

**AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MERCHANTS' WALK**

**SUBSTANTIAL REWORDING OF DECLARATION
SEE ORIGINAL DECLARATION FOR PRESENT TEXT**

For the purpose of enhancing and protecting the value, attractiveness and desirability of the Parcels within this Community the Declaration of Covenants, Conditions, and Restrictions, in was recorded Official Records Book 1219, Pages 1044, *et seq.*, Public Records of Okaloosa County, Florida.

The Community is further described in the Plats for the Community are attached as Exhibit "A."

All real property in the Community shall be held, owned, sold, transferred, conveyed, and occupied subject to the covenants, conditions and restrictions hereinafter set forth, which shall be binding upon Persons having any right, title, or interest in or to the subject real property, and their heirs, successors and assigns and shall constitute covenants running with the land.

1. DEFINITIONS. The following words and terms used in this Declaration or any of the Governing Documents (unless the context shall clearly indicate otherwise) shall have the following meanings:

1.1 "Act," or "Not For Profit Corporation Act," means Chapter 617, Florida Statutes, as it now exists or as it may be amended from time to time including the definitions therein contained. However, except when specific incorporation of the Act or its procedures are set forth in the Governing Documents, it is the intention of this Declaration that the Community and Association be operated in conformance with the law as it existed when the Community was created to the extent necessary to avoid impairment contract rights or vested rights or the invalidity of any provision of this Declaration or future amendments thereto.

1.2 "Annual Assessment" means the Assessment adopted annually by the Board, through the budget for the payment of Common Expenses, against all Owners on a 1/62nd basis.

1.3 "Articles" means the Articles of Incorporation of the Association, a copy of which are attached hereto as Exhibit "B" and made a part hereof, as they may be amended from time to time.

1.4 "Architectural Review Committee" or "ARC" means and refers to the Board, or a Committee appointed by the Board, for the purposes set forth in this Declaration as to the Architectural Review Committee.

1.5 "Architectural Guidelines" or "Guidelines" means standards and specifications promulgated by the Board relative to the external appearance of any Parcel, Parcel or other

Improvement located on a Parcel, including, but not limited to, the location, size, type, or appearance. Any Guidelines adopted by the Board shall be considered the legal equivalent of Rules and Regulations.

1.6 “Assessment” means a share of the funds required for the payment of Common Expenses, including reserves, which from time to time are assessed by the Association against an Owner.

1.7 “Association” shall mean and refer to MERCHANTS’ WALK PROPERTY OWNERS ASSOCIATION, INC., a Florida not-for-profit corporation, which is responsible for the operation of the Community.

1.8 “Board” means the representative body which is responsible for the administration of the Association’s affairs.

1.9 “Bylaws” means the Bylaws of the Association, a copy of which are attached hereto as Exhibit “C” and made a part hereof, as they may be amended from time to time.

1.10 “Charge” means any legal or equitable indebtedness or monetary obligation of an Owner to the Association, or other sums owed to or due to the Association from an Owner, or any cost or expense incurred by the Association on behalf of or because of an Owner, other than Assessments for Common Expenses, which the Owner is obligated to pay to the Association. Said obligations may arise by oral or written contract, by law or in equity, or may be created by these Governing Documents.

1.11 “Committee” means a group of Directors, Owners, or Directors and/or Owners and/or other Persons appointed by the Board to make reports or recommendations to the Board, to take action on behalf of the Board, or to take such actions as the Resolution creating the Committee, or the Directors of the Board, may dictate.

1.12 “Common Areas” means all real property including any improvements and fixtures thereon, owned, leased or the use of which has been granted or dedicated to the Association for the common use and enjoyment of its Members. The lands which have been deeded to the Association as Common Areas are described in Plat.

1.13 “Common Expenses” means the expenses incurred by the Association in the course of performing its duties under the Governing Documents and the law. Common Expenses of the Association include the costs of operating the Association, the surface water management system, the costs of administration, maintenance, operation, repair and replacement of the Common Areas which are the responsibility of the Association, other expenses declared by the Governing Documents to be Common Expenses, and any other valid expenses or debts of the Association which are assessed against the Owners. The expenses of Communications Services are specifically considered a Common Expense, if so designated by the Board. Common Expenses also include maintenance of property outside of the Community, and participating in governmental proceedings related to the development or use of property outside the Community, where the Board finds a nexus to the value of Parcels in the Community.

1.14 “Communications Services” means those services described in Section 202.11, Florida Statutes (2023), and for the purpose of this Declaration, shall be deemed to include, but not be limited to, bulk video, voice, or internet services.

1.15 “Community” means the real property that is subject to the Declaration, both Parcels and Common Areas, also known as the “Merchants’ Walk.”

1.16 “Declaration” means this Declaration of Covenants, Conditions, and Restrictions, as the same may be amended from time to time.

1.17 “Directors” means a Person elected or appointed to the Board of Directors.

1.18 “Governing Documents” means and includes this Declaration, the Articles, the Bylaws, Rules and Regulations, and all recorded exhibits to the Declaration, as amended from time to time.

1.19 “Improvement” means any component built on, added to, or constructed on a Lot or Parcel.

1.20 “Invitee” or “Licensee” shall mean a Person or Persons expressly or impliedly allowed entry into the Community for the purpose of conducting business with or providing services to a Parcel’s occupant, or otherwise entering the Community on a temporary basis at the expressed or implied consent of the Owner or occupant. A Guest is an Invitee.

1.21 “Lease” when used in the context of the renting of Parcels, means the grant by an Owner of a right of use of the Owner’s Parcel for consideration. Leasing shall be construed to include any licensing or other arrangement with a third party where Persons other than the Owner are permitted to occupy the Parcel for the payment of consideration to any party.

1.22 “Lot” means one or more of the platted portions of land within the Community, upon each of which a Parcel has been or is intended to be constructed.

1.23 “Maintenance” shall mean, unless the context of a provision in the Governing Documents requires otherwise, day-to-day cleaning, heavy cleaning, painting where applicable, routine maintenance, ongoing maintenance, preventative maintenance, as well as repair or replacement. The term “maintenance” shall not include repair after casualty unless the context of a provision in the Governing Documents requires otherwise. Whenever an Owner is obligated by the Governing Documents or law to maintain, repair, or replace portions of the Community, the Board shall have the authority to establish reasonable standards for such maintenance, repair, or replacement.

1.24 “Material Alteration or Substantial Addition” means to palpably or perceptively vary or change the use, form, shape, elements, or specifications of a portion of the Common Areas from its original design or plan, or existing condition, in such a manner as to appreciably affect or influence its function, use or appearance.

1.25 “Member” means and refers to those Persons who are entitled to membership in the Association as provided in its Articles of Incorporation and Bylaws.

1.26 “Officer” means the executive Officers and Assistant Officers (if any) appointed by the Board as provided in the Bylaws.

1.27 “Owner” means the record Owner of legal title to a Parcel.

1.28 “Parcel” or “Unit” means (where applicable) the Lot, the Improvement(s) thereon, and all appurtenances thereto.

