

5 MIN. RETURN

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DECLARATION OF COVENANTS, EASEMENTS AND RESTRICTIONS

THIS DECLARATION made on the date hereinafter set forth by D.S. WARE HOMES OF FLORIDA, INC., a Florida corporation ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Clay, State of Florida, which is more particularly described on Exhibit "A" attached hereto ("Property").

NOW, THEREFORE, Declarant hereby declares that the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of and which shall run with the real property and be binding on all parties having any right, title or interest in the described property, or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Section 1 "Association" shall mean and refer to Secret Harbor of Clay County Homeowners Association, Inc., a Florida not-for-profit corporation, its successors and assigns. A copy of the Articles of Incorporation and Bylaws of the Association are attached hereto as Exhibits "B" and "C", respectively.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3 "Property" shall mean and refer to that certain real property hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) or interest therein owned by the Association for the common use and enjoyment of the owners.

Section 5. "Lot" shall mean and refer to any plot of land intended as a site for a house, whether or not the same is then shown upon any recorded subdivision map of the Property.

Section 6. "Declarant" shall mean and refer to D.S. Ware Homes of Florida, Inc., a Florida corporation, its successors and assigns, if such successors or assigns should be specifically and expressly designated a successor to the rights of Declarant hereunder.

Section 7. "Surface Water or Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation and water pollution or otherwise affect the quantity and quality of discharges.

ARTICLE II **PROPERTY RIGHTS**

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) the right of the Association to suspend the voting rights and right to use of the recreational facilities by an owner for any period during which any assessment against his/her Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his/her right of enjoyment to the Common Area and facilities to the members of his/her family, tenants or contract purchasers who reside on the property.

ARTICLE III **MEMBERSHIP AND VOTING RIGHTS**

Section 1. Every owner of a lot which is subject to assessment shall be member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners with the exception of Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. Class B member(s) shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(b) on July 1, 2008.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the Property, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (i) annual assessments or charges, and (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his/her successors in title unless expressly assumed by them.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Property and for the improvement and maintenance of the Common Area. Assessments shall also be used for the maintenance and repair of the surface water or stormwater management systems, including, but not limited to, work within retention areas, drainage structures and drainage easements.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Two Hundred and no/100 Dollars (\$200.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above five percent (5%) by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section

3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of the Lot by Declarant. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location in relation to surrounding structures and topography by Declarant. In the event Declarant fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it in writing, approval will not be required and this Article will be deemed to have been fully complied with. The rights and duties of Declarant under this Article V shall pass to the Architectural Committee of the Board of Directors of the Association upon sale by Declarant of the last Lot owned by Declarant or at such earlier date as Declarant shall determine in a written notice to the Board.

ARTICLE VI USE OF PROPERTY

In order to preserve the Property as a desirable place to live for all Owners, the following protective covenants are made a part of this Declaration:

Section 1. Single Family Residence Only. Each Lot shall be used for the purpose of constructing a single family residence thereon and for no other purpose. Except as herein otherwise provided, no structure shall be erected, altered or permitted to remain on any Lot other than one single family residence. No building or structure shall be rented or leased separately from the rental or lease of the entire Lot. Nothing herein shall be construed to prevent Declarant from using any Lot or portion thereof as a right-of-way for road purposes or for access or a utility easement, in which event none of these restrictions shall apply. No building or structure shall have exposed concrete blocks except for its foundation. No carports shall be constructed without prior approval of Declarant.

Section 2. Minimum Square Footage. No house or other structure shall be constructed on a Lot which has a height exceeding thirty-five (35') feet above the elevation of the finished surface of the first floor of such dwelling. All one-story houses constructed on Lots shall have a minimum of one thousand two hundred (1,200) square feet of heated and air conditioned living space. All two-story houses constructed on Lots shall have a minimum of one thousand four hundred (1,400) square feet of heated and air conditioned living space.

Section 3. Set-Back Definitions. In any event, no structure of any kind shall be located on any Lot nearer to the front lot line than twenty (20) feet unless specifically approved by Declarant, nor nearer to any side street line nor nearer to any side lot line than seven and one-half (7.5) feet, nor nearer to any rear lot line or edge of bank of a lake than fifteen (15) feet. If any one house is erected on more than one Lot or on a building plot composed of parts of more than one Lot, the side line restrictions set forth above shall apply only to the extreme side lines of the building plot occupied by such dwelling. Nothing herein contained shall be construed to prevent Declarant from reducing the building restriction lines with the prior written approval of the governmental agencies having jurisdiction.

Section 4. Maximum Lot Coverage. The maximum area of a Lot covered by all buildings and structures shall not exceed thirty percent (30%).

Section 5. No Sheds, Shacks or Trailers. No shed, shack, trailer, tent or other temporary or movable building or structure of any kind shall be erected or permitted to remain on any Lot. However, this paragraph shall not prevent the use of a temporary residence and other buildings during the period of actual construction of the main residence and other buildings permitted hereunder nor the use of adequate sanitary toilet facilities for workmen during the course of such construction.

Section 6. Residing Only in Residence. No trailer, basement, garage or any outbuilding of any kind other than a guest house or servants' quarters shall be at any time used as residence either temporarily or permanently.

Section 7. Fences. Hedges, fences or walls may not be built or maintained on any portion of any Lot except on the rear or interior side Lot line and not closer to the front of the Lot than the front line of the main residence; nor closer than twenty (20') feet to a side street when the residence is situated on a corner Lot. No fence or wall shall be erected nor hedge maintained higher than six (6') feet from the normal surface of the ground. No chain link fences shall be erected on any Lot. No fence or wall shall be erected until quality, style, color and design shall have been first approved by Declarant.

