property for the purpose of development of the Property or completion of the Work.

1.6 "Law" means any statute, ordinance, rule, regulation, or order adopted or enforced by the United States of America, or any agency, officer, or instrumentality thereof, or by the State of Florida, or any agency, officer, municipality, or political subdivision thereof, from time to time applicable to the Property or to any and all activities on or about the Property. As the context may admit, such term also includes the general principles of decisional law.

1.7 "Legal Documentation" collectively means this Declaration of Covenants and Restrictions, the Association's Articles of Incorporation and the Association's By-Laws, as the same may be amended from time to time. Individually the foregoing are defined as:

(a) "Declaration" means this Declaration of Covenants and restrictions for Selva Lakes and any supplemental or amendatory declarations made in accordance herewith, as amended from time to time.

(b) "Articles" means the Articles of Incorporation of the Association, as amended from time to time.

(c) "By-Laws" means the By-Laws of the Association, as amended from time to time.

1.8 "Lakefront Lots" means Lots 23 through 52, inclusive as identified on the Plat, and all other Lots shown on a subsequently recorded plat to have frontage on, or to contain within the Lot lines a portion of a lake or other body of water within the Property.

1.9 "Lot" means any plot of land shown on the Plat or any subsequently recorded subdivision plat of the Property, which is designated thereon as a lot, excluding any areas designated as Common Areas or for ingress and egress, utilities or drainage uses or dedicated to public use.

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

1.11 "Mortgagee" means the Person(s) named as the obligee under any Mortgage, or the successor in interest to any such Person.

1.12 "Owner" means the record Owner, whether one or more Persons, of the fee simple title to any Lot, including contract sellers, but excluding contract buyers and any other Person

holding such fee simple title merely as security for the performance of an obligation. Developer is an Owner as to each Lot owned by the Developer.

1.13 "Person" means any natural person or artificial entity having legal capacity.

1.14 "Plat" means that subdivision plat of Selva Lakes recorded in Plat Book 41, pages 55 and 55A of the Public Records of Duval County, Florida and the recorded plat of any lands made subject to the provisions of this Declaration pursuant to the provisions hereof, and any amendments thereto.

1.15 "Property" means the lands in Duval County, Florida, described on Exhibit "A" attached to this Declaration together with all other lands that hereafter may be made subject to the provisions of this Declaration in the manner provided herein.

1.16 "Regulations" means any rules and regulations regarding the use of the Property duly adopted by the Association in accordance with the Legal Documents.

1.17 "The Work" means the initial development of all or any portion of the Property as a residential community by the construction and installation of streets, utility systems, residential Units, buildings, and other improvements, and the sale, lease, or other disposition of the Property in parcels. Such term is to be broadly construed to include any and all activities, uses, structures, and improvements necessary, convenient, or desirable to accomplish such construction and disposition.

1.18 "Unit" means a single family town home dwelling located on a Lot.

1.19 "Unplatted Lands" means the lands in Duval County, Florida, described on Exhibit "B" attached to this Declaration.

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

ARTICLE II

PROPERTY RIGHTS AND EASEMENTS

2.1 Title to Common Areas and Owner's Easements of Enjoyment. The Developer will convey or cause to be conveyed to the Association, at such time as in its sole discretion it deems appropriate, the title to the Common Areas, subject to taxes for the year of conveyance, restrictions, conditions, and limitations of record, and easements for drainage and public utilities. Every Owner and his lessees have a nonexclusive right and easement of enjoyment in and to the Common Area that is appurtenant to, and passes with, the title to every Lot, subject to the easements and other property rights granted in this Article and to the following:

(a) Fees. The Association's right to charge reasonable fees for the use of any recreational facility situated upon the Common Area.

(b) Suspension. The Association's right: (i) to suspend the voting rights of any Owner for any period during which any assessment against such Owner's Lot remains unpaid; (ii) to suspend such Owner's and his lessee's right to use any recreational facility owned or controlled by the Association, for the same period; and (iii) to suspend any Owner's and his lessee's right to the use of any such recreational facility for a period not to exceed sixty (60) days for any material infraction of the Association's Regulations.

(c) Dedication. The Association's right to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purpose and subject to such conditions as may be agreed to by the members of the Association. Such dedication or transfer must be approved by at least two-thirds (2/3) of each class of those members present in person or by proxy and voting at a meeting duly convened for such purpose, and shall be evidenced by a recorded certificate of the Association executed by the Association with the formalities from time to time required for a deed under the laws of the State of Florida.

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

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

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

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

2.2 General Easements. All Lots are subject to perpetual easements for (a) the maintenance, repair, and reconstruction of any landscaped areas, roofs, exterior walls, party walls, or other portions of a Lot, as provided in this Declaration for the benefit of those Persons, including the Association, responsible for or permitted to perform such maintenance, repair and reconstruction; (b) encroachments caused by the unwillful placement, settling, or shifting of any improvements constructed, reconstructed, or altered thereon in accordance with the provisions of this Declaration; (c) lateral and subjacent support; (d) overhanging roofs, eaves, and trees, if any, installed by Developer as part of the Work, and their replacements and (e) the drainage of ground and surface waters in the manner established by Developer as part of the Work. In addition to the easements shown on the Plat, each Lot shall be subject to perpetual drainage easements along each side Lot Line and the rear Lot line to a depth of three (3) feet for the installation, maintenance, and use of drainage ditches, pipes or other drainage facilities. To the extent not inconsistent with this Declaration, the general rules of Law apply to the foregoing easements. The extent of such easement for maintenance support, overhangs, and drainage, is that reasonably necessary to effectuate their respective purposes, and easements for encroachments extend to a distance of not more than five feet, as measured from any point on the common boundary along a line perpendicular to such boundary. There is no easement for overhangs and encroachments caused by the willful or intentional misconduct of any Owner or the Association. Each Lot is also subject to nonexclusive easements for the installation, maintenance, repair, and replacement of any drainage and utility installations (including any television or radio cables and appurtenances) servicing more than one Lot; however, such easements must be exercised in a reasonable manner so as not to cause any permanent, material injury to any Lot. Entry into any improvement is authorized only with the consent of its Owner and occupant, which consent may not be unreasonably withheld so long as such entry is at a reasonable time, in a reasonable manner, and upon reasonable prior notice whenever circumstances permit.

2.3 Lakefront Lot Easements. There are reciprocal, appurtenant and perpetual easements between each Lakefront Lot and all other Lakefront Lots for pedestrian ingress and egress from each Lakefront Lot to and around the shoreline of the lake abutting which each Lakefront Lot for the benefit of the Owner of each Lakefront Lot, their successors and assigns, and their family members, guests, lessees, and invitees. The City of Atlantic Beach, Florida and the Association shall also have a perpetual easement across each Lakefront Lot for ingress and egress to such lake for the purposes of exercising any right or performing any obligation, as provided in this Declaration or in the Plat.

2.4 Property Privacy Fence. As part of the Work, Developer has constructed a privacy fence across some of the Lots that separates the Property, and provides a buffer, from adjoining properties (the "Property Boundary Fence"). If the provisions of this Declaration are extended to the Unplatted Lands as provided herein, Developer intends to construct a similar

Property Boundary Fence on some of the Lots to be platted in subsequent phases. All Lots upon which portions of the Property Boundary Fence are located, are subject to an exclusive perpetual easement for the location of the Property Boundary Fence. All such Lots are also subject to easements to the Association for the maintenance, repair and replacement of the Property Boundary Fence and the landscaping associated therewith, as may be necessary or convenient.

2.5 Entrance Sign Easements. Lots 38, 39, and 52 are subject to exclusive easements for the location, installation, maintenance and repair of entrance signs identifying the name of the subdivision, "No Trespassing" signs, and such other signs as are determined by the Association or the Developer to be necessary or convenient to the performance of the Association's duties. The foregoing easements run to the benefit of the Developer and the Association and are limited to an area of approximately one hundred (100) square feet for the location of the signs and such additional area as is reasonably necessary to provide access to the signs and to maintain and repair the signs.