1.29 “Person” means any individual or representative of an entity, including Owners, family members, Tenants, Guests, and Invitees. Whenever the word “Person” is used to require or prohibit certain conduct, it is the intention that the Owner of the Parcel with which such Person is affiliated shall be responsible for ensuring such Person’s compliance with the Governing Documents.

1.30 “Policies and Procedures” means the administrative policies of the Board adopted in writing from time to time, including those documented in minutes of the Board or correspondence issued under the authority of the Board. The Policies and Procedures which prescribe conduct or regulate the use of Parcels or Common Areas in the Community shall be considered part of the Rules and Regulations, and thus part of the Governing Documents.

1.31 “Rules and Regulations” those rules and regulations promulgated by the Board, concerning the transfer, use, appearance, maintenance, and occupancy of the Parcels, the Parcels thereon, subject to any limitations contained in this Declaration. The Guidelines and Policies and Procedures which prescribe conduct or regulate the use of Parcels or Common Areas in the Community shall be considered part of the Governing Documents.

1.32 “Special Assessment” means an Assessment levied by the Board for Common Expenses and not funded by the Annual Assessment.

1.33 “Tenant” or “Lessee” means a Person occupying a Parcel, other than the Owner, whether pursuant to a verbal or written agreement, where said occupancy by the non-Owner involves consideration, including, but not limited to, the payment of money, the exchange of goods or services, or the provision of direct economic or indirect economic benefit. The term “Tenant” shall be used interchangeably with “Lessee.”

1.37 “Utility Services” means all utility services necessary or convenient to the occupancy of each Lot and shall include but not be limited to electrical power, water, sewage disposal, and telephone services.

1.38 “Voting Interests” means and refers to the arrangement established in the Governing Documents by which the Owners of each Parcel collectively are entitled to one (1) vote in the Association matters. There are 62 Parcels, so the total number of Voting Interests is 62.

2. MEMBERSHIP AND VOTING RIGHTS

2.1 Member. Every Owner of a Parcel subject to assessment shall be a Member of the Association. Membership is appurtenant to and not divisible from ownership of a Parcel that is

subject to assessment. Owners agree to maintain such membership in good standing as long as they own such property.

2.2 Transfer. Transfer of ownership, whether voluntary or by operation of law, shall terminate membership in the Association and said membership is then vested in the transferee.

2.3 Multiple Owners. When more than one Person or entity shall at any time be the Owner of a Parcel subject to a membership interest, the vote attributed to such Parcel shall be exercised as provided in the Bylaws.

3. ASSESSMENTS

3.1 Common Expense. The costs and expenses incurred by the Association with regard to the ownership, operation, maintenance and repair of the Common Areas and the administration of affairs of the Association shall constitute Common Expenses. Other expenses properly and reasonably incurred by the Association in performing and carrying out its duties and obligations as specified in this Declaration shall constitute Common Expenses.

3.2 Allocation of Assessments. Except for any maintenance surcharge which may be imposed on any Parcel pursuant to this Declaration of Covenants, assessments of the Association shall be apportioned on a 1/62nd basis.

3.3 Purpose of Assessment. There is hereby imposed upon each Parcel and its Owner, the affirmative covenant and obligation by acceptance of a deed or title to a Parcel to pay to the Association; and upon the Association the obligation to assess, collect and expend for the Association's Expenses as listed but not necessarily limited to:

3.3.1 Charges levied for utility services to the Common Areas, whether supplied by a private or public firm, including without limitation, charges for water, gas, electricity, telephone, sewer and any other type of utility or service charge for Common Areas. Bulk cable television may be provided by the Association, as a Common Expense, if approved by a majority of the Voting Interests present (in person or by proxy) and voting at a duly noticed meeting of the Association at which a quorum is present.

3.3.2 The premiums on any policy or policies of insurance required herein, together with the costs of such other policies of insurance as the Board shall determine to be in the best interest of the Association.

3.3.3 The cost to the Association of purchasing adequate fidelity insurance or bonds to protect against dishonest acts on the part of Officers, Directors, agents, and employees of the Association and other Persons who operate or are responsible for operating the Association.

3.3.4 Expenses necessarily incurred in maintaining, preserving, repairing, and replacing the Common Areas and other facilities within the jurisdiction of the Association.

3.3.5 Sums necessary to repair, replace, construct, or reconstruct buildings or improvements located in the Common Areas to the extent insurance proceeds are insufficient to pay the costs thereof.

3.3.6 The costs of administration for the Association, including any secretaries, bookkeepers, and other employees necessary to carry out the obligations and covenants of the Association under the Declaration, Articles or Bylaws. In addition, the Association may retain a manager or management company to assist in the operation of the Association and to perform or assist in the performance of certain obligations of the Association hereunder. The fees or costs of any management company so retained are a Common Expense.

3.3.7 The costs to the Association to indemnify its Officers and members of the Board for costs and expenses incurred in pursuance of their duties, obligations, and functions hereunder.

3.3.8 The costs of establishing an adequate reserve fund for replacement and/or capital refurbishment of the Common Areas in amounts determined proper and sufficient by the Board. Each Owner understands that no Owner shall have any separate or divisible interest, claim or right to any such funds comprised of the same.

3.3.9 Special assessments that may be levied to defray Common Expenses for which insufficient funds exist or are expected to be produced under the budget.

3.3.10 Expenses properly incurred by the Association, including, but not limited to, expenses of the operation, maintenance, repair, replacement, protection of the Common Area, costs of carrying out the powers and duties of the Association, and any other expense, whether or not included in the foregoing, designated as Common Expense by the Act, the Declaration, or the Bylaws.

3.3.11 Other costs and expenses determined by the Board to be reasonable and necessary in carrying out and accomplishing the purposes, duties and obligations of the Association that are not inconsistent with this Declaration, the Articles, or Bylaws.

3.4 Budget. The Board shall prepare and adopt an estimated annual budget, as required by the Bylaws of the Association, which shall reflect the estimated Common Expenses for the next succeeding year.

3.5 Amendment of Budget. Adjustments may be made by the Board in assessments from time to time to allow for any changes for Common Expenses.

3.6 Time of Payment. Assessments shall be payable by Parcel Owners to the Association in advance as set forth in the Bylaws and as determined by the Board.

3.7 Special Assessments. In addition to the regular assessments the Board may levy a special assessment for defraying in whole or in part Common Expenses not met or expected to be met by regular assessments.