Section 8. Utility Easements. No buildings, structures, improvements or other obstructions shall be constructed in the area of any Lot on which a transmission right of way easement or utility easement exists (hereinafter referred to as "Easement Areas"). Citrus trees and low growing shrubberies may be located in the Easement Areas so long as the utility's unrestricted access and use of the Easement Areas is not adversely affected, and all such trees, shrubberies or other plants are subject to cutting, trimming and control of growth by the utility. Fences that otherwise do not interfere or obstruct the utility's unrestricted access to and the use of the Easement Areas may be constructed in the boundaries of the Easement Areas. However, any fence crossing over Easement Areas shall contain gates, no less than sixteen (16) feet in width on all sides allowing for vehicular traffic within and along Easement Areas.

Section 9. Sewage Disposal and Water Service. The utility company providing service to the Property has the sole and exclusive right to provide all water and sewage facilities and service to the Property. No well of any kind shall be dug or drilled on the Property to provide potable water for use within any structure and no potable water shall be used within said structures except potable water which is obtained from the utility company. Nothing herein shall prevent the digging of a well provide water for swimming pools, irrigation of a yard or garden or for heat transfer systems of heating and air conditioning units. No septic tank may be constructed on any Lot. No sewage may be discharged on the open ground or into the wetlands. All sewage must be disposed of through the sewer lines and the disposal plant owned and controlled by the utility company or its assigns. No water from air conditioning systems or swimming pools shall be disposed of through the lines of the storm sewer system. The utility company 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 purposes of installation, maintenance and operation of water and sewage facilities.

Section 10. Motorists' Vision to Remain Unobstructed. Declarant shall have the right, but not the obligation, to remove or require the removal of any fence, wall, hedge, shrub, bush, tree or other thing, natural or artificial, placed or located on any Lot, if the location of same will, in the sole judgment and opinion of Declarant, obstruct the vision of the motorist upon any of the streets.

Section 11. Signs. No sign of any character shall be displayed or placed on any Lot except "FOR RENT" or "FOR SALE" signs which shall be no larger than four (4') feet square or one small sign used to denote the name and address of the resident, which sign may refer only to the particular premises on which displayed and shall be of materials, size, height and design approved by Declarant. Declarant may enter upon any Lot and summarily remove any signs which do meet the provisions of this paragraph. Nothing contained in the Declaration shall prevent Declarant or any person designated by Declarant from erecting or maintaining such commercial and display signs as Declarant deems appropriate and such temporary dwellings, model houses and other structures as Declarant may deem advisable for development purposes.

Section 12. Aerials and Antennas. No radio or television aerial or antenna or any other exterior electronic or electrical equipment or devices of any kind shall be installed or maintained on the exterior of any structure or any Lot unless and until the location, size and design thereof shall have been approved by Declarant. As a general rule, antennas and other electronic equipment will be approved if installed in a manner that is not visually offensive. No dish or satellite antenna will be permitted except in locations out of the site of any street unless the Owner can demonstrate that all such locations result in interference with reception. No such equipment will be approved or permitted to remain if it causes interference with neighboring electronic systems.

Section 13. Pets. Not more than two (2) dogs, two (2) cats, two (2) birds (excluding parrots), two (2) rabbits or any combination of two thereof, may be kept on a Lot for the pleasure and use of the occupants, but not for any commercial or breeding use. If, in the sole opinion of Declarant, the animal or animals are dangerous or are an annoyance or nuisance or destructive of

wildlife they may not hereafter be kept on the Lot. In no event whatsoever shall pit bull dogs be allowed on the Property. Birds and rabbits shall be kept caged at all times. All pets must be held or kept leashed at all times if they are in the Common Areas and pet owners shall immediately collect and properly dispose of the waste and litter of their pets. The Association reserves the right to limit those parts of the Common Areas where pets may be walked and to make reasonable rules and regulations restricting the number and type of pets that may be kept on any Lot.

Section 14. No Offensive Activities and Conditions. No illegal, noxious or offensive activity shall be permitted on any part of the Property, nor shall anything be permitted or done which is or may become a nuisance or a source of embarrassment, discomfort or annoyance to the neighborhood. No trash, garbage, rubbish or debris shall be deposited or allowed to accumulate or remain outside a receptacle on any part of the Property or on any contiguous land. No fires for burning trash, leaves, clippings or other debris shall be permitted on any part of the Property, including street rights-of-way. Landscapings are to be neatly trimmed, weeded and maintained. Lawn grass shall not exceed ten (10") inches in height.

Section 15. No Parking of Vehicles, Boats, Etc. No recreational or other vehicles of any kind, including, but not limited to, any mobile home, trailer (either with or without wheels), motor home, tractor, car, truck, commercial vehicles of any type, camper, motorized camper or trailer, motorcycle, motorized bicycle, motorized go-cart, boats or any other objects may be kept or parked between the street and the residential structures or in the side yards. All such objects shall be completely screened inside a garage or carport or within the rear yard concealed from view from any adjacent Lot or roadway. Private automobiles of guests of occupants may be parked in the driveways and other vehicles may be parked in the driveways during the times necessary for pickup and delivery service and solely for the purpose of such service. No trailer shall be kept on any Lot. No Owner or other occupant of any portion of the Property shall repair or restore any vehicle of any kind upon or within any Lot or within any portion of the Property except within enclosed garages or workshops.

Section 16. Air Conditioners. Unless the written approval of Declarant has been obtained, no window air conditioning units shall be installed in any side of a building which is visible from a street.