2.6 Plat Easements. Reference is made to the utilities, drainage, ingress and egress, and other easements shown on the Plat. The Developer shall have the unrestricted right without the approval or joinder of any other Person to designate the use and to alienate, release or otherwise assign the easements shown on the Plat unless such easements have been previously conveyed or dedicated. The easements may be used to construct, maintain and operate water mains, drainage ditches, sewer lines and other suitable installations for drainage and sewer disposal, or for the installation, maintenance, transmission and use of electricity, gas, telephone, water and other utilities, or for the location of waste and trash storage and removal equipment, whether or not the easements are shown on the Plat to be for drainage, utilities, or other purposes. The Owners of the Lots subject to easements shown on the Plat shall acquire no right, title or interest in any of the cables, conduits, pipes, mains, lines, trash containers, or other equipment or facilities placed on, over or under the easement area. The Owner of a Lot subject to any easement shall not construct any improvements on the easement areas, nor alter the flow of drainage, nor landscape such areas with hedges, trees or other landscape items that might interfere with the exercise of the easement rights. If any Owner constructs any improvements on such easement areas or landscapes such areas as aforesaid, the Owner of the Lot shall remove the improvements or landscape items upon written request of Developer, the Association or the grantee of the easement. Developer reserves the right to impose further restrictions and to grant or dedicate additional easements and rights-of-way on any Lots owned by Developer. In addition, Developer hereby expressly reserves the right to grant easements and rights-of-way over, under and through the Common Areas so long as Developer shall own any portion of the Property. The easements granted by Developer shall not materially adversely affect any improvements or unreasonably interfere with the enjoyment of the Common Areas.

2.7 All Rights and Easements Appurtenant. The benefit of all rights and easements granted by this Article constitute a permanent appurtenance to, and pass with, the title to every Lot enjoying such benefit. Whenever any such right or easement is described as nonexclusive by this Article its benefit nevertheless is exclusive to all Lots granted such benefit by this

Article, unless this Article expressly grants such benefit to additional Persons. In no event does the benefit of any such easement extend to the general public.

2.8 Delegation of Use. Any Owner may delegate his right of enjoyment and other rights in the Common Areas to any and all Persons from time to time lawfully occupying such Owner's Lot. Any delegation is subject to the Association's Regulations.

2.9 Ownership Rights Limited to Those Enumerated. No transfer of title to any Lot passes any rights in and to the Common Areas, except as expressly enumerated in this Declaration. Without limitation, no provision in any deed or other instrument of conveyance of any interest in any Lot shall be construed as passing any such right, title, and interest except as expressly provided in this Declaration.

2.10 Platting and Subdivision Restrictions. Developer may from time to time, plat or re-plat all or any part of the Property owned by Developer, and may file subdivision restrictions and amendments thereto with respect to any such portion of the Property.

ARTICLE III

USE RESTRICTIONS

3.1 Residential Use. Lots may only be improved by the construction thereon of a Unit in accordance with plans and specifications for such Unit approved in writing by Developer in accordance with the procedures described in Article VIII hereof. Each Lot shall be used for single family residential purposes only, and no trade, business, or profession of any kind may be conducted in, on, or from any Lot, subject to the rights herein reserved to Developer to complete the Work. The letting, renting, or leasing of Lots and Units for non-transient residential purposes shall not constitute a trade or business.

3.2 Size Limitations. The Units constructed on each Lot shall not exceed the height of two full stories and shall have a minimum square footage of one thousand and fifty (1,050) square feet exclusive of garages, porches and patios.

3.3 Other Structures. Without the prior written approval of the ARC, no tents, trailers, tanks, storage buildings, clothes lines, arbors, gazebos, swimming pools, playground equipment or structures of any type whether similar or dissimilar to those herein enumerated and whether intended to be temporary or permanent may be erected on a Lot.

3.4 Landscaping. No living trees measuring four (4) inches or more in diameter at a point two (2) feet above the ground may be removed without the written approval of the ARC. No hedges or hedge like grouping plants exceeding four (4) feet in height shall be permitted without the written approval of the ARC. No artificial grass, plants or other artificial vegetation shall be placed or maintained on any Lot. No weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain on any Lot.

3.5 Fences.

(a) General. No fences, walls or similar structures may be erected on a Lot, until the location, quality, style, color and design have been first approved in writing by the ARC. The ARC shall grant such approval only when necessary to provide privacy from parking lots, driveways and other highly trafficked areas and shall not grant approval for any fence on a Lakeside Lot without a showing of special hardship. No fence, wall or hedge may exceed six (6) feet in height. No chain link, barbed wire or other forms of wire or steel fences are permitted, except as a swimming pool enclosure on the Common Areas. All fences must be constructed and painted or stained in a manner compatible with the Work, as determined in the sole discretion of ARC, and must be maintained to preserve an attractive appearance from the exterior of each Lot. To the extent any fences are approved, the ARC shall select one or more fence types compatible with the Work and shall require uniform use of these fence types. The provisions of this paragraph shall not apply to any fences constructed as part of the Work or any replacements or repairs thereof.

(b) Property Privacy Fence. Without the prior written approval of the ARC, the Property privacy fence, as described in Paragraph 2.5 hereof, may not be removed, altered or modified in any manner whatsoever nor used for any purpose except to provide privacy to the Property.

(c) Preservation of Easement Rights. Specific reference is made to the easements shown on the Plat and reserved in this Declaration. No fence, wall, hedge, tree or other improvements or landscape of any type that might interfere with exercise of these easement rights may be constructed, installed or maintained in these easement areas.

3.6 Setback Lines. To assure that location of dwellings will be staggered where practical and appropriate, so that the maximum amount of view and breeze will be available to each dwelling and that the structures will be located with regard to the topography of each Lot, the Developer reserves to itself the right to control absolutely and to solely decide the precise site and location of any dwelling or other structure upon all Lots, subject to compliance with zoning regulations. Developer reserves the right to establish specific setback lines applicable to any unsold Lots in the Property. After completion of the Work, the modification of existing setback lines requires the approval of the ARC.

3.7 Parking Restrictions and Garages.

(a) Parking. Unless and until the Association promulgates rules and regulations expressly authorizing the parking, storage, or repair, of boats, trailers, recreational vehicles, or other vehicles, no vehicle, boat, or trailer may be parked, stored, or repaired, anywhere within the Property except that functional passenger automobiles, vans, motorcycles, and trucks of one-half ton capacity or less (collectively, "Permitted Vehicles") may be parked in those areas described in this paragraph and

except that boats, trailers and other vehicles that are not Permitted Vehicles may be parked in the garage of a Unit. Permitted Vehicles may be parked only within a garage of a Unit, the driveway or the pull-off parking space constructed on Lots as part of the Work, if any. No parking places may be constructed on any Lot, except as originally constructed as part of the Work. Commercial vehicles or any Permitted Vehicles with advertising thereon shall not be parked within public view on a regular basis. No part of the Common Areas shall be used for parking except for designated parking spaces. The Association may enforce the foregoing restrictions in any lawful manner, including the imposition of reasonable, uniform fines for willful or repeated violations. Nothing in this paragraph prohibits the emergency repair or servicing of Permitted Vehicles, so long as such repair or servicing is completed within 48 hours.

(b) Garages. No garage shall be permanently enclosed or converted to another use without the written approval of the ARC. No carports shall be permitted. All Units must be constructed with garages, which shall contain at least 180 square feet of useable space appropriate for the parking of Permitted Vehicles. All garages must have doors which shall be maintained in a useful condition and shall be kept closed when not in use.