3.8 Lien. Assessments for Common Expenses, including Annual Assessments, Special Assessments, and Charges, and installments thereof, with interest thereon and costs and expenses of collection, including reasonable attorneys' fees and costs incurred in attempting to collect said Assessments or Charges before suit or after the filing of suit, at the trial level, appellate level or otherwise, are hereby declared to be a continuing lien upon the Lot our Unit against which such

Assessments or Charges are made. Each Assessment or Charge against a Lot or Unit, together with interest thereon at the highest rate allowed by law, late fees, and costs and expenses of collection thereof, including attorneys' fees, shall be the personal obligation of the Person, Persons or entity owning the Lot or Unit assessed or charged and shall be the joint and several liability of all Owners of the Lot or Unit. Except as provided below, any Person or entity which acquires title to a Lot or Unit, including a purchaser at a judicial sale, shall be jointly and severally liable with their predecessor in title for all unpaid Assessments and Charges against the predecessor for his/her share of the Charges and Assessments, including attorneys' fees and other costs and expenses of collection incurred by the Association up to the time of the transfer, without prejudice to any right the transferee may have to recover from the transferor the amounts paid by the transferee. The lien shall set forth the assessments due to the Association as of the date the lien is signed and shall be acknowledged by an Officer or agent of the Association. The lien shall secure additional assessments that become due, as well as interest, late fees, attorney fees, and other costs and expenses of collection that are due and become due after recordation of the lien. Upon recordation in the Public Records of Okaloosa County, Florida, the lien shall relate back to the date of recording the original Declaration, except as to the first mortgages of record. As to first mortgages of record, the Association's lien is only effective from and after recording of a claim of lien against the Lot or Unit. Upon full payment of all sums secured by the lien and costs and fees accrued, the party making payment shall be entitled to a recordable satisfaction of lien. If any first mortgagee or other Person, Persons or entity obtains title to a Lot or Unit as a result of a foreclosure of a first mortgage or a deed is given in lieu of foreclosure of a first mortgage of record, such acquirer of title, shall be liable for the share of Assessments or Charges pertaining to such Lot or Unit or chargeable to the former Owner.

3.9 Remedies for Delinquency. In the event any Owner fails to pay assessments or any installment thereof charged to the Parcel ten days after the same becomes due an administrative late charge as provided by law or \$25.00 or 5 percent of the installment, whichever is more, shall become due along with interest at the maximum rate permitted by law, and the Association, through its Board, shall have, but not be limited to, the following remedies.

3.9.1 To accelerate the entire amount of any assessments for the remainder of the calendar year, notwithstanding any provisions for the payment thereof in installments.

3.9.2 To advance on behalf of said Owner funds to accomplish the needs of the Association. The amount or amounts of money so advanced, including attorneys' fees and expenses which might have been reasonably incurred because of or in connection with such advance, including costs and expenses of the Association if it must borrow to pay expenses because of said Owner, together with interest at the highest rate allowable by law, may thereupon be collected or enforced by the Association and such advance or loan by the Association shall not waive the default.

3.9.3 To file an action in equity to foreclose its lien at any time after the effective date thereof. The lien may be foreclosed by an action in the name of the Association in a like manner as the foreclosure of a mortgage on real property or as otherwise provided by law.

3.9.4 To file an action at law to collect said assessments, plus interest at the highest rate allowable by law plus court costs, without waiving any lien rights and/or rights of foreclosure by the Association.

3.9.5 The Association may apply to a court of competent jurisdiction, either in connection with the institution of a foreclosure suit, a personal suit, or otherwise to have rental proceeds of a Parcel in default paid directly to the Association, the court registry, or a receiver, as the court may direct.

3.9.6 The Association may elect to terminate any existing leases with respect to Parcels in default and prohibit the Parcel from being rented in the future until the default is cured.

3.9.7 The Association may choose any of these courses of action, as the Board deems appropriate, without same constituting a waiver or election of remedies. Tenants who rent Parcels in this Association are deemed to assent to terms of this provision.

3.9.8 Payments received after the due date established by the Board shall be applied first to interest, late fees, costs, and attorney fees and then to the principal owed regardless of any restrictive endorsement included with the payment.

3.10 Capital Contribution. Upon the transfer of title of any Parcel the transferee shall remit to the Association five hundred dollars (\$500.00) as a capital contribution. Such funds can be used for any Common Expense. The capital contribution shall be a Charge and is secured in the same manner as assessments.

4. EASEMENTS, PROPERTY RIGHTS

4.1 Enjoyment. Subject to the limitations provided elsewhere in this Declaration, every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Areas, which said easement shall be appurtenant to and shall pass with title to every Parcel. Each Owner may delegate, subject to the Governing Documents, the foregoing easement and right of enjoyment. The Association shall have the right to grant future easements over the Common Areas for the benefit of the Owners.

4.2 Utilities. The Association has a nonexclusive, perpetual, alienable blanket easement for the benefit of the Community and all Parcels therein over all property located within the Community for the purposes of ingress, egress, installation, replacement, repair, and maintenance of all utility lines and service systems, public and private, including, but not limited to, water, sewer, drainage, irrigation, telephone, electricity, television cable or communication lines and systems, and police powers and services provided by local, state, and federal governmental entities.

4.3 Encroachment. To the extent that any Improvements constructed by the Declarant of the Community on any other Parcel or the Common Area; whether by reason of any deviation from the Plat of the Community or by reason of settling or shifting of any land or the foregoing Improvements, a valid perpetual, exclusive easement for such encroachment shall exist.

4.4 Party Walls. Each Owner shall have the perpetual, nonexclusive right and easement to maintain and to use any exterior wall of any Parcel which forms a party wall between that and any adjoining Parcel for the attachment and support of such Owner's plants, shelves, and other Improvements approved by the ARC, provided such items do not significantly impair the structural integrity and waterproofing of the supporting wall, and of any structure affixed thereto.

4.5 Adjoining Parcels. Each Owner of a Parcel hereby grants to the Owner of each adjoining Parcel such easements over his / her Parcel as may be reasonably necessary to maintain such adjoining Parcel including, but not limited to, any privacy wall, or common party wall. The rights granted hereunder may only be exercised during reasonable hours and only when necessary to permit the maintenance and repair of such adjoining Parcel and related Improvements. Each Owner also grants to the Owner of each adjoining Parcel an easement over such portion of his / her Parcel as shall lie outside the exterior wall of his Parcel and shall abut the adjoining Parcel, for the reasonable ingress, egress and related use by the adjacent Parcel Owner.

4.6 Acquisition or Transfer of Real Property. The Association shall have power to acquire real property and transfer real property owned by the Association or otherwise convey real property for the use and benefit of its Members with the approval of at least two-thirds (2/3) of the Voting Interests present (in person or by proxy) and voting at an Association meeting at which a quorum has been attained. No Owner approval shall be required to acquire, purchase, or mortgage a Unit in connection with foreclosure of a lien or deed in lieu of foreclosure, nor to dispose of such Unit; nor shall Owner approval be required for the acquisition or disposition of real property necessary, as determined by the Board, to address legal description or survey errors, or boundary or ownership disputes or uncertainties. Leasing of Common Areas may be approved by the Board, as well as the lease fees, use fees, and other fees.

5. USE RESTRICTIONS

All Owners agree to abide by this Declaration, the Bylaws and Rules and Regulations of the Association as they may be amended from time to time.

5.1 Commercial Activities. There shall be no residential use of the Parcels. The Board may, from time to time, regulate certain commercial activities which shall be prohibited from being performed within the Community, including, but not limited to, being performed within the Parcels.

5.2 Animals. No livestock or poultry shall be raised, bred, or kept on any Parcel in any or on the Common Area.

In the sole opinion of the Board should any pet become a nuisance or source of annoyance to any other Owners or occupants such animals shall be permanently removed from the Parcel, Lot and Community upon seven-day written notice. Pet owners shall not allow any pet to use the Parcel or Common Areas except when on a hand-held leash accompanied by its owner and then only so long as the pet does not make a mess or otherwise disturb the Common Areas.