Section 17. Clothesline. No clothesline or other clothes drying facility shall be permitted on any Lot except in locations which are completely screened from public view.

Section 18. Storage of Fuel Tanks Garbage and Trash Receptacles. All above ground tanks, cylinders or containers for the storage of liquefied petroleum, gas or other fuel, garbage or trash shall be screened from view from adjacent Lots and any street.

Section 19. Insurance. Nothing shall be done or kept on any Lot or in the Common Areas which will increase the rate of insurance for the Property or any other Lot or the contents thereof without the prior written consent of the Association. No Owner shall permit anything to be done or kept on his/her Lot or in the Common Areas which will result in the cancellation of insurance on the Property or any other Lot, or the contents thereof, or which will be in violation of the law.

Section 20. Inspections. Owners shall allow the Board of Directors or the agents and employees of Declarant to enter any Lot for the purpose of maintenance, inspection, repair, replacement of the improvements within the yards or, in the case of emergency, for any purpose or to determine compliance with this Declaration.

Section 21. Resubdividing Lots Owned by Declarant. Declarant reserves the right to resubdivide or replat any Lot or Lots owned by it for any purpose whatsoever, including for rights-of-way for road purposes and easements.

Section 22. Resubdividing Undeveloped Lots. No Lot upon which a house has been constructed shall be further subdivided or separated into smaller Lots by any Owner; provided that this shall not prohibit corrective deeds or similar corrective instruments.

Section 23. Lakes. Only Declarant and the Association shall have the right to pump or otherwise remove any water from any lake or water body (together referred to herein as "lake") located within the Property or adjacent or near thereto for the purpose of irrigation or other use. No person shall be permitted to place any refuse in such lake. Declarant and 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, fowl, reptiles, animals, fish and fungi in and on such lakes. No gas or diesel driven boat shall be permitted to be operated on any lake. Lots which now are, or may hereafter be, adjacent to or include a portion of a lake ("lake parcels") shall be maintained by the Owner of such Lot with such grass, planting or other lateral support so as to prevent erosion of the embankment adjacent to the lake and the height, grade and contour of such embankment shall not be changed without the prior written consent of Declarant. The control of nuisance shoreline vegetation shall be the responsibility of the Association. In no event shall any Owner use herbicide within a Lot without the prior written approval of the Association. If the Owner of any lake parcel fails to maintain such parcel in accordance with the foregoing, the Association shall have the right, but no obligation, to enter upon any such lake parcel to perform such maintenance work which may be reasonably required, all at the expense of the Owner of such lake parcel. Reimbursement of such costs to the Association shall be collectable and enforceable in the same manner as assessments as more particularly set forth in Article IV hereof. Title to any lake parcel shall not include ownership of any riparian rights association therewith, which riparian rights shall remain the property of Declarant or Declarant's successors, assigns and designees. No docks, bulkheads or other structures shall be constructed on such embankments unless and until same have been approved by Declarant. The Association shall have the right to adopt reasonable rules and regulations from time to time in connection with the use of the surface waters of any lake within the Property. The Association shall have the right to deny such use to any person who in the opinion of the Board of Directors of the Association may create or participate in a disturbance or nuisance on any part of the surface waters of any such lake. All activities authorized, restricted or described by this section shall be in strict accordance with any and all of the statutes, rules, regulations, permits and restrictions more particularly described elsewhere in this Declaration.

ARTICLE VII

UTILITY EASEMENTS AND OTHER EASEMENTS

Section 1. Declarant shall have the unrestricted right, without the approval or joinder of any other person or entity, to designate the use and to alienate, release or otherwise assign the easements shown in the plat or described herein.

Section 2. Declarant reserves for itself and for the Association and its designees a ten (10') foot easement for the benefit of the Property, upon, across, over, through, under, along and parallel to each front and rear Lot line for ingress, egress, installation, replacement, repair and maintenance of the utility system for drainage, for police powers and for services supplied by either Declarant or the Association. By virtue of this easement, it shall be expressly permissible for Declarant and the Association to install and maintain facilities and equipment on the Property, to excavate for such purposes and to affix and maintain wires, circuits, pipes and conduits on and under the Lots following which Declarant or the Association, as applicable, shall restore the affected property to its original condition as nearly as practicable. This easement shall be in addition to rather than in place of any other recorded easements on the Property.

Section 3. Declarant hereby reserves for itself and for the Association and its designees a five (5') foot easement for the benefit of the Property upon, across, over, through, under, along and parallel to each side Lot line for access, ingress, egress installation, replacement, repair and

maintenance of the utility system for drainage, police powers and services supplied by either Declarant or the Association. By virtue of this easement, it shall be expressly permissible for Declarant and the Association to install and maintain facilities and equipment on the Property, to excavate for such purposes and to affix and maintain wires, circuits, pipes and conduits on and under the Lots, following which Declarant or the Association, as applicable, shall restore the affected property to its original condition as nearly as practicable. This easement shall be in addition to rather than in place of any other recorded easements on the Property.

Section 4. Declarant reserves for itself and for the Association and its designees a blanket easement and right on, over and under the ground within the Property to maintain and correct drainage of surface water and other erosion controls in order to maintain reasonable standards of health, safety and appearance. Said right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of soil, take up pavement or to take any other similar action reasonably necessary, following which Declarant or the Association, as applicable, shall restore the affected property to its original condition as nearly as practicable. Declarant or the Association shall give reasonable notice of intent to take such action to all affected owners unless, in the opinion of Declarant or the Association, an emergency exists which precludes such notice. The right granted hereunder may be exercised at the sole option of Declarant or the Association and shall not be construed to obligate Declarant or the Association to take any affirmative action in connection therewith.