3.8 Alterations, Modifications and Maintenance of Exteriors. Following completion of the Work, an Owner may not cause or permit any alteration, modification, renovation or reconstruction to be made to the structural components, roof, or exterior of his Unit including driveways and parking areas, nor make any additions to the exterior of his Unit including the installation of window air conditioners, without the prior written approval of the ARC, except that an Owner shall maintain, repair and replace the exterior of his Unit and Lot with materials of the same style and of equal or greater quality as originally installed as part of the Work. No television or radio masts, towers, poles, antennas, aerials, or appurtenances shall be erected, constructed, or maintained on the exterior of any Unit or Lot unless the location, size and design thereof have been approved by the ARC. In general the ARC shall not approve any such items if reasonably adequate interior antenna locations are available or a master television and radio antenna system or cable system is available to such Lot.

3.9 Occupancy and Leasing Restrictions. Each of the Units shall be occupied only by the Owner or lessee of a Unit, members of their family, their servants and nonpaying social guests. Entire Units may be rented provided the occupancy is only by the lessee and the members of their family, servants and nonpaying social guests. All leases of Units must be on forms approved by the Association. All leases must permit the Association to terminate the lease and evict the tenant for violations of the Legal Documents or the Association's Regulations, if such violations are not cured within thirty (30) days following notice to the tenant and the Owner. The Owner will be jointly and severally liable with the tenant to the Association for any amount which is required by the Association to repair any damage resulting from acts or omissions of tenants (as determined in the sole discretion of the Association) or to pay any claim for injury or damage to property caused by the negligence of the tenant. Special assessments may be levied against the Lot for such amounts. No

rooms may be rented and no transients may be accommodated in a Unit. No lease may be for a period of less than six months without the approval of the Association.

3.10 Animals and Rubbish. No animals, livestock, or poultry shall be raised, bred, or kept anywhere within the Property, except that not more than one (1) dog, one (1) cat, or two (2) caged birds (or any combination thereof not exceeding two (2) animals) may be kept by the occupants of each Unit subject to the Association's Regulations, provided such pets are not kept, bred or maintained for any commercial purpose and provided further that such pets are neither dangerous nor a nuisance to the residents of the Property. Dogs must be leashed or kept within enclosed areas at all times. All pets are prohibited from the recreational facilities located on the Common Area. Except for regular collection and disposal, no rubbish, trash, garbage, or other waste material or accumulations shall be kept, stored, or permitted anywhere within the Property, except inside the Unit, or in refuse containers concealed from view, and in accordance with the Association's Regulations.

3.11 Sewage Disposal and Water Service. All water and sewage facilities and service to the Property shall be supplied by City of Atlantic Beach, Florida, its successors or assigns, by means of the central water supply and sewage system providing service to the Property. No well of any kind shall be dug or drilled on the Property without the prior approval of the ARC, and then only for the purpose of providing landscape irrigation. No septic tank may be constructed on any Lot. No sewage may be discharged on the open ground or into the lakes. No water from air conditioning systems or swimming pools shall be disposed into the marshlands or lakes. The City of Atlantic Beach, Florida, or its successors or assigns, has a non-exclusive perpetual easement, in, over and under the areas described on the Plat as "Easement for Utilities" or similar wording for the purpose of installation, maintenance and operation of water and sewage facilities.

3.12 Signs. No sign of any kind shall be displayed to public view within the Property except customary address signs approved by the ARC, and a lawn sign of not more than four (4) square feet in size advertising a Lot for sale or rent. All signs permitted by this subsection are subject to the ARC Regulations.

3.13 Outdoor Drying of Laundry. Outdoor drying of laundry or other items must be done in areas that are completely screened from view from adjacent Lots and any street. All clothes lines or drying racks must be approved in writing by the ARC. No rugs, drapes, or other items shall be hung from any portion of the exterior of any Unit.

3.14 Window Coverings. Without the prior written approval of the ARC, no aluminum foil, tinted glass or other reflective material shall be installed or maintained on any windows of a Unit. All portions of the drapes, blinds and other window coverings visible for the exterior of the Unit must be white or an earth tone color that is compatible with the exterior colors of the Unit as determined in the sole discretion of the ARC, or such other color approved in writing by the ARC.

3.15 Wetlands.

(a) General. Except with the prior written consent of the Association or in accordance with the Association's Regulations, no swimming, bathing, fishing, canoeing, boating, or other recreational activity of any nature is permitted in, about, or upon any stream, pond, lake, lagoon, marsh or other wetlands situated in whole or in part upon the Property, notwithstanding that all or a portion of such wetlands may be located within a Lot. Only the Developer or the Association shall have the right to pump or otherwise remove any water from any lake or other wetlands, if any, within the Property for the purpose of irrigation or other use. Subject to drainage easements to the City of Atlantic Beach, Florida, the Association shall have the sole and absolute right to control the water level of such lakes and to control the growth and eradication of plants, animals, fish and fungi and in any such lakes. The height, grade and contour of any lake embankment shall not be changed without the prior written consent of the Association. No docks, bulkheads or other structures shall be constructed on such embankments unless and until same shall have been approved by the Association; provided however, no such structure may extend into the waters of the lakes, lagoons or other wetlands more than ten (10) feet from the shoreline as shown on the Plat.

(b) Drainage Easement. The City of Atlantic Beach, Florida is hereby granted a perpetual drainage easement through each of the lakes, lagoons, marshes and other wetlands situated in whole or in part on the Property for use and maintenance as an outfall for storm drainage waters. The City of Atlantic Beach is also granted an easement to discharge storm drainage waters from the streets known as The Plaza and Eleventh Street into the waters of the lagoon located on the Property (as shown on the Plat) at the point where said streets abut the lagoon. Developer reserves the right for Developer or the Association to grant by separate document specifically described drainage easements setting forth by metes and bounds legal descriptions the exact locations of the easements herein granted. Upon recordation of such easements in the Public Records of the county in which the Property is located, the easements herein granted shall be limited to the areas described therein.

3.16 Rules and Regulations. The Association is empowered to issue, and thereafter amend or terminate, reasonable rules and regulations for the use and control of the Property. No owner or other Person occupying any Lot, or any invitee, shall violate the Association's Regulations for the use of the Property. All Owners and other Persons occupying any Lot, and their invitees, at all times shall do all things reasonably necessary to comply with the Regulations. Wherever any provisions of this Article prohibit any activity, condition, or structure within the Property except as permitted by the Association's Regulations, such restriction or prohibition is self executing unless and until the Association issues Regulations expressly permitting the same. Without limitation, any rule or regulation will be deemed "issued" when posted conspicuously at such convenient location within the Property as the Association may from time to time designate.

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

3.18 Casualty Damage. In the event of damage or destruction by fire or other casualty to the improvements on any Lot, unless the improvements are completely destroyed, the Owner shall repair or rebuild such damaged or destroyed improvements in a good and workmanlike manner, within a reasonable time not to exceed one year and in accordance with the provision of this Declaration. The improvements shall be reconstructed in accordance with the original plans and specifications including color scheme, placement on Lot and materials. In all cases, all debris must be removed and the Lot restored to an orderly condition as soon as possible, but not to exceed sixty (60) days after such damage or destruction.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

4.1 Membership. Every Owner of a Lot is a member of the Association and is entitled to one membership for each Lot owned. Each membership is appurtenant to the Lot upon which it is based and is transferred automatically by conveyance of title to that Lot whereupon the membership of the previous Owner automatically terminates. No Person other than an Owner may be a member of the Association, and a membership in the Association may not be transferred or encumbered except by the transfer of title to a Lot; provided however, the foregoing does not prohibit the assignment of membership and voting rights by an Owner who is a contract seller to his vendee in possession.

4.2 Classification. The Association has two classes of voting membership.

(a) Class A. So long as there is Class B membership, Class A members are all Owners except Developer. Class A members are entitled to one vote for each Lot owned. Upon termination of Class B Membership, Class A members are all Owners, including Developer so long as Developer is an Owner.

(b) Class B. The Class B member is Developer who is entitled to three votes for each Lot owned. The Class B membership will cease and be converted to Class A membership upon the happening of either of the following events, whichever occurs first: (i) when the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B membership; or (ii) five (5) years from the recording date of this Declaration.