Pet owners shall not allow any pet to enter upon any other Parcel, leave any droppings or otherwise disturb the Common Areas. Pet owners remove droppings and dispose of them in a sanitary manner and must in fact do so.

No pet shall be tied or leashed unattended in the Common Area.

5.3 Vehicles. Automobiles and any other vehicles must be operational. No vehicle repairs (except minor emergencies) shall be made in any portion of the Community. No boats or recreational vehicles may be stored or parked within the Community. Only automobiles bearing

current license and registration tags, as required pursuant to state law, shall be permitted to be parked on any of the property. All parking within the Common Area or Parcels shall be in accordance with Rules and Regulations adopted by the Association. Unauthorized vehicles may be towed at the vehicle owner's expense.

5.4 Signs. "For sale" signs, "for rent" signs or other window displays, signs, or advertising are not permitted on any part of the Common Areas or in or on any Parcel such that they are visible from the Common Areas except as approved by the ARC, including signs in or on vehicles parked on a Lot.

5.5 Personal Property. No personal property may be kept or stored outside of Parcel unless approved in writing by the Board.

5.6 Dangerous Materials. No Owner shall store, keep, or dispose of any flammable, combustible, explosive, hazardous or toxic fluids, chemicals, or substances unless it is necessary for the approved principal business purposes of the Unit Owner and in accordance with applicable laws and ordinances.

5.7 Window Treatments. No Owner shall install or maintain aluminum foil or other reflective material on any window or glass door except as approved by the Board for energy conservation purposes.

5.8 Structural Changes. No structural additions or alterations may be made to any improvements on the Lot without the approval of the ARC or Board, other than erection or removal of non-support carrying interior partitions wholly within the Parcel and other than the interior work done in a Parcel, which is not visible from the exterior.

5.13 Nuisance. Neither Owners nor occupants shall permit any nuisance to exist upon or within the Unit or Parcels or any conduct that creates an annoyance or disturbance to be detrimental or bothersome to any other Parcels, occupants or Owners or interferes with the peaceful possession and proper use of the Community by its residents.

5.14 Subdivision. No Owner shall divide nor subdivide a Parcel for purposes of sale or lease and no portion less than all of any Parcel, nor any easement or other interest granted herein, shall be conveyed or transferred by an Owner without the approval of the Board. This provision shall not prohibit corrective deeds, deeds to resolve boundary line disputes and other similar corrective documents. Combining of adjoining Parcels is permissible but the Owners of the divided parcel shall remain responsible for the full assessment applicable to each Lot.

5.18 Compliance with Law. No use may be made of any Parcel that violates any federal, state or local laws, zoning, ordinances or regulations.

5.19 No Owners or occupant may cause or allow any obstruction of a road or other common ways of ingress or egress within the Common Areas, nor shall anything be allowed to remain in Common Areas or on the Parcels which would be unsightly or hazardous.

5.20 No Owner or occupant may allow any rubbish, refuse, garbage or trash to accumulate in places other than the receptacles (garbage cans) provided therefore. Each Lot, Parcel and the Common Areas shall be kept in a clean and sanitary condition.

5.21 No lakes, ponds, swales, canals or ditches may be dug on any Parcel without the written consent of the ARC and the Board.

5.22 Members and other residents shall not engage in any abusive, pejorative or harassing behavior, either verbal or physical, or any form of intimidation or aggression.

5.23 Owners, their family, Invitees, Guests and tenants shall abide by Rules and Regulations promulgated from time to time by the Board or committee established by the Board provided, however, that copies of such regulations are available to each Member prior to the time said regulations become effective.

5.24 No Owner shall install nor allow to be installed any window mounted or through the wall mounted air conditioning unit.

5.25 In the event the Association is required to seek enforcement of any provision of the Declaration, Articles, Bylaws or the Rules and Regulations, then and in that event the offending Owner (for himself or his family, Guests, Invitees or Tenants) shall be liable to the Association for costs incurred in the enforcement action, including reasonable attorneys' fees and costs, whether incurred before the filing of suit, after filing, and in connection with trial or appellate proceeding or otherwise.

6. MAINTENANCE, REPAIR AND REPLACEMENT

6.1 Maintenance of Common Area and Parcels by the Association. Maintenance of the Common Area shall be the responsibility of the Association. The Association shall be responsible for the repair and maintenance of landscaping, trees, shrubs, grass, sprinkler heads, walks, drives and parking areas situated in the Common Area. Notwithstanding the above, the Association may contract with one or more independent contractors for the performance of any or all of such maintenance responsibilities.

6.2 Maintenance of Sign on Common Area. There exists a shared business sign on the Common Area, which is shared in benefit by some, but not all, of the Owners. The Association shall be responsible for the Maintenance, repair, and replacement of said sign, with all costs incurred by the Association in performing these obligations being a pass-through Charge to the respective Owners benefitting from the Association's actions.

6.3 Permits, Licenses and Easements. Subject to the provisions of Article 4, the Association shall have the right to grant permits, licenses and easements over, upon, across, under and through the Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Community, as so determined by the Board.

6.4 Maintenance of Parcels. Subject to the duties and obligations of the Association described herein, every Owner must keep and maintain his or her Parcel, including, but not limited to, the Parcel and other improvements thereon, its improvements and appurtenances, at his

expense, in good order, condition and repair, and must perform promptly maintenance and repair work on his Lot and Parcel. In this regard, each Owner shall be responsible for the maintenance and repair and shall keep same in a neat and orderly fashion. Any Owner who desires to have additional services to those provided by the Association may contract directly for such additional services (if such services are provided by the Association). The Association shall be responsible, as a Common Expense, for the Maintenance of the roof system components and the exterior walls of the buildings. The Association shall be responsible for the Maintenance of all HVAC components located outside the boundaries of the Parcel as a pass-through Charge to the Owner benefiting from the Association's actions. The Owner shall be responsible for Maintenance of the Parcel's windows and doors but may not make an alteration which is visible from the exterior without the prior written approval of the Association.

6.4.1 Party Walls. Common walls between Parcels (a/k/a party walls) shall be governed as follows:

(i) The walls dividing the Parcels located on Lots that are adjacent and contiguous to one another are declared to be party walls.

(ii) The cost of maintaining the party walls shall be borne equally by Owners of those adjacent and contiguous Lots.

(iii) In the event of damage or destruction of said wall from any cause other than the negligence of either party hereto, the then adjacent Owners shall, at joint expense, repair or rebuild said wall and each party, their successors and assigns, shall have the right to the full use of said wall so repaired or rebuilt. If either party's negligence shall cause damage or destruction of said wall, such negligent party shall bear the entire cost of repairing or reconstruction. If either party shall neglect or refuse to pay his share, or all of such cost in the case of negligence, the other party may have such wall repaired or restored and shall be entitled to have a lien on the premises of the party so failing to pay for the amount of such defaulting party's share of the repair or replacement, and may be enforced and collected in accordance with section 720.3085, Florida Statutes.