Section 5. To the extent that any improvements constructed by Declarant on or, if any Lot encroaches on any other Lot or Common Area, whether by reason of any deviation from the subdivision plat(s) of the Property or by reason of the settling or shifting of any land or improvements a valid easement for such encroachment and the maintenance thereof shall exist. Upon the termination of such an encroachment, the easement created in this Section 5 shall also terminate.

Section 6. Declarant hereby reserves for itself and for the Association an alienable and releasable easement over and across certain tracts located at the entry way of Secret Harbor for access, ingress and egress for the purposes of improvement, maintenance and repairs of all landscaping and signage. Further, Declarant reserves for itself and the Association a ten (10') foot easement running along and parallel to the road and running along and parallel to all boundary lines of the plat for access to and construction, maintenance and repair of signs, landscaping; walls, fences, planters and other improvements currently existing or hereafter made or constructed by Declarant or the Association.

ARTICLE VIII

AGENCY PERMITS

Section 1. Compliance and Restrictions. The Property was or will be developed in accordance with requirements of Permit Number 40-019-82167-1 issued by the St. Johns River Water Management District ("SJRWMD"). The permits owned by the Association and the Association has the obligation to assure that all terms and conditions thereof are enforced. The Association shall have the right to bring an action, at law or in equity, against an Owner violating such permit.

Provided, however, any Owner owning a Lot which contains or is adjacent to jurisdictional wetlands or conservation areas as established by the SJRWMD, shall, by acceptance of title to the Lot, be deemed to have assumed the obligation to comply with the requirements of the foregoing permits as such relates to its Lot.

Except as required or permitted by the aforementioned permit issued by SJRWMD, no Owner shall alter, fill, dredge, place sod or excavate, or perform similar activities on any portion of their respective Lots, unless and until such activity is authorized by or exempt from the

requirements of SJRWMD.

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

Section 2. Enforcement. Notwithstanding any other provisions contained elsewhere in this Declaration, the SJRWMD shall have the rights and powers enumerated in this paragraph. The SJRWMD shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the Stormwater Management System and/or jurisdictional lands subject to the regulation of the SJRWMD. Any repair or reconstruction of the Stormwater Management System shall be as permitted, or if modified, as approved by the SJRWMD. Any amendment to this Declaration which alters the Stormwater Management System beyond maintenance in its original condition, including the water management portions of the common property, must have prior written approval of the SJRWMD. In the event that the Association is dissolved, prior to such dissolution all responsibility relating to the Stormwater Management System and the permits must be assigned to and accepted by an entity approved by the SJRWMD.

ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement. The Association or any Owner shall have the right to enforce by any proceeding at law or in equity all restrictions conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods often (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Lot Owners and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners. Any amendment must be recorded. Any amendment to the Declaration which alters any provision relating to the surface water or Stormwater Management System, beyond maintenance in its original condition, including the water management portions of the Common Areas, must have the prior approval of the St. Johns River Water Management District. Subject to the foregoing, Declarant specifically reserves the absolute and unconditional right, so long as it owns any of the Property, to amend this Declaration without the consent or joinder of any party to (i) conform to the requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or any other generally recognized institution involved in the purchase and sale of home loan mortgages, or (ii) to conform to the requirements of institutional mortgage lender(s) or title insurance company(s), or (iii) to perfect, clarify or make internally consistent the provisions herein, or (iv) to conform to the requirements of the St. Johns River Water Management District, City of Jacksonville and/or Private Utility Company. Also subject to the foregoing, Declarant reserves the right to amend this Declaration in any other manner without the joinder of any party until the termination of Class B membership so long as (1) the voting power of existing members is not diluted thereby, (ii) the assessments of existing owners are not increased except as may be expressly provided for herein, and (iii) no owner's right to the use and enjoyment of his/her Lot or the Common Area is

materially and adversely altered thereby, unless such owner has consented thereto.

Section 4. Annexation. Declarant may, but shall not be obligated to, subject additional land to this Declaration (or to the assessment provisions of this Declaration) from time to time. Addition of lands to this Declaration shall be made and evidenced by filing in the public records of Clay County, Florida, a Supplementary Declaration executed by Declarant and the owner of the lands to be added. Declarant reserves the right to so supplement this Declaration to add land to the scheme of this Declaration (or its assessment provisions) pursuant to the foregoing provisions without the consent or joinder of any Owner or mortgagee of land within the Property.

Section 5. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: (i) annexation of additional properties, (ii) dedication of Common Area, and (iii) amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein has hereunto set its hand and seal this 3rd day of December, 2002

DECLARANT

D.S. WARE HOMES OF FLORIDA, INC.

By:

Karen T. Chappell
Print Name: KAREN T. CHAPPELL
Its: VICE PRESIDENT

Witnesses:

Name printed:

JOLEEN ESQUIERDO

Name printed:

TERRIL CROFT

STATE OF FLORIDA}
COUNTY OF DUVAL}

The foregoing instrument was acknowledged before me this 3rd day of December, 2002, KAREN T. CHAPPELL the VICE PRESIDENT, on behalf of D.S. Ware Homes of Florida, Inc., a Florida corporation.

Joleen Esquiedo
NOTARY PUBLIC

State of Florida at Large

My Commission Expires:

Personally known

or Produced I.D.