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

4.4 Extraordinary Action. The Association's Articles of Incorporation provide that certain actions of the Association as described in the Articles require the approval of a supermajority of the members. In addition, any such action shall require the written approval of the Developer for so long as the Developer is a member of the Association.

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

ARTICLE V

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

5.1 The Common Area.

(a) General. Subject to the rights of the Developer and the Owners, as set forth in this Declaration, the Association has exclusive management and control of the Common Areas, and all of its improvements, fixtures, furnishings, equipment, and other related personal property. The Association shall keep the foregoing in a clean, attractive, sanitary, and serviceable condition, and in good order and repair. The Association's duties with respect to the Common Areas include the management, operation, maintenance, repair, servicing, replacement, and renewal of all

improvements, equipment, and tangible personal property installed by Developer as part of the Work, and any replacements or additions thereto made in accordance with the provisions of the Legal Documents. The Association shall maintain adequate reserve accounts for periodic maintenance, repair and replacement of improvements to the Common Areas.

(b) Storm Water Management. The Association shall operate and maintain the Storm Water management system that Developer has installed as part of the Work pursuant to the permits issued by the Florida Department of Environmental Regulation and the St. Johns Water Management District, including all lakes, retention areas, culverts and filtration systems. If the Association is dissolved, the property consisting of the Storm Water management system that is located on the Common Areas shall be conveyed to an appropriate agency of local government, and those portions of Lots on which are located parts of the Storm Water management system shall be subject to easements to such agency of local government to operate and maintain the Storm Water management system. If the conveyance is not accepted by the local government agency, then the Storm Water management system must be conveyed to a non-profit corporation similar to the Association. Any modification of the Common Areas that would adversely affect the Storm Water management system must have the prior approval of the St. Johns Water Management District.

(c) Insurance. The Association shall keep the improvements located on the Common Areas, including fixtures and personal property of the Association insured to the maximum insurable replacement value, excluding foundation and excavation costs, as determined by the Board of Directors. The insurance shall provide coverage against loss or damage by fire or other hazards covered by a standard extended coverage endorsement and such other risks as from time to time are customarily covered with respect to improvements similar in construction, location and use as the improvements on the Common Areas, including vandalism and malicious mischief, and flood and water damage, if the Common Areas are at any time located in a federally designated flood area. The Association shall carry public liability insurance in amounts and with coverage as determined by the Board of Directors. To the extent from time to time available, the Association's insurance must provide for waiver of subrogation by the Association's insurer against any Owner because of unintentional acts or omissions.

5.2 Exterior Lot Maintenance.

(a) Lake Maintenance. The Association shall maintain the lakes and wetlands within the Property, notwithstanding that the Lakes or wetlands may be located entirely within one or more Lots. Subject to the rights of the City of Atlantic Beach, Florida, and other governmental authorities, the Association shall have the exclusive right to determine and control water levels and water quality, and to control the growth and removal of plants, fungi, waterfowl and animals within the lakes and wetlands. The

provisions of this sub-paragraph are not intended to supercede the provisions of Article VII hereof that require Lakefront Lot owners to maintain the lake shoreline located adjacent to their Lots.

(b) Property Boundary Fence. The Association shall maintain the Property Boundary Fence described in Article II hereof, in a sound and attractive condition.

(c) Other Maintenance. If an Owner of any Lot shall fail to maintain, repair, or restore the exterior of his Lot and Unit including the landscaping located thereon and the shoreline of the Lake adjacent to his Lot (if his Lot is a Lakefront Lot), in the manner required by the Legal Documents within thirty (30) days following notice by the Association specifying the maintenance or repair item, then the Association after approval by not less than seventy-five percent (75%) of the members of the Board of Directors, shall have the right, through its agents and employees, to enter upon said Lot and to perform such repair, maintenance, or restoration. The cost of such exterior maintenance shall be assessed to the Owner of the Lot and shall become due and payable in all respects, together with interest and fees and costs of collection, as provided for other assessments of the Association. Additionally, the Association shall have a lien for all unpaid costs and interest against the Lot, and such costs and interest shall be the personal obligation of the Person who owned the Lot at the time the notice was given by the Association, in the same manner as herein provided for other assessments of the Association.

5.3 Services. The Association may obtain and pay for the services of any Person to manage its affairs to the extent it deems advisable and may contract for such other personnel as the Association determines are necessary, convenient, or desirable for the proper operation of the Property or the performance of the Association's responsibilities hereunder, whether such personnel are furnished or employed directly by the Association or by any Person with whom it contracts. Without limitation, the Association may obtain and pay for legal and accounting services necessary, convenient, or desirable in connection with the operation of the Property or the enforcement of the Legal Documents or the Association's Regulations.

5.4 Additional Rights and Obligations. Upon the approval of the requisite number of members of each class necessary to approve Extraordinary Actions as provided in the Articles, the Association may contract with others to furnish to all Lots or to any group of Lots insurance coverage, termite and pest control, or any other services or materials that are otherwise herein required to be performed or provided by the Owners; provided, however, (a) only those Lots whose Owners have requested such service shall be assessed for their cost; and (b) each such Owner's prior written consent is obtained. Nothing herein shall be deemed to require the Association to provide such services.

5.5 Personal Property. The Association may acquire, hold, and dispose of tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Association's Articles and By-Laws.

5.6 Rules and Regulations. The Association from time to time may adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing the use of the Lots and the Common Areas so long as such rules and regulations are consistent with the rights and duties established by the Legal Documents. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of the Property as a residential community. The rules and regulations initially shall be promulgated by the Board of Directors and may be amended by a majority vote of the Board of Directors, or may be amended or rescinded by a majority of both classes of membership present and voting at any regular or special meeting convened for such purpose. No regulation, decision, amendment or other action that reasonably may have the effect of waiving, lessening, or otherwise interfering with the scope or enforcement of any restriction imposed on the Property by this Declaration will be valid without the written approval of the Developer. The Association's procedures for enforcing its rules and regulations at all times shall provide the affected Owner with reasonable prior notice and opportunity to be heard, in person or through representatives of the Owner's choosing.

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

5.8 Access by Association. The Association has a right of entry to each Lot and the Unit located thereon to the extent reasonably necessary to exercise any right granted or to discharge any duty imposed (or subsequently adopted) pursuant to the Legal Documents, or for any other purpose reasonably related to the Association's performance of any duty imposed, or exercise of any right granted, by the Legal Documents. Such right of entry must be exercised in a peaceful and reasonable manner at reasonable time and upon reasonable notice whenever circumstances permit. Entry into a Unit may not be made without the consent of its Owner or occupant, except pursuant to court order or other authority granted by Law except in the event of an emergency and only then to the extent necessary to prevent personal injury or property damage to any Unit. No Owner shall withhold consent arbitrarily to entry by the Association for the purpose of discharging any duty or right if such entry is upon reasonable notice, at a reasonable time, and in a peaceful and reasonable manner. The Association's right of entry may be exercised by its agents, employees, contractors, and managers.

5.9 Restriction on Capital Improvements. All capital improvements to the Common Areas, except for replacement or repair of those items installed by Developer as part of the Work, and except for personal property related to the Common Areas, must be approved by two-thirds (2/3) of each class of those members present in person or by proxy and voting at a meeting duly convened for such purpose.

ARTICLE VI

COVENANTS FOR ASSESSMENTS

6.1 Assessments Established. For each Lot within the Property, Developer covenants, and each Owner by acceptance of a deed or other conveyance of record title to a Lot, whether or not it is so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association:

- (a) An Annual Assessment, as defined in paragraph 6.2 of this Article; and
- (b) Special assessments, as defined in paragraph 6.3; and
- (c) Special assessments for property taxes levied and assessed against the Common Area, as defined in paragraph 6.4; and
- (d) Specific assessments against any particular Lot that are established pursuant to any provisions of the Legal Documents, as provided in paragraph 6.5; and
- (e) All excise taxes, if any, that from time to time may be imposed upon all or any portion of the assessments established by this Article.