(iv) Either party shall have the right to break through the party wall for the purpose of repairing or restoring sewerage, water, utilities, subject to the obligation to restore said wall to its previous structural and cosmetic condition at their own expense and the payment to the adjoining Owner of any damages caused thereby and the cost of repairing, restoring and maintaining all utilities, including, but not limited to water, sewage, electricity, telephone.

(v) An easement for access to and the installation, maintenance and repair of all utilities and drainage facilities and for passage thereto five feet left and right in any direction along any utility line or drainage for its maintenance and repair.

(vi) Neither party shall alter or change said party wall in any manner, interior decoration excepted, and said party wall shall always remain in the same location as when erected and each party to said common or division wall shall have a perpetual easement in that part of the premises of the other on which said party wall is located for party wall purposes.

6.5 Prohibition. Each Owner is prohibited from improving, modifying or maintaining any Common Area or from performing any maintenance duties of the Association without the prior written consent of the Board.

6.6 Owner Liability. Should any Owner do any of the following:

6.5.1 Fail to perform the responsibilities as set forth in this Article or,

6.5.2 Cause any damage to any improvement which the Association has the responsibility to maintain, repair and/or replace; or

6.5.3 Undertake unauthorized improvements or modifications to his or her Lot or Parcel or to the Common Area; then

Except in an emergency, when no notice is required, the Association upon reasonable prior written notice to the Owner, shall have the right, through its agents and employees, to enter upon said Lot, Parcel, or Parcel and cause the required repairs or maintenance to be performed, or as the case may be, remove unauthorized improvements or modifications. The cost thereof shall be a Charge to which the Owner is subject, and shall be due and payable within ten (10) days after rendition of a bill therefore by the Association. The costs incident to said repair, maintenance, or removal shall be the personal obligation of the Owner to the Association and become a lien against the subject Lot or Parcel with the same force and effect of the lien that would be created by the said Owner's failure to pay the Assessments hereunder when due.

6.6 Each Owner shall be responsible for and pay the cost of maintaining, repairing and replacing everything within the confines of the Parcel that is not to be maintained by the Association.

6.7 In the event an Owner fails to maintain the Parcel and the improvements situated thereon, in a manner reasonably satisfactory to the Board or any committee established by the Board, upon direction of the Board the Association shall have the right through its agents and employees, to enter upon said Parcel to maintain and restore the improvements erected thereon. The cost of any maintenance supplied by the Association pursuant to this Article shall be Charge to which such Parcel is subject and collectible in the same manner as an Assessment.

7. MATERIAL ALTERATIONS OR SUBSTANTIAL ADDITIONS. There shall be no Material Alterations or Substantial Additions to the Common Areas or Association real property by the Association, except as authorized by the Board. Provided, however, that if any such Material Alterations or Substantial Additions require or obligate the expenditure of Association funds of more than ten percent (10%) of the Association's budget for the fiscal year in which the work is authorized, including reserves, the Board shall obtain approval of at least two-thirds (2/3) of Voting Interests present (in person or by proxy) and voting at an Association meeting at which a quorum has been attained, or by written agreement of two-thirds (2/3) of the entire Voting Interests. Necessary maintenance of the Common Areas, or Association Property regardless of the level of expenditure, is the responsibility of the Board.

8. ASSOCIATION INSURANCE. The following provisions shall govern insurance covering the Association:

8.1 Insurance policies covering the Common Areas shall be purchased by the Association and be issued by an insurance company authorized to do business in Florida.

8.2 The named insured shall be the Association itself and as agent for Owners without naming them and as agent for their mortgagees without naming them.

8.3 One copy of each insurance policy, or a certificate evidencing such policy, and endorsements thereto, shall be furnished by the Association to each first mortgagee if requested in writing.

8.4 The above paragraph notwithstanding, each member releases and indemnifies the Association, its members, employees and agents and shall hold them harmless for injuries or damages to Persons or property because of the member's neglect, recklessness or intentional acts.

8.5 The Association shall maintain insurance covering the following:

8.5.1 Loss or damage by fire and other hazards covered by a standard extended coverage endorsement including wind on the Parcels. Said policy shall exclude: all personal property within the Unit, and floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of the Unit and serve only such Unit; and

8.5.2 Such other risks as from time to time are customarily covered with respect to property similar in construction, location and use, including, but not limited to, vandalism and malicious mischief.

8.5.3 Comprehensive general public liability.

8.5.4 The Association shall obtain and maintain (or ensure the maintenance of) adequate insurance or fidelity bonding of Persons who control or disburse funds of the Association. The fidelity bond or insurance policy shall cover the maximum funds that will be in the custody of the Association or its managing agent at any one time. As used in this Article, the term "Persons who control or disburse funds of the Association" includes, but is not limited to, individuals authorized to sign checks, the president, secretary, and treasurer of the Association.

8.5.6 Workers Compensation coverage if required by law.

8.5.6 Umbrella liability in an amount of at least \$1,000,000.

8.5.7 Directors and Officers liability coverage.

8.5.8 Flood insurance if deemed appropriate by the Board.

8.5.9 Other insurance as the Board shall determine from time to time to be desirable.

8.6 When appropriate and obtainable, each of the foregoing policies shall waive the insurer's right to:

8.6.1 subrogation against the Association and against the Owners individually and as a group,

8.6.2 pay only a fraction of any loss in the event of co-insurance or if other insurance carriers have issued coverage upon the same risk,

8.6.3 avoid liability for a loss that is caused by an act of the Board, or by a member of the Board or by one or more Owners.

8.7 Premiums upon insurance policies purchased by the Association shall be paid by the Association as an Common Expense, except that the amount of increase in the premium occasioned by misuse, occupancy or abandonment of any one or more Parcels or their appurtenances or of the common areas by particular Owners shall be assessed against and paid by such Owners.

8.8 Insurance policies obtained by the Association shall be for the benefit of the Association, the Owners and their mortgagees, as their interests may appear. Proceeds because of damage to the Common Areas shall be held in undivided shares for each Owner, such shares being the same as the undivided shares in the common areas appurtenant to each Parcel.

8.9 The Association is irrevocably appointed agent for each Owner and for each Owner of a mortgage or other lien upon a Parcel and for each Owner of any other interest in the Association property to adjust claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

8.10 The insurance purchased by the Association shall not cover claims against an Owner due to accidents occurring within or upon their Lot or Parcel nor casualty or theft loss to an Owner's property. It shall be the obligation of the individual Owner if such Owner so desires to purchase and pay for insurance as to such and other risks.

8.11 Casualty Insurance for Parcels. The Association shall be responsible for purchasing and maintaining policies of fire and other hazard coverage insurance on all insurable Improvements situated upon the Parcels in an amount equal to the full replacement cost thereof. Notwithstanding the foregoing, Owners shall be solely liable for insuring all contents located within Improvements on the Parcels.

9. OWNER INSURANCE. The following provisions shall govern insurance covering the Owners:

9.1 Liability Insurance. Each Owner shall be responsible for purchasing and maintaining such policies of liability for accident or injury occurring on or about his or her Parcel, as he or she may deem appropriate.