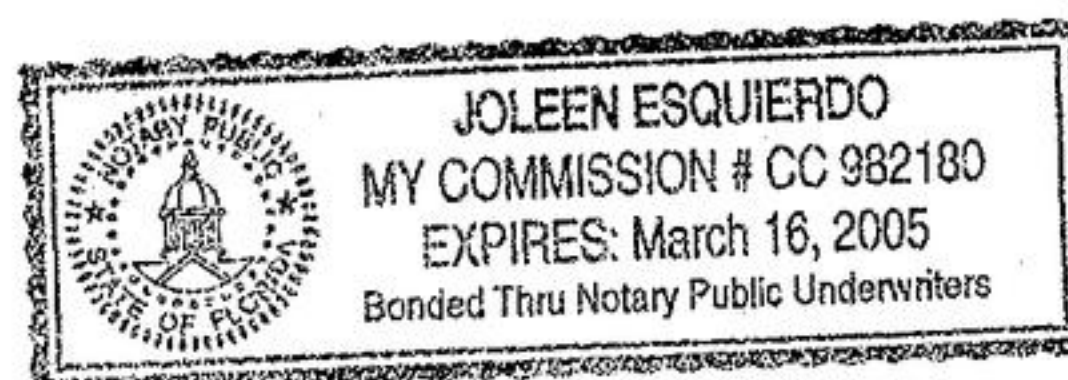


Exhibit "A"

*Lots 1 through 41, **SECRET HARBOR**, according to plat thereof recorded in
Plat Book 39, pages 17, 18 and 19, of the public records of Clay County, Florida.*

ARTICLES OF INCORPORATION
OF
SECRET HARBOR OF CLAY COUNTY HOMEOWNERS ASSOCIATION, INC.
(a corporation not-for-profit)

I. NAME AND DEFINITIONS.

The name of this corporation shall be Secret Harbor of Clay County Homeowners Association, Inc. All defined terms contained in these Articles shall have the same meanings as such terms are defined by the Declaration of Covenants and Restrictions for Secret Harbor to be recorded in the current public records of Clay County, Florida (the "Declaration").

II. PRINCIPAL OFFICE AND MAILING ADDRESS.

The location of the corporation's principal office and its mailing address shall be 2931 Plummer Cove Road, Jacksonville, Florida 32223, or at such other place as may be established by resolution of the Association's Board of Directors from time to time.

III. PURPOSES.

The general nature, objects and purposes of the Association are:

A. To promote matters of common interest and concern of the Owners of property within Secret Harbor.

B. To own, maintain, repair and replace the Common Area, including without limitation the streets, street lights, landscaping, structures, and other improvements located thereon, for which the obligation to maintain and repair has been delegated to and accepted by the Association.

C. To operate, maintain and manage the Surface Water or Stormwater Management System in a manner consistent with the St. Johns River Water Management Permit No.40-019-82167-1 and applicable District rules, and to assist in the enforcement of the requirements, restrictions and covenants contained therein.

D. To cooperate with other associations responsible for administration of adjacent or contiguous properties in matters of common interest to the Association and such other associations and to contribute to such common maintenance interests whether within or without the Property.

E. To provide, purchase, acquire, replace, improve, maintain, operate and repair such buildings, structures, landscaping, paving and equipment, and to provide such other services for the benefit of the members of the Association, as the Board of Directors in its discretion determines necessary, appropriate, and/or convenient.

F. To operate without profit for the sole and exclusive benefit of its Members.

G. To perform all of the functions contemplated for the Association and undertaken by the Board of Directors pursuant to the terms and conditions of the Declaration.

IV. GENERAL POWERS.

The general powers that the Association shall have are as follows:

A. To hold funds solely and exclusively for the benefit of the Members for purposes set forth in these Articles of Incorporation.

B. To promulgate and enforce rules, regulations, bylaws, covenants, restrictions and agreements to effectuate the purposes for which the Association is organized.

C. To delegate power or powers where such is deemed in the interest of the Association.

D. To purchase, lease, hold, sell, mortgage or otherwise acquire or dispose of real or personal property, to enter into, make, perform or carry out contracts of every kind with any person, firm, corporation or association; to do any and all acts necessary or expedient for carrying on any and all of the activities and pursuing any and all of the objects and purposes set forth in the Declaration and these Articles of Incorporation and not forbidden by the laws of the State of Florida.

E. To fix assessments to be levied against all or any portion of the Property to defray expenses and costs of effectuating the objects and purposes of the Association and to create reasonable reserves for such expenditures, and to authorize its Board of Directors to enter into agreements with other property owner's associations or maintenance entities for the collection of such assessments. The foregoing shall include the power to levy and collect adequate assessments against the Members for the costs of maintenance and operation of the Surface Water or Stormwater Management System. Such assessments shall be used for the maintenance and repair of the Surface Water or Stormwater Management System, including but not limited to, work within retention areas, drainage structures and drainage easements.

F. To charge recipients for services rendered by the Association and the users of the Association property where such is deemed appropriate by the Board of Directors of the Association and permitted by the Declaration.

G. To pay taxes and other charges, if any, on or against property owned, accepted, or maintained by the Association.

H. To borrow money and, from time to time, to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed, or in payment for property acquired, or for any of the other purposes of the Association, and to secure the payment of such obligations by mortgage, pledge, or other instrument of trust, or by

lien upon, assignment of or agreement in regard to all or any part of the property rights or privileges of the Association wherever situated.

I. To merge with any other association which may perform similar functions located within the same general vicinity of the Property.

J. In general, to have all powers conferred upon a corporation by the laws of the State of Florida, except as prohibited herein and by the terms and conditions set forth in the Declaration.

V. MEMBERS.

The Members ("Members") shall consist of the Developer, and all other Owners of Lots located within the Property. Membership in the Association is appurtenant to, and inseparable from, ownership of a Lot.