6.2 Annual Assessments.

(a) General. The annual assessments levied by the Association must be used exclusively to promote the recreation, health, safety, and welfare of the residents and occupants within the Property, and for the operation, management, maintenance, repair, renewal and replacement of the Common Area, (including the maintenance of adequate reserve accounts), the payment of taxes and insurance, and for the performance of the Association's duties under the Legal Documents. The Annual Assessment shall be used to fund all general activities and expenses of the Association incurred in the administration of the powers and duties granted under the Legal Documents and pursuant to Law including the maintenance of adequate reserve accounts.

(b) Amount.

(i) Until January 1 of the year immediately following the conveyance of the first Lot by Developer to an Owner other than Developer, the maximum annual maintenance assessment shall be Four Hundred Fifty Dollars (\$450.00) for each fully assessable Lot. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

(ii) Commencing with the fiscal year beginning January 1 of the year immediately following the conveyance of the first Lot by Developer to an

Owner other than Developer and each thereafter, the Board of Directors, at its annual meeting next preceding such date, and each respective January 1 thereafter, shall set the amount of the maximum Annual Assessment for the following year for each Lot, provided that the maximum Annual Assessment may not be increased more than fifteen (15%) above the maximum Annual Assessment for the previous year unless otherwise approved by two-thirds (2/3) of each class of those members present in person or by proxy and voting at a meeting duly convened as provided hereunder. The amount of the Annual Assessment shall be fixed by the Board of Directors at least 30 days before the beginning of each fiscal year and shall be payable in one or more installments as determined by the Board of Directors without interest so long as not more than thirty (30) days delinquent. Written notice of such assessment shall be given to every Owner, but the failure to give such notice will not invalidate an otherwise proper assessment. In the absence of Board action the Annual Assessment then in effect will continue for the next fiscal year.

(c) Commencement of Annual Assessment. The Annual Assessment begins as to all Lots within the Property on the first day of the month following the recording in the public records of the first transfer of title of any Lot to an Owner other than Developer, excluding any transfers by Developer of unimproved Lots to a Person who intends to construct thereon a Unit for resale purposes. If the operation of this Declaration is extended to additional lands, as provided herein, then the Annual Assessment begins against all Lots within each such extension on the first day of the first month following the recording in the public records of the first transfer of title to an Owner other than Developer of any Lot therein, excluding any transfer by Developer of unimproved Lots to a Person who intends to construct thereon a Unit for resale purposes. The first Annual Assessment against any Lot shall be prorated according to the number of month then remaining in the fiscal year.

6.3 Special Assessments. The Association may levy special assessments payable in one or more installments applicable to that year only for the purpose of defraying, in whole or in part, any expense that is not reasonably expected to be incurred on a regular basis, including the expense of performing for any delinquent Owner the obligations of such Owner as provided in Paragraph 5.2 hereof, or the cost of any purchase of additional real property for the use and benefit of Owners, or construction, reconstruction, renewal, repair, or replacement of a capital improvement upon the Common Areas; provided that such assessment is approved by two-thirds (2/3) of each class of those members present in person or by proxy and voting at a meeting duly convened for such purpose.

6.4 Property Taxes. The Association shall timely pay all ad valorem real estate taxes, special assessments and other taxes, if any, levied on the Common Areas, and shall assess each Owner for the cost thereof as provided in paragraph 6.1 hereof. The amount of the assessment shall be determined by dividing the amount of such taxes by the number of Lots within the Property. At the Board's discretion, such assessment may be payable in a lump

sum within thirty (30) days after notice or all or any portion thereof may be assessed as a part of the Annual Assessment described above. Each year the Board shall determine, within forty-five (45) days after receiving notice of the amount of taxes due, whether such assessment shall be levied, and its amount.

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

6.6 Uniformity of Assessments. The Annual Assessment and any Special Assessments for the Common Areas must be uniform throughout the Property, except that for so long as there is a Class B membership the Board of Directors may set the Annual Assessment for Lots owned by the Developer; (a) at not less than twenty-five percent (25%) of the Annual Assessment for Lots owned by Class A Members, if the Unit constructed thereon is not being occupied as a residence and (b) at not less than five percent (5%) of the Annual Assessment for Lots owned by Class A members, if a Unit has not been constructed thereon; provided that Developer shall have agreed to fund the deficits, if any, between the aggregate amount assessed Class A members and Developer, and the total expenses of the Association during the applicable period. Developer shall be obligated to fund such deficits only as they are actually incurred by the Association. The Developer shall cease to pay any portion of the deficit of the annual operating expenses of the Association under the provisions of this paragraph when Developer is no longer entitled to elect a majority of the Board of Directors of the Association. Thereafter, the Developer shall pay an annual assessment amount attributable to any Lot and Unit then owned by Developer and which are not being occupied as a residence at twenty-five percent (25%) of the rate assessed against Lots owned by Owners other than Developer and at five percent (5%) for Lots if a Unit has not been constructed thereon. This provision is not and shall not be construed as a guaranty or representation as to the level of assessment imposed under the provisions of this Article. Upon transfer of title of a Developer owned Lot other than for purposes of completing the Work, such Lot shall be assessed in the applicable amount established against Lots owned by the Class A members of the Association, prorated as of, and commencing with, the month following the date of transfer of title.

6.7 Certificate of Payment. The Association shall furnish to any interested Person a certificate signed by an officer of the Association setting forth whether assessments against a specific Lot have been paid and, if not, its unpaid balance. To defray its costs, the Association may impose a reasonable, uniform charge for issuing such certificates. A properly executed certificate of the Association as to the status of assessments on a Lot is binding on the Association as of the date of issuance.

6.8 Lien for Assessments. All sums assessed to any Lot, together with interest and all costs and expenses of collection, including reasonable attorneys' fees, are secured by a continuing lien on such Lot in favor of the Association. Each such assessment, together with interest and all costs and expenses of collection, including reasonable attorney's fees, also is the personal obligation of the Person who was the Owner of such Lot when such assessment fell due. The personal obligation for delinquent assessments does not pass to an Owner's successors in title, however, unless assumed expressly in writing. The Association's lien is subordinate to the lien for all sums secured by any First Mortgage encumbering such Lot, unless the assessment was secured by a claim of lien recorded prior to the First Mortgage. All other lienors acquiring liens on any Lot after this Declaration is recorded are deemed to consent that their liens are inferior to the lien established by this Declaration, whether or not such consent is specifically set forth in the instrument creating the lien. The Association may, but is not required to, record a notice of lien to further evidence the lien established by this Declaration as to any Lot against which any assessment is more than 30 days delinquent.

6.9 Remedies of the Association.

(a) Personal Obligation. Any assessment not paid within 30 days after its due date bears interest from the due date, at the rate established from time to time by the Board of Directors, not to exceed the maximum lawful rate from time to time permitted under the laws of the State of Florida, nor to be less than ten percent (10%) per annum. The Association may bring an action at law against any Owner personally obligated to pay such assessment, or foreclosure its lien against the Lot. No Owner may waive or otherwise escape liability for the Association's assessments by non-use of the Common Areas or by abandonment of such Owner's Lot, or for any other reason except as determined by a court of competent jurisdiction. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing, waiving, or otherwise impairing the Association's lien, or its priority.

(b) Foreclosure. The Association's lien may be enforced by judicial foreclosure by the Association in the same manner in which mortgages on real property from time to time may be foreclosed in the State of Florida. In any such foreclosure the Owner is required to pay all costs and expenses of foreclosure, including reasonable attorneys' fees, and any assessments against the Lot that become due during the period of foreclosure. All such costs and expenses and assessments are secured by the lien foreclosed. The Association has the right to bid at the legal sale to acquire the Lot foreclosed, or to acquire such Lot by deed or other proceeding or conveyance in lieu of foreclosure, and thereafter to hold, convey, lease, encumber, and otherwise deal with such Lot as an owner, but for purposes of resale only.