9.2 Contents Insurance. Owners shall be solely liable for insuring all contents located within Improvements on the Parcels.

10. RECONSTRUCTION AND REPAIR OF COMMON AREA OR PARCELS AFTER FIRE OR OTHER CASUALTY. In the event of damage to or destruction of improvements on the Common Area or Parcels because of fire or other casualty, the Board shall arrange for the prompt repair and restoration of the improvements insured by the Association.

10.1 Any reconstruction or repair must be approved by the Board, substantially in accordance with the plans and specifications for the original improvements; or if not feasible or advising in the opinion of the Board, then in accordance with plans and specifications approved by the Board.

10.2 If the proceeds from insurance, including the deductible, are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, assessments shall be made against the Parcels in sufficient amounts to provide funds for the payment of such costs.

11. ENFORCEMENT

11.1 In the event of a violation of the Governing Documents or Rules and Regulations by an Owner, Tenant, Guests or Invitees, (other than the non-payment of any Assessment or other charges), the Association shall notify the Owner of the violation, by written notice. If such violation is not cured as soon as practicable after receipt of such written notice, or if any similar violation is thereafter repeated, the Association may, at its option:

11.1.1 Impose a fine against the Parcel as provided in Florida Statutes and in the Bylaws; and/or

11.1.2 Commence an action to enforce the performance on the part of the Owner or other party, or for such equitable relief as may be necessary under the circumstances, including injunctive relief; and/or

11.1.3 Commence an action to recover damages; and/or

11.1.4 Take any actions reasonably necessary to correct such failure which action may include, when applicable, but shall not be limited to, removing any addition, alteration, improvement or change which has not been approved by the Association or performing any maintenance required to be performed by this Declaration; and/or

11.1.5 Elect any or all other remedies, restrictions or penalties available under law.

All expenses incurred by the Association in connection with enforcing these Governing Documents and Rules and Regulations, including reasonable attorneys' fees and costs, shall be assessed against the applicable Owner as a separate assessment, and shall be due upon written demand by the Association. The Association shall have a lien for any such Assessment and any interest, costs or expenses associated therewith, including attorneys' fees and costs incurred in connection with such Assessment, and may take such action to collect such Assessment or foreclose said lien as in the case and in the manner of any other Assessment as provided above.

Any such lien shall only be effective from and after the recording of a claim of lien in the public records of Okaloosa County.

11.2 Enforcement of this Declaration may be by proceeding at law for damages or in equity to compel compliance with its terms or to prevent violation or breach of any of the covenants or terms herein. The Association or any individual may seek enforcement, and should the party seeking enforcement be the prevailing party, then the Person against whom enforcement has been sought shall pay costs and reasonable attorneys' fees at trial and appellate levels to the prevailing party.

11.3 Each Owner shall be responsible for the acts and omissions, whether negligent or willful, of any Person residing in his Parcel or occupying his Parcel, including family members, Tenants, Guests and Invitees if any act or omission shall result in any damage to the Common Areas, or any liability to the Association, the Owner shall be assessed for same as in the case of any other assessment, limited where applicable to the extent that the expense or liability is not met by the proceeds of insurance carried by the Association, but without rights of subrogation as to the Association's carrier. Furthermore, any violation of any of the provisions of these Governing Documents, by a Resident of any Parcel, or a Guest or Invitee, shall also be deemed a violation by the Owner, and shall subject the Owner to the same liability as if such violation was that of the Owner.

12. AMENDMENTS. Except as elsewhere provided herein, this Declaration may be amended in the following manner:

12.1 Proposal of Amendments. An amendment may be proposed by the President of the Association, a majority of the Directors, or by twenty-five percent (25%) of the entire Voting Interests.

12.2 Proposed Amendment Format. Proposals to amend the existing Declaration shall contain the full text of the article to be amended. New words shall be underlined and words to be deleted shall be ~~lined through~~. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying, "SUBSTANTIAL REWORDING OF _____ DECLARATION OF COVENANTS AND RESTRICTIONS. SEE ARTICLE NUMBER ____ FOR PRESENT TEXT."

12.3 Notice. The subject matter of proposed amendments shall be included in the notice of any meeting at which a proposed amendment is to be considered or in connection with documentation for action without a meeting.

12.4 Adoption of Amendments. A resolution for the adoption of a proposed amendment may be adopted by a vote of at least two-thirds (2/3rds) of the Voting Interests of the Association voting in person or by proxy at a meeting called for such purpose, or by the written agreement of two-thirds (2/3rds) of the entire Voting Interests. Amendments correcting errors, omissions, scrivener's errors, violations of applicable law, conflicts between the Governing Documents, or if determined necessary and desirable by the Board to comply with the requirements of the secondary mortgage market, may be executed by the Officers of the Association, upon Board approval, without need for Association membership vote.

12.5 Effective Date. An amendment when adopted shall become effective after being recorded in the Public Records of Okaloosa County, Florida, according to law.

12.6 Automatic Amendment. Whenever the Act or other applicable statutes or administrative regulations, as amended from time to time, are amended to impose procedural requirements less stringent than set forth in this Declaration, the Board may operate the Association pursuant to the less stringent requirements without the need to change this Declaration. The Board, without a vote of the Members, may also adopt by majority vote, amendments to this Declaration as the Board deems necessary to comply with such operational changes as may be authorized by future amendments to Chapter 607, Florida Statutes, or the Act, or other statutes or administrative regulations as required for the operation of the Association, all as amended from time to time.

13. GUEST & LEASING OCCUPANCY.

13.1 GUESTS. Use or visitation without consideration (payment) distinguishes a Guest usage from a tenancy. The Association may restrict or prohibit Guest visitation by Persons who have committed nuisances within the Community or otherwise violated the Governing Documents in the past, and Persons who have been convicted of or pled no contest to a felony, including, but not limited to, registered sex offenders and Persons who have been convicted of or pled no contest to narcotic offenses. The Board may promulgate such rules, policies, and procedures as are necessary to implement this Article. The Board may, at a duly noticed meeting, temporarily suspend or permanently ban a Guest from entering the Community if the Board finds that such Person has engaged in a serious violation of the Governing Documents or applicable law within the Community, or has engaged in systematic violations of the Governing Documents or applicable law within the Community. Prior to the imposition of such suspension or ban, the Owner of a Lot shall be given at least fourteen (14) days' notice of an opportunity before a hearing before the Board to show cause why the suspension or ban should not be imposed. The decision of the Board shall be final and shall not be subject to any requirement for a hearing before any type of Committee.

13.2 LEASING. The lease of a Parcel is defined as occupancy of the Parcel by any Person other than the Owner, whether pursuant to verbal or written agreement, where said occupancy by the non-owner involves consideration (the payment of money, the exchange of goods or services, or any other exchange of value). The term "leasing" and "renting" shall be used interchangeably for the purpose of this Declaration. The term "Tenant" and "Lessee" shall likewise be used interchangeably. "Rent-sharing" and subleasing are prohibited.