VI. VOTING AND ASSESSMENTS.

A. The Association shall have two classes of voting membership as follows:

1. Class A Membership. The Class A Members shall be all Owners, with the exception of the Developer, and shall be entitled to one (1) vote for each Lot owned.

2. Class B Membership. The Class B Member shall be the Developer who shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A Membership equals the total votes in the Class B Membership;

(ii) On July 1, 2008;

(iii) Such earlier date as the Developer may choose to terminate the Class B Membership upon notice to the Association.

B. When one or more persons or entities holds an interest or interests in any Lot or other portion of the Property, all such persons shall be Members, and the vote(s) for such portions of the Property shall be exercised as they among themselves shall determine. The votes for any Lot, or other portion of the Property cannot be divided for any issue and must be voted as a whole, except where otherwise required under the provisions of these Articles, the Declaration, or by law. The affirmative vote of a majority of the votes allocated to the Members cast at any meeting of the Members duly called at which a quorum is present, or cast by written ballot by a quorum of the membership, shall be binding upon the Members and the Association.

C. The Association will obtain funds with which to operate by assessment of its Members in accordance with the provisions of the Declaration, as supplemented by the provisions of the Articles and Bylaws of the Association relating thereto.

VII. BOARD OF DIRECTORS.

A. The affairs of the Association shall be managed by a Board of Directors consisting of at least two (2) Directors. Directors need not be members of the Association and need not be residents of the State of Florida. For so long as the Class B Membership shall exist, the Developer shall have the right to appoint all of the Directors. Following termination of the Class B Membership, Directors shall be elected as herein provided.

B. Elections shall be by plurality vote. At the first annual election of the Board of Directors, the terms of office of the elected Director receiving the highest number of votes shall be established at two (2) years. The other Directors shall be elected for terms of one (1) year each. Thereafter, as many Directors shall be elected and appointed, as the case may be, as there are regular terms of office of Directors expiring at such time; and the term of each Director so elected or appointed at each annual election shall be for two (2) years expiring at the second annual election following their election, and thereafter until their successors are duly elected and qualified, or until removed from office with or without cause by the affirmative vote of a majority of the Members which elected or appointed them. In no event can a Board member appointed by the Developer be removed except by action of the Developer. Any Director appointed by the Developer shall serve at the pleasure of the Developer, and may be removed from office, and a successor Director may be appointed, at any time by the Developer.

C. The names and addresses of the members of the first Board of Directors who shall hold office until the first annual meeting of the Members and until their successors are elected or appointed and have qualified, are as follows:

Karen Chappell
2931 Plummer Cove Road
Jacksonville, Florida 32223

Glen Reynolds
2931 Plummer Cove Road
Jacksonville, Florida 32223

VIII. OFFICERS.

A. The Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two (2) or more offices, may be held by the same person except the offices of President and Secretary. Officers shall be elected for one (1) year terms in accordance with the procedure set forth in the Bylaws. The names of the officers who are to manage the affairs of the Association until the first annual meeting of the Members and until their successors are duly elected and qualified are:

President

Karen Chappell

Vice President/Treasurer

Secretary

Glen Reynolds

IX. **CORPORATE EXISTENCE.**

The Association shall have perpetual existence. These Articles shall become effective upon filing as prescribed by law.

X. **BYLAWS.**

The Board of Directors shall adopt Bylaws consistent with these Articles. Such Bylaws may be altered, amended, or repealed by resolution of the Board of Directors.

XI. **AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS.**

These Articles may be altered, amended or repealed upon the affirmative vote of Members holding not less than two-thirds (2/3) of the total votes allocated to the Members pursuant to these Articles.

XII. **INCORPORATOR.**

The name and address of the Incorporator is as follows:

Karen Chappell
2931 Plummer Cove Road
Jacksonville, Florida 32223

XIII. **INDEMNIFICATION OF OFFICERS AND DIRECTORS.**

A. To the extent allowed by law, the Association hereby indemnifies any Director or officer made a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding:

1. Whether civil, criminal, administrative, or investigative, other than one by or in the right of the Association to procure a judgment in its favor, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capacity as a Director or officer of the Association or as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action, suit or proceeding or any appeal thereof, if such person acted in good faith in the reasonable

belief that such action was in the best interests of the Association, and in criminal actions or proceedings, without reasonable grounds for belief that such action was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or a plea of nolo contendere or its equivalent shall not in itself create a presumption that any such Director or officer did not act in good faith in the reasonable belief that such action was in the best interest of the Association or that he had reasonable grounds for belief that such action was unlawful.

2. By or in the right of the Association to procure a judgment in its favor by reason of his being or having been a Director or officer of the Association, or by reason of his being or having been a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against the reasonable expenses including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein if such person acted in good faith in the reasonable belief that such action was in the best interest of the Association. Such person shall not be entitled to indemnification in relation to matters to which such person has been adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the Association unless, and only to the extent that, the court, administrative agency, or investigative body before which such action, suit or proceeding is held shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such tribunal shall deem proper.

B. The Board of Directors shall determine whether amounts for which a Director or officer seek indemnification were properly incurred and whether such Director or officer acted in good faith in a manner he reasonably believed to be in the best interests of the Association, and whether, with respect to any criminal action or proceeding, he had no reasonable ground for belief that such action was unlawful. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding.

C. The foregoing rights of indemnification shall not be deemed to limit in any way the powers of the Association to indemnify under applicable law.

XIV. TRANSACTION IN WHICH DIRECTORS OR OFFICERS ARE INTERESTED.

A. No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or in which they have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose. All such contracts or transactions shall, however, be fair and reasonable and upon terms reasonably comparable to those which could be obtained in arms-length transactions with unrelated entities. No Director or Officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.

B. Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

XV. DISSOLUTION OF THE ASSOCIATION.

A. Upon dissolution of the Association, all of its assets remaining after provisions for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

1. Dedication to any applicable municipal or other governmental authority of any property determined by the Board of Directors of the Association to be appropriate for such dedication and which the authority is willing to accept.

2. If no municipal or governmental authority will accept such dedication, the assets shall be distributed among the Members, subject to the limitation set forth below, each Member's share of the assets to be determined by multiplying such remaining assets by a fraction the numerator of which is all amounts assessed by the Association since its organization against the portion of Property which is owned by the Member at that time, and the denominator of which is the total amount (excluding penalties and interest) assessed by the Association against all properties which at the time of dissolution are part of the Property. The year of dissolution shall count as a whole year for purposes of the preceding fractions.

B. The Association may be dissolved upon a resolution to that effect being approved by a majority of the Board of Directors and by two-thirds (2/3) of the Members. In the event of incorporation by annexation or otherwise, of all or part of the Property by a political subdivision of the State of Florida, the Association may be dissolved in the manner set forth above.

C. In no event shall the Association be dissolved, and any attempt to do so shall be ineffective, unless and until maintenance responsibility for the Surface Water or Stormwater Management System and discharge facilities located within the Property is assumed by an entity acceptable to the St. Johns River Water Management District, Florida Department of Environmental Regulation, or other governmental authority having jurisdiction, pursuant to the requirements of Rule 40C-42.027, Florida Administrative Code, or other administrative regulation of similar import.

XVI. MERGERS AND CONSOLIDATIONS.

Subject to the provisions of the Declaration applicable to the Property and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall be approved in the manner provided by Chapter 617, Florida Statutes as the same may be amended from time to time, and provided that prior to any merger or consolidation, the responsibility for the operation and maintenance of the stormwater management system be

transferred to and accepted by an entity which would comply with Section 40C-42.027, Florida Administrative Code. Said entity shall be acceptable to the District as defined in Section 40C-42.027. For purposes of any vote of the Members required pursuant to said statutes, for so long as the Developer shall own any portion of the Property, any such merger or consolidation shall require the Developer's prior approval.

For so long as the Class B Membership shall exist, the following actions shall require the prior approval of the Federal Department of Housing and Urban Development ("HUD") and the Veteran's Administration ("VA"): annexation of additional properties, mergers and consolidations of the Association, mortgaging of the Common Area, dissolution of the Association, and amendment of these Articles of Incorporation.

IN WITNESS WHEREOF, the Incorporator has hereto set his hand and seal this 3rd day of December, 2002.

Signed, sealed and delivered
in the presence of:

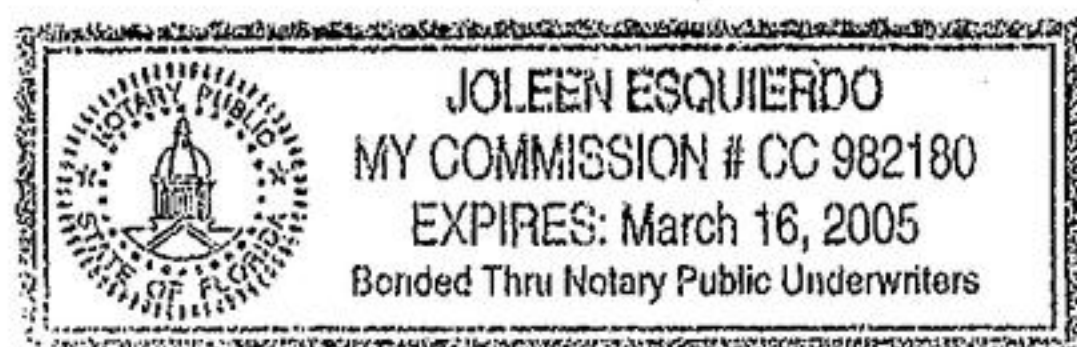
[Signature]
(Print or Type Name) **JOLEEN ESQUIERDO**

[Signature]
Karen Chappell
Incorporator

[Signature]
(Print or Type Name) **TERRI L. CROFT**

STATE OF FLORIDA }
 }SS
COUNTY OF DUVAL }

The foregoing instrument was acknowledged before me this 3rd day of December, 2002, by Karen Chappell, the Incorporator of **SECRET HARBOR OF CLAY COUNTY HOMEOWNERS ASSOCIATION, INC.**, on behalf of the corporation.



(Print Name) [Signature]
NOTARY PUBLIC **JOLEEN ESQUIERDO**
State of Florida at Large
Commission # _____
My Commission Expires: _____
Personally Known
or Produced I.D. _____
[check one of the above]
Type of Identification Produced _____

IN COMPLIANCE WITH SECTION 617.0501, FLORIDA STATUTES, THE FOLLOWING IS SUBMITTED:

SECRET HARBOR OF CLAY COUNTY HOMEOWNERS ASSOCIATION, INC., DESIRING TO ORGANIZE UNDER THE LAWS OF THE STATE OF FLORIDA WITH ITS PRINCIPAL PLACE OF BUSINESS AT 2931 PLUMMER COVE ROAD, JACKSONVILLE, FLORIDA 32223, HAS NAMED KAREN CHAPPELL WHOSE ADDRESS IS 2931 PLUMMER COVE ROAD, JACKSONVILLE, FLORIDA 32223, AS ITS REGISTERED AGENT TO ACCEPT SERVICE OF PROCESS WITHIN THE STATE OF FLORIDA. SAID REGISTERED AGENT'S ADDRESS IS THE CORPORATION'S REGISTERED OFFICE.