6.10 Homesteads. By acceptance of a deed or other conveyance of title to any Lot, the Owner of each Lot is deemed to acknowledge that the assessments established by this Article are for the improvement and maintenance of any homestead thereon and that the Association's lien has priority over any such homestead.

6.11 Subordination of Lien. The lien for the assessments provided in this Article is subordinate to the lien of any First Mortgage. Sale or transfer of any Lot does not affect the assessment lien, except that the sale or transfer pursuant to a First Mortgage foreclosure or any proceeding or conveyance in lieu thereof, extinguishes the assessment lien as to payment that became due before such sale or transfer, unless such assessment was secured by a claim of lien for assessments that is recorded prior to recording of said First Mortgage. Any assessment extinguished by the foreclosure of a First Mortgage or conveyance in lieu thereof, shall be deemed to be an expense of the Association collectible from all Owners (including the foreclosing first mortgagee) in accordance with the Association's normal assessment procedures. No such sale or transfer relieves such Lot from liability for assessments thereafter becoming due, or from the Association's lien. The Association shall report to any First Mortgagee of a Lot any assessments remaining unpaid for more than 30 days and shall give the First Mortgagee 30 days in which to cure such delinquency before instituting foreclosure proceedings against such Lot, provided such First Mortgagee has given the Association written notice of its mortgage, designating by a proper legal description the Lot encumbered and stating the address to which notices shall be given.

ARTICLE VII

OBLIGATIONS OF OWNERS

7.1 Maintenance. Each Owner shall, at his expense, maintain, repair and replace all portions of his Lot, and the Unit located thereon, including without limitation the roof, gutters, down spouts, and exterior building surfaces and their replacements, that portion of any privacy fence facing the Lot which is located on or near the Lot line (excluding the Property Boundary Fence) and all portions of privacy fences within the Lot, all glass surfaces and screening, doors, electric and plumbing equipment, air conditioner and heating units, driveways and any other equipment, structures, improvements, additions, or attachments, located on the Lot by Owner or installed by Developer as part of the Work. Each Owner shall maintain the lawn and other landscaped portions of his Lot and that portion of the public right-of-way and Common Areas, if any, located between his Lot line and the paved portion of the street in an attractive condition and in a manner that is harmonious with the Work. Landscape maintenance shall include regular lawn mowing, fertilizing, irrigation and edging. All Lakefront Lot Owners shall keep the shoreline of the lake abutting or within their Lot free from all litter and debris. Undeveloped Lots must be mowed not less frequently than twice a year and kept free of litter, debris and nuisances. The foregoing obligations include any maintenance, repair, or replacement required by the occurrence of any fire, wind, vandalism, theft, or other casualty. All maintenance and repair shall be performed by each Owner at regular intervals as shall be necessary to keep his Lot and Unit in an attractive condition and in substantially the same condition and appearance as existed at the time of completion of the Work, subject to normal wear and tear that cannot be avoided by normal maintenance. Each Owner shall promptly perform any maintenance or repair requested by the Association and shall be liable for all direct loss or damage sustained by other Owners or the Association caused by reason of his failure to promptly perform such maintenance and repair following written notice to such Owner specifying the items of

maintenance or repair. Owners shall use only materials approved by the ARC when performing exterior repair and maintenance. Failure to properly maintain a Lot or Unit shall permit the Association to perform such maintenance as provided in Paragraph 5.2 hereof, and to levy assessments to recover the cost thereof.

7.2 Insurance. Each Owner shall keep his Unit insured to the maximum insurable replacement value, excluding foundation and excavation costs against loss or damage by fire or other hazards covered by a standard extended coverage endorsement and such other risks as from time to time are customarily covered with respect to improvements similar in construction, locations and use as his Unit. An Owner may join with other Owners to authorize the Association to purchase insurance covering his Lot and other Lots in the Property, provided however, nothing herein shall be deemed to require the Association to provide such service or to obtain insurance for an Owner who has failed to do so.,

7.3 Termite Protection. Each Owner shall annually cause his Unit to be inspected by a certified pest control operator for termite and other wood destroying organisms, and shall maintain a termite bond with respect to his Unit. An Owner may join with other Owners to authorize the Association to obtain termite protection for his Lot and other Lots in the Property; provided however, nothing herein shall be deemed to require the Association to provide such service or to obtain termite inspections or bonds for an Owner who has failed to do so.

7.4 Casualty Damage. In the event of damage or destruction by fire or other casualty to the improvements on any Lot, the Owner shall, repair or rebuild such damaged or destroyed improvements in a good workmanlike manner, within a reasonable time not to exceed one year and in accordance with the provisions of this Declaration. All debris must be removed and the Lot restored to an orderly condition as soon as possible, but not to exceed sixty (60) days after such damage or destruction. Owners shall comply with the provisions of Article VIII hereof whenever repairing or rebuilding damaged improvements, specifically including only the use of materials and colors that have been approved by the ARC

ARTICLE VIII

ARCHITECTURAL CONTROL

8.1 Architectural Review Committee. The Developer shall appoint as a standing committee an Architectural Review Committee, (the "ARC") composed of three or more persons who need not be Owners. In the absence of specific action appointing a committee, the Board of Directors shall be the committee. The Developer shall retain the right to appoint the ARC members until the first to occur of a) the sale by Developer of all the Lots in the Property and the Unplatted Lands or b) ten (10) years from the date this Declaration is recorded. Thereafter the Board of Directors of the Association shall appoint the ARC members. Any references in the Legal Documents to architectural control approval by the Association shall be deemed to require the approval of the ARC. No member of the committee shall be entitled to compensation for services performed but the Board may employ independent

professional advisors to the committee and allow reasonable compensation to such advisors from Association funds.

8.2 ARC Authority. Unless the Developer is designated by this Declaration to regulate a particular item, the ARC has full authority to regulate the use and appearance of the exterior of the Property to: (a) assure harmony of external design and location in relation to surrounding buildings and topography; (b) protect and conserve the value and desirability of the Property as a residential community; (c) maintain, to the extent reasonably practical, the exterior design, appearance and landscaping of the improvements, located on the Property in substantially the same appearance and condition as existed at the completion of the Work; and (d) maintain uniformity of external appearance among the improvements located on the Property. The power to regulate includes the power to prohibit those exterior appearances, uses or activities inconsistent with the provisions of this Declaration, or contrary to the best interests of other Owners in maintaining the value and desirability of the Property as a residential community. The ARC may adopt, rescind, and amend reasonable rules and regulations in connection with the foregoing; provided, however, such rules and regulations: (i) shall be consistent with the provisions of this Declaration; and (ii) if the Board of Directors has not constituted itself as the ARC, shall have been approved by the Board of Directors before taking effect. Violations of the committee's rules and regulations shall be enforced by the Board of Directors in the name of the Association.

8.3 ARC Approval. Except for direct replacements of items installed by Developer as part of the Work, the ARC's prior approval is required for any and all changes (including color changes), alterations, additions, reconstruction, improvements, or attachments of any nature whatsoever to the exterior of any Lot or Unit within the Property unless any structure, use, or activity is expressly permitted by the ARC's promulgated rules and regulations.

8.4 Applications. All applications to the ARC must be accompanied by detailed and complete plans and specifications. If the committee does not approve or disapprove any application within 30 days after receipt, the Committee's approval will be deemed given as to all Persons without knowledge of any violation of the Legal Documents, except the Owner creating such violation. In all other events, the Committee's approval must be in writing.

8.5 Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Developer or the Association neither the Developer, the ARC members nor the Association shall be liable to an Owner or to any other Person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other Person and arising out of or in any way related to the subject matter of any such reviews, inspections, consents or required approvals, whether given, granted or withheld.

ARTICLE IX

PARTY WALLS AND COMMON ROOFS

9.1 General Rules of Law to Apply. Each wall or fence built as a part of the Work upon the Property and placed on or intended to be placed on the dividing line between Lots is a party wall. The roof covering all Units within the same building is a common roof. To the extent not inconsistent with the provisions of this Article, the general rules of Law regarding party walls, common roofs and liability for property damage caused by intentional or negligent acts or omissions apply.