Tenant Conduct; Remedies. All leases shall be on a uniform form of lease or lease addendum if so promulgated by the Association. Uniform leases, addenda and all other leases will provide, or be deemed to provide, that the Tenants have read and agreed to be bound by the Governing Documents. If a Tenant, Guest, or Invitee fails to abide by the Governing Documents, the Owner(s) shall be responsible for the conduct of the Tenants, Guests, or Invitees and shall be subject to all remedies set forth in the Governing Documents and Florida law, without waiver of any remedy available to the Association. The Owner shall have the duty to bring his or her Tenant, Guest, or Invitees into compliance with the Governing Documents by whatever action is necessary, including without limitation the institution of eviction proceedings without notice to cure, where legally permissible. If the Owner fails to bring the conduct of the Tenant into compliance with the Governing Documents in a manner deemed acceptable by the Association, or in other

circumstances as may be determined by the Board, the Association shall have the authority to act as agent of the Owner to undertake whatever action is necessary to abate the noncompliance with the Governing Documents including without limitation the right to terminate a lease and/or institute an action for eviction against the Tenant in the name of the Association in its own right, or as agent of the Owner. The Association shall have the right to recover any costs or fees, including attorneys' fees, incurred in connection with such actions, from the Owner which shall be secured by a continuing lien in the same manner as Assessments for Common Expenses, to wit, secured by a lien for Charges.

14. TERM OF DECLARATION AND TERMINATION

14.1 The Declaration has an initial term of thirty (30) years and shall automatically renew for successive 10-year periods unless terminated upon the affirmative written consent of ninety percent (90%) of the entire Voting Interests, and upon the affirmative written consent of first mortgagees holding mortgages encumbering Parcels.

14.2 If this Declaration is terminated in accordance herewith, every Owner by acquiring title covenants and agrees that the termination documents shall require:

14.2.1 That Parcels shall continue to be used solely as single-family residences.

14.2.2 Common Areas shall be owned and held in equal shares by the Owners as tenants in common.

15. INDEMNIFICATION

15.1 The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that they are or were a Director, Officer, or Committee Member of the Association, against expenses (including attorneys' fees and appellate attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with such action, suit or proceeding if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful except that no indemnification shall be made in respect of any claim, issue or matter as to which such Person shall have been adjudged to be liable for gross negligence, misfeasance or malfeasance in the performance of their duty to the Association unless and only to the extent the court in which such action or suit was brought shall determine upon application, that despite the adjudication of liability, but in view of the circumstances of the case, such Person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption the Person did not act in good faith and in a manner they reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe their conduct was unlawful.

15.2 To the extent a Director, Officer or Committee Member of the Association is successful on the merits or otherwise in defense of any action, suit or proceeding referred to in this Article or in defense of any claim, issue or matter therein, they shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by them in connection therewith.

15.3 Any indemnification under this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the Director, Officer or Committee Member is proper in the circumstances because they met the applicable standard of conduct set forth in this Article. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (ii) if such quorum is not obtainable, or, even if obtainable, if a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.

15.4 Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board. This is subject to the Director, Officer or Committee Member making arrangement to repay such amount unless it shall ultimately be determined that they are entitled to be indemnified by the Association as authorized in this Article.

15.5 The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any law, agreement, vote of members or otherwise, both as to action in their official capacity while holding such office or otherwise, and shall continue as to a Person who has ceased to be a Director, Officer or Committee Member and shall inure to the benefit of the heirs, executors and administrators of such Person.

15.6 The Association shall have the power to purchase and maintain insurance on behalf of any Person who is or was a Director, Officer, Committee Member, employee or agent of the Association, or is or was serving at the request of the Association as a Director, Officer, Committee Member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such, whether or not the Association would have the duty to indemnify them against such liability under the provisions of this Article.

16. ASSOCIATION LIABILITY

16.1 Limitation of Liability of Association. Notwithstanding the duty of the Association to maintain and repair parts of the Community, the Association shall not be liable to Owners for injury or damage, other than for the cost of maintenance and repair, caused by any latent condition of the Common Areas. Further, the Association shall not be liable for any such injury or damage caused by defects in design or workmanship or any other reason connected with any additions, alterations or improvements done by or on behalf of any Owners, regardless of whether or not the same shall have been approved by the Association pursuant to the provisions hereof.

Notwithstanding anything contained herein or in the Governing Documents, or Rules and Regulations, Association shall not be liable or responsible for, or in any manner be a guarantor or insurer of, the health, safety or welfare of any Owner, or Permitted Person. Without limiting the generality of the foregoing:

16.1.1 It is the express intent of the Governing Documents that the various provisions thereof which are enforceable by the Association and which govern or regulate the uses of the Community have been written, and are to be interpreted and enforced, for the sole purpose of enhancing and maintaining the enjoyment of the Association Property and the value thereof;

16.1.2 The Association is not empowered, and has not been created, to act as an entity that enforces or ensures the compliance with the laws of the United States, State of Florida, Okaloosa County and/or any other jurisdiction or the prevention of tortious activities; and

16.1.3 Any provisions of the Governing Documents or Rules and Regulations setting forth the uses of assessments that relate to health, safety and/or welfare shall be interpreted and applied only as limitations on or enabling authority for the uses of assessment funds and not as creating a duty of the Association to protect or further the health, safety or welfare of any Person, even if assessment funds are chosen to be used for any such reason.

Each Owner (by virtue of his acceptance of title) and each other Person having an interest in or lien upon, or making any use of, any portion of the Association Property (by virtue of accepting such interest or making such uses) shall be bound by this provision and shall be deemed to have automatically waived any and all rights, claims, demands and causes of action against the Association arising from or connected with any matter for which the liability of the Association has been disclaimed in this provision.

As used in this Article, "Association" shall include within its meaning all of the Association's directors, officers, committee and board members, employees, agents, contractors (including management companies), subcontractors, successors and assigns.

17. ARCHITECTURAL CONTROL. The Association, acting through the Board or the Architectural Review Committee (ARC), shall have the authority to review and approve plans and specifications for the location, size, type, or appearance of any structure or other improvement on the Parcel, and to enforce standards for the external appearance of any structure or improvement located on the Parcel, as set forth in the Governing Documents and in any architectural guidelines promulgated by the Board. If there are any conflicts between this Declaration and architectural guidelines, if any, the Declaration will control. The Architectural Review Committee shall consist of at least three Members of the Association appointed by the Board. The Board may act as the ARC and in the absence of the Board's appointment of an ARC, the Board shall be the ARC. The Board in its sole and absolute discretion may remove members of the ARC at any time, with or without cause.

17.1 Approval Necessary. No Improvement of any kind shall be erected, constructed, placed or maintained on or adjacent to any Parcel, nor shall the exterior of any Parcel or other Improvement (including any roofing, exterior signage, mailboxes, or other building materials) be altered or modified, nor shall any other Improvements on any Parcel be altered, changed, repaired or modified, nor shall any landscaping or vegetation be materially altered, changed or modified or

additional landscaping be installed by an Owner, nor shall any exterior changes (including the installation of storm shutters, screen doors, security bars and the like) be made, unless prior to the commencement of any work thereof, two complete sets of plans and specifications therefore, including, as applicable, front, side and rear elevations, time line for completion and floor plans, two complete Parcel plans indicating and fixing the exact location of such improvements, structures or such altered structure on the Parcel with reference to the street and side lines thereof in a form acceptable to the ARC, shall have been first submitted in writing for approval and approved in writing by the ARC. The foregoing prior approval is also intended to specifically apply to painting or any other maintenance or repair which changes the color or exterior appearance of an Improvement, and it is specifically intended that the ARC shall be empowered to approve or disapprove the colors of the exteriors of s and other improvements constructed on the property at the time of any repainting or other resurfacing thereof.