9.2 Sharing of Repair and Maintenance. The cost of necessary and reasonable repair, maintenance, and replacement of a common roof and a party wall and the foundation or footing supporting any party wall shall be shared by the Owners who make use of the roof, wall or foundation in proportion to such use. In the event that any Owner should fail or refuse to perform or pay for any maintenance, repairs, or restorations as required by this Article, the adjoining party wall Owner shall have the following remedy, in addition to any other remedies provided by the laws of the State of Florida.

The affected Owner may serve written demand upon the delinquent Owner, demanding that the maintenance, repairs, or restorations be made within 30 days after service of the demand. The demand shall be deemed to have been served if it is hand delivered to the delinquent Owner, or mailed to the delinquent Owner at the mailing address of the Lot owned by the delinquent Owner by certified or registered mail postage prepaid, and deposited in the United States Mail.

After expiration of the 30 days following service of the demand if the delinquent Owner has failed or refused to make the demanded maintenance, repairs or restorations, the affected Owner may cause such maintenance, repairs or restorations to be made. In such event the delinquent Owner shall be indebted to the affected Owner for the expense of the maintenance, repairs or restorations, and any damage sustained by the Unit or loss or expense incurred by the affected Owner by reason of such failure to timely maintain or restore. The affected Owner shall have a lien against the delinquent Owner's Lot for the full amount of such indebtedness, together with interest at the rate then established by the Board of Directors for delinquent assessments, or in the absence of an established rate, then at the maximum rate allowed by the laws of the State of Florida. No lien under this provision shall be enforceable until a claim of lien is recorded. The form and substance of the claim of lien shall be as similar as practicable as that provided by the Florida Mechanic's Lien Law. Thereafter, the rights and duties and remedies of the respective Owners shall be those as provided to an owner and a lien claim under the Florida Mechanic Lien Law, including but not limited to the rules contained in that statute for discharge of liens, duration of liens, and transfer of liens to security. No lien acquired under these provisions shall be superior to or effective against any bonafide purchaser or mortgagee who shall have acquired their interest of record prior the recordation of a claim of lien in accordance with this provision.

9.3 Destruction by Fire or Other Casualty. If a party wall or common roof is destroyed or damaged by fire or other casualty and is not covered by insurance, any Owner who has used the wall or roof may restore it. If other Owners thereafter make use of the wall or roof, they shall contribute to the cost of restoration in proportion to their use, all without prejudice to the right of any such Owner to call for a larger contribution from the others under any rule of Law regarding liability for negligent, willful, or intentional act or omissions.

9.4 Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent, willful, or intentional act causes any other Unit, common roof or party wall to be exposed to the elements, or to infestation by termites or other injurious agencies, shall bear the whole cost of furnishing the necessary protection against such elements or agencies and of repairing all resulting damage.

9.5 Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article is appurtenant to the Lots affected and shall pass to and bind each such Owner's successors in title.

9.6 Easements. In the event that there shall be located within any party wall pipes, vents, outlets, or other structures serving one or more Lots or Units, the Owner of each lot so served shall have and enjoy a perpetual easement for the maintenance and use of any such pipe, vent, outlet or other structure. All Owners of Units within the same building shall have a non-exclusive easement and right of ingress and egress over and across the common roof and other portions of the Lots as shall be necessary or convenient to perform the maintenance and repair required or permitted by this Article.

ARTICLE X

OPERATION AND EXTENSION

10.1 Effect Upon Unplatted Lands. With respect to the Unplatted Lands, the provisions of this Declaration are not self-executing and shall be of no legal force and effect unless from time to time extended to all or any portion of the Unplatted Lands by a recorded amendment to this Declaration, that declares all or a part of the Unplatted Land to be subject to the provisions hereof. Developer or any person to whom Developer has assigned its rights to develop the Unplatted Land may execute and record such an amendment or amendments without the consent or joinder of any Owner, the Association, or any other Person. The provisions of this Declaration then automatically shall be extended to the portion of the Unplatted Lands described in such amendment and shall run with such lands and be binding upon all Persons having any right, title or interest therein, or any part thereof, their respective heirs, successors, and assigns. Until the foregoing occurs this Declaration does not constitute an encumbrance or restriction upon the title to all or any portion of the Unplatted Lands. If the provisions of this Declaration have not been so extended to the Unplatted Lands on or before fifteen years from the date this Declaration is recorded, then the Developer, its successors or assigns shall no longer have the right to extend the provisions of this Declaration as provided in this Article.

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

ARTICLE XI

GENERAL PROVISIONS

11.1 Enforcement. The Developer, the Association, or any Owner has the right to enforce by any appropriate proceeding all restrictions, covenants, and easements now or hereafter imposed by, or pursuant to, the provisions of the Legal Documents. If the Association or the Developer is the prevailing party in any litigation involving the Legal Documents or any of the Associations's Regulations, or if any Owner obtains the enforcement of any provision of the Legal Documents against any Owner, other than Developer or the Association, then such party may recover all costs and expenses, including reasonable attorneys' fees incurred in trial and appellate proceedings from such non-prevailing Owner. In no event may such costs and expenses be recovered against the Association or Developer, unless otherwise provided by Law. If the Association is the prevailing party against any Owner, such costs and expenses, including reasonable attorneys' fees, may be assessed against the Owner's Lot, as provided in the Article entitled "Covenant for Assessments". If any Owner or class of Owners is a prevailing party against any other Owner or class of Owners, such Owner or Owners may be reimbursed by the Association for all or any part of the costs and expenses incurred, including reasonable attorneys' fees, in the discretion of the Board of Directors. Failure by the Developer, the Association or by any Owner to enforce any covenant, restriction, Regulation will not constitute a waiver of the right to do so at any time, nor shall such failure to enforce create any liability for the Developer or the Association to any Owner or any other Person, unless such failure to enforce is intentionally discriminatory.

11.2 Term and Renewal. The provisions of this Declaration shall run with and bind the Property, and all other lands to which it may hereafter be extended as provided herein, and shall be binding on all Persons having any right, title, or interest therein, their respective heirs, successors, and assigns and shall inure to the benefit of and be enforceable by the Developer, the Association or any Owner, their respective heirs, successors, and assigns, for a period of 40 years from the date this Declaration is recorded, whereupon these provisions shall be extended automatically for successive renewal periods of ten years each, unless sixty-seven percent (67%) of the then Owners elect not to reimpose them as evidenced by an instrument executed by such Owners and recorded during the six months immediately preceding the beginning of any renewal period.

11.3 Amendment.

(a) Developer. The Developer reserves and shall have the sole right without the joinder or consent of any Owner, the Association, the holder of any mortgage, lien or other encumbrance affecting the Property, or any Person: (i) to amend this Declaration to comply with any requirements of a governmental agency, institutional First Mortgagee, or other Person willing to make, insure, guaranty, or purchase mortgage loans secured by a Lot; or (ii) to amend this Declaration or the other Legal Documents to cure any ambiguity or error or any inconsistency between these provisions and the and the other Legal Documents or the Plat.

(b) Owners. Subject to specific provisions of this Declaration which shall supercede the provisions of this paragraph, this Declaration may be amended by an instrument executed by the Association with the formalities from time to time required of a deed under the laws of the State of Florida and signed by not less than sixty-seven (67%) of all Owners. No amendment shall be effective until recorded but the Associations' proper execution shall entitle it to public record, notwithstanding the informal execution by the requisite percentage of Owners.

11.4 Other Approvals. All of the following actions require the prior approval of the Developer (for so long as Developer owns any Lots for sale in the ordinary course of business) and the holders of sixty-seven percent (67%) of the First Mortgages within the Property: (a) amendment of this Declaration, except as expressly provided in the Article entitled "Operation and Extension" and in subparagraph (a) of the last preceding paragraph; and (b) alienation or encumbrancing of all or any portion of the Common Areas, except as permitted under Article II of this Declaration; and (iii) the merger, consolidation, or dissolution of the Association.

11.5 Reservation of Right to Release Restrictions. In each instance where a structure has been erected, or the construction thereof is substantially advanced, in such a manner that some portion of the structure encroaches upon any Lot line or easement area, Developer reserves for itself the right to release the Lot from the encroachment and to grant an exception to permit the encroachment by the structure over the Lot line, or in the easement area without the consent or joinder of any Person irrespective of who owns the burdened Lot or easement areas, so long as Developer, in the exercise of its sole discretion, determines that the release or exception will not materially and adversely affect the health and safety of Owners, the value of adjacent Lots and the overall appearance of the Property. Upon granting of an exception to an Owner, the exception granted shall be binding upon all subsequent Owners of the affected Lots.

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

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

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

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

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

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

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

11.9 Notices. Any notice required to be sent to any Owner or the Developer under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postage paid, to the last known address of the person who appears as member or Owner on either the records of the Association or the public records of Duval County, Florida at the time of such mailing. Notices to the Association shall be sent in the manner described above to the registered office of the Association.

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

RGM PROPERTIES, INC.

EXHIBIT A

Legal Description - First Phase

A part of Sections 16 and 17, Township 2 South, Range 29 East, Duval County, Florida more particularly described as follows: For a point of beginning commence at the Southwest corner of Lot 1, Block 7, Selva Marina Unit No. 3, as recorded in Plat Book 29, Page 27, of the Current Public Records of said County; thence S.83 degrees 42'00"W., along the Northerly right of way line of the Plaza, as now established as an 80 foot right of way by Section No. 2, Saltair as recorded in Plat Book 10, Page 15 of the aforementioned Public Records, a distance of 1372.52 feet; thence N. 06 degrees 45'00"W., parallel with and 40 feet Easterly of, when measured at right angles to, the Easterly line of Block 6, Royal Palm Unit No.1, as recorded in Plat Book 30, Page 60 and 60A of the aforementioned Public Records and its Northerly extension, a distance of 920.03 feet; thence N. 83 degrees 42'00"E. a distance of 704.74 feet; thence S.06°18'00"E. a distance of 30.00 feet to the Southerly right of way line of 11th Street as now established as a 60 foot right of way by Deed Book 1761, Page 108 of the aforementioned Public Records; thence N. 83 degrees 42'00"E., along said Southerly right of way line of 11th Street, a distance of 675.00 feet to the Northwest corner of Lot 8, Block 7, of said Selva Marina Unit No. 3; thence S.06 degrees 18'00"E., along the Westerly line of said Selva Marina Unit No. 3, a distance of 890.00 feet to the point of beginning. Containing 28.60 acres more or less.

Subject to that certain Mortgage Deed recorded in the Official Records of Duval County, Florida in Vol. 5968, Pg. 2311.

EXHIBIT B

Unplatted Lands - Future Phase

THAT CERTAIN PIECE, PARCEL OR TRACT OF LAND SITUATE, LYING AND BEING IN THE CITY OF JACKSONVILLE, COUNTY OF DUVAL AND STATE OF FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

A part of Sections 16 and 17, Township 2 South. Range 29 East, Duval County, Florida, and being more particularly described as follows: Begin at the Southwest corner of Lot 1, Block 7, Selva Marina Unit No. 3, Plat Book 29 page 27 of the current public records of said County; thence South 83 degrees 42 minutes 00 seconds West along the Northerly right of way line of the Plaza, 1412.52 feet to the Southeast corner of Lot 1, Block 6, Royal Palms Unit NO. 1, Plat Book 30 pages 60 and 60A of the current public records of said county; thence run North 06 degrees 45 minutes 00 seconds West along the Easterly line of said Royal Palms Unit NO. 1 and its Northerly prolongation thereof, 919.60 feet; thence North 83 degrees 18 minutes 00 seconds East, 30.0 feet to the Southerly right of way line of 11th Street; thence along the said Southerly right of way line of said 11th Street run North 83 degrees 42 minutes 00 seconds East, 675.0 feet to the Northwest corner of Lot 8, Block 7 of said Selva Marina Unit No.3; thence South 06 degrees 18 minutes 00 second. East along the Westerly line of said Selva Marina Unit No.3, 890.0 feet to the point of beginning. Excepting any portion of the above described lands lying within the right of way of 11th Street (a 60 foot right of way).

LESS AND EXCEPT:

1. Lands described as Selva Lakes (First Phase) on Exhibit A to this Declaration.
2. Lands described in Deed of Dedication from RGM Properties, Inc. to the City of Atlantic Beach recorded in O.R. Book 6109, Page 94 of the Official Public Records of Duval County, Florida.

FIRST AMENDMENT TO SUPPLEMENTAL DECLARATION
OF COVENANTS AND RESTRICTIONS FOR SELVA LAKES

THIS AMENDMENT is made as of the 17th day of December, 1985, by RGM Properties, Inc., a Florida corporation, whose address is 1112 3rd Street North, Suite 9, Neptune Beach, Florida 32233 ("Developer"):

WHEREAS, by that Declaration of Covenants and Restrictions for Selva Lakes dated May 21, 1986 and recorded in O.R. Volume 6133, page 1446 of the Public records of Duval County, Florida (the "Declaration"), the Developer placed certain restrictions and created certain easements on the property more particularly described in the Declaration;

WHEREAS, pursuant to paragraph 11.3 (a) of the Declaration, the Developer is permitted to amend the Declaration to cure any ambiguity or error by recording an amendment to the Declaration executed solely by Developer;

NOW, THEREFORE, the Developer amends the Declaration as follows:

1. Paragraph 2.2 is deleted in its entirety and the following substituted in its place:

2.2 General Easements. All Lots are subject to perpetual easements for (a) the maintenance, repair, and reconstruction of any landscaped areas, roofs, exterior walls, party walls, or other portions of a Lot as provided in this Declaration, for the benefit of those Persons, including the Association, responsible for or permitted to perform such maintenance, repair and reconstruction; (b) encroachments caused by the unwillful placement, settling, or shifting of any improvements constructed, reconstructed, or altered thereon in accordance with the provisions of this Declaration; (c) lateral and adjacent support; (d) overhanging roofs, eaves, and trees, if any, installed by Developer as part of the Work, and their replacements and (e) the drainage of ground and surface waters in the manner established by Developer as part of the Work. In addition to the easements shown on the Plat, each Lot shall be subject to perpetual drainage easements along each side Lot Line and the rear Lot Line to a depth of three (3) feet for the installation, maintenance, and use of drainage ditches, pipes or other drainage facilities; provided however, no such drainage easement shall exist on that portion of a Lot upon which a Unit or other structure has been constructed as part of the Work. To the extent not inconsistent with this Declaration, the general rules of Law apply to the foregoing easements. The extent of such easement for maintenance support, overhangs, and drainage, is that reasonably necessary to effectuate their respective purposes, and easements for encroachments extend to a distance of not more than five feet, as measured from any point on the common boundary along a line

perpendicular to such boundary. There is no easement for overhangs and encroachments caused by the willful or intentional misconduct of any Owner of the Association. Each Lot is also subject to nonexclusive easements for the installation, maintenance, repair, and replacement of any drainage and utility installations (including any television or radio cables and appurtenances) servicing more than one Lot; however, such easements must be exercised in a reasonable manner so as not to cause any permanent, material injury to any Lot. Entry into any improvement is authorized only with the consent of its Owner and occupant, which consent may not be unreasonably withheld so long as such entry is at a reasonable time, in a reasonable manner, and upon reasonable prior notice whenever circumstances permit.

2. Except as expressly herein stated, the Declaration has not been otherwise modified or amended.

IN WITNESS WHEREOF, Developer has executed this First Amendment to the Declaration of Covenants and Restrictions for Selva Lakes as of the date first stated above.

RGM PROPERTIES, INC.