17.2 Architectural Review Committee. All required approvals or disapprovals of the ARC must be in writing to be valid for purposes of this Declaration. Decisions of the ARC shall be based on aesthetics, harmony, balance and compatibility of the proposed improvements with the then existing structures within the Community. Improvements or changes shall be performed by licensed contractors or Owner contractor in accordance with plans and specifications prepared by licensed architects, where applicable. The ARC shall either grant such approval or deny the same based upon its sole discretion as to whether the improvements will be aesthetically pleasing, consistent with the architecture of the buildings in the Association, and similar to other such improvements previously allowed.

17.3 Endorsement of Plans. Approvals of plans, specifications and location of improvements by the ARC shall be endorsed on both sets of said plans and specifications, and one set shall be returned to the Person submitting the same. The approval of the ARC of plans or specifications submitted for approval, as herein specified, shall not be deemed to be a waiver by the ARC of the right to object to any of the features or elements embodied in such plans or specifications if and when the same features and elements are embodied in any subsequent plans and specifications submitted for approval for use by others. The work to be performed shall be commenced within a reasonable time and once work has started, the project shall continue with adequate manpower, uninterrupted to conclusion within eighteen months with the exception of materials shortage, inclement weather or acts of God.

17.4 Construction to be in Conformance with Plans. After such plans and specifications and other data submitted have been approved by the ARC, no building, outbuilding, garage, fence, wall, retaining wall, or other Improvement or Structure of any kind shall be erected, constructed, placed, altered or maintained upon any Parcel unless the same shall be erected, constructed or altered in conformity with the plans and specifications and Parcel plans approved by the ARC.

17.5 Right of Entry. Any member of the ARC may at any reasonable time enter and inspect any building or property subject to the jurisdiction of the ARC and any building or structure reasonably believed by such member to be a violation of the covenants and restrictions set forth herein.

17.6 Local Building Code. This Article shall not be deemed to excuse any Owner from compliance with local building and construction codes, ordinances and/or regulations and

improvements constructed shall conform to the requirements of such laws, codes, ordinances and regulations, nor shall the ARC's approval create any presumption that Owner's plans comply with applicable laws, codes, ordinances and regulations, nor that the work will serve its purpose as intended by Owner.

17.7 Restoration in Event of Damage or Destruction. In the event any Improvement on a Parcel is damaged or destroyed, in whole or in part, the Parcel Owner shall take action deemed necessary by the ARC to correct any unsightly or dangerous condition resulting from such damage or destruction. The Parcel Owner shall take corrective action to either restore or remove the condition. The work shall be completed within six-months after the date of the damage or destruction, which may be extended by the ARC for good cause shown. The Owner shall undertake such corrective action as soon, as is practicable in order to avoid an unsightly or dangerous conditions. In the event the Owner fails or refuses to take the required corrective action, as deemed appropriate by the ARC, or in the aftermath of a catastrophic event, such as hurricane, the Association shall have the right, but not the obligation, to go upon the Parcel and remove or correct the damaged or destroyed property, which shall be accomplished at the sole cost and expense of the Owner of the property, in which event, the Association shall have the right to place a lien on the Parcel for the full amount of the corrective work, together with attorneys' fees and costs, if any, which lien shall be enforceable in the same manner as other liens created this Declaration.

17.8 Non-Waiver of Future Approvals. The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the ARC shall not be deemed to be or constitute approval of any right to withhold approval as to any similar proposals, plans and specifications or matter subsequently or additionally submitted for approval.

17.9 Fill and Grade. No fill shall be added to or removed from any Parcel nor shall the Owner of any Parcel do anything to change or interfere with the drainage of storm water; no change shall be made with respect to the original grade and contour of swales unless first approved in writing by the ARC.

17.10 In the event the ARC fails to acknowledge receipt of the requested item within thirty-days after the ARC has acknowledged receipt of a complete application, it shall be considered as being approved. Requests will be reviewed in a timely manner. Should the ARC be a body other than the Board a decision of the ARC may be appealed by any member to the Board and such appeal must be filed in writing and received by the Board within ten days of the decision of the ARC. The Board shall render a decision with respect to the matter appealed within thirty (30) days after the Board receives such appeal and the decision of the Board will be final. If the Board fails to reach a decision as to the matter within said thirty-day period, the decision of the ARC shall govern.

17.11 Architectural Violations. If an Owner is notified of an architectural violation, the Owner shall have thirty (30) days to remedy the violation to the satisfaction of the Board. Should the Owner not timely remedy the violation, in addition to all other legal remedies available to the Association, the Association shall have the right to remedy the violation. The Association shall have a lien for Charges to secure the repayment of all costs incurred by the Association in remedying the violation.

18. GENERAL PROVISIONS

18.1 Savings Clause. If any provision of the Governing Documents hereto, as the same now exist or as may be later amended or any portion thereof, shall be held invalid by any Court, or other governmental agency with proper authority to so hold, the validity of the remainder of said Governing Documents shall remain in full force and effect.

18.2 Heirs, Successors and Assigns. These Governing Documents shall be binding upon the heirs, nominees, successors, administrators, executors and assigns of all Owners.

18.3 Notices. All notices shall be given as provided in the Bylaws.

18.4 Compliance with Fair Housing Laws. There shall be no limitation upon sale, lease, or occupancy of any Parcel based upon race, creed, color, sex, religion, national origin, handicap, or familial status. The Association may make reasonable accommodations, including reasonable waiver of the covenants and restrictions of the Governing Documents, when necessary to afford handicapped individuals the opportunity to enjoy the Community, or to comply with other legal requirements.

18.5 Conflicts. In the event of a conflict between any provision of the Governing Documents and the Act, the Act shall control, except in cases where the Act permits the Governing Documents to regulate the subject, in which case the Governing Documents will control. In the event of a conflict between this Declaration and the other Governing Documents, same shall be governed as provided in the Bylaws.

18.6 Interpretation. The Board is responsible for interpreting the provisions of the Governing Documents. The Board's interpretations shall be binding upon all parties unless wholly unreasonable. A written opinion rendered by Association's legal counsel that an interpretation adopted by the Board is not wholly unreasonable shall conclusively establish the interpretation as valid.

18.7 Captions and Headings. The headings and captions used in the Governing Documents are solely for convenience sake and shall not be considered a limitation of any nature in interpreting the Governing Documents.

18.8 Waiver. The failure of the Association to enforce any right, provision, covenant, or condition which may be granted by the Governing Documents shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant, or condition in the future.

18.9 Plurality; Gender. Wherever the context so permits, the singular includes the plural, the plural includes the singular, and the use of any gender includes all or no genders.