SECRET HARBOR OF CLAY COUNTY
HOMEOWNERS ASSOCIATION, INC.

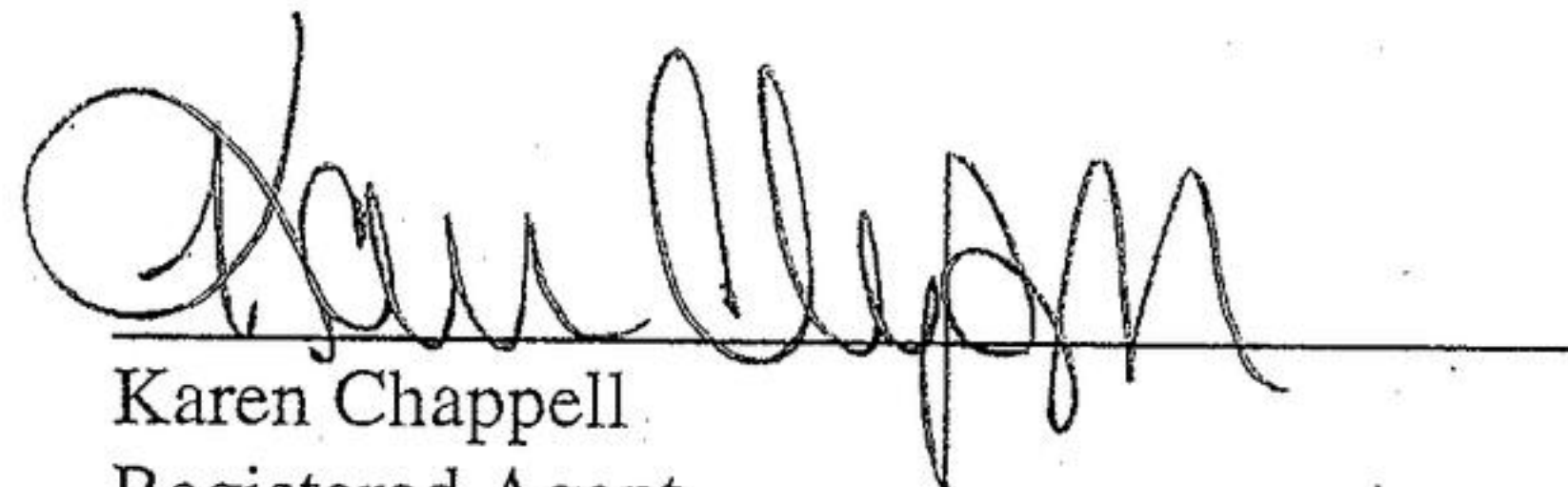
By: 

Karen Chappell

Incorporator

Dated: Dec. 3, 2002

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



Karen Chappell
Registered Agent

Dated: Dec. 3, 2002

EXHIBIT "C"

BYLAWS
OF
SECRET HARBOR OF CLAY COUNTY
HOMEOWNERS ASSOCIATION, INC.

I. DEFINITIONS.

All defined terms contained herein which are defined in the Declaration of Covenants and Restrictions for Secret Harbor ("Declaration") to be recorded in the public records of Clay County, Florida, and in the Articles of Incorporation of the Association, shall have the same meanings as such terms are defined in the Declaration and Articles of Incorporation.

II. LOCATION OF PRINCIPAL OFFICE.

The office of the Secret Harbor of Clay County Homeowners Association, Inc. ("Association") shall be at 2931 Plummer Cove Road, Jacksonville, Florida 32223, or at such other place as may be established by resolution of the Board of Directors of the Association from time to time.

III. VOTING RIGHTS AND ASSESSMENTS.

A. Every person or entity who is a record fee simple owner of a Lot or any other portion of the Property, and the Developer as long as it owns any Property subject to the Declaration, shall be a member of the Association (the "Members") as provided in the Articles of Incorporation of the Association, and shall have the voting rights as set forth in the Articles of Incorporation, provided that any such person or entity who holds such interest only as a security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to, and may not be separated from, ownership of any parcel within the Property.

B. Assessments and installments thereon not paid when due shall bear interest from the date when due until paid at the highest lawful rate and shall result in the suspension of voting privileges during any period of such non-payment.

IV. BOARD OF DIRECTORS.

A. A majority of the Board of Directors of the Association (the "Board") shall constitute a quorum to transact business at any meeting of the Board, and the action of the majority present at a meeting at which a quorum is present shall constitute the action of the Board.

B. Any vacancy occurring on the Board because of death, resignation or other termination of services of any Director, shall be filled by the Board, except that the Developer, to the exclusion of other Members and/or the Board itself, shall fill any vacancy created by the death, resignation, removal or other termination of services of any Director appointed by the Developer. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office and thereafter until his successor shall have been elected or appointed, and qualified.

V. ELECTION OF DIRECTORS.

A. Nominations for the election of Board members (other than Board members appointed by the Developer) shall be made by the Nominating Committee described in Article IX hereof, or upon petition in accordance with Section C. of this Article V. The Nominating Committee shall make as many nominations as it shall in its discretion determine.

B. The Developer shall, within fourteen (14) days of the date set for the annual meeting of the Association, notify the Secretary of the names of the Directors that such Owner is appointing to the Board.

C. Petitions for nominees shall also be accepted if signed by Members representing one-third (1/3) of the total votes held by the Class A Members, and if received by the Secretary of the Association not less than thirty (30) days prior to the date fixed for the annual meeting of the Members. Nominations and notification of the vacancies being filled by the Developer shall be placed on the written ballot referenced in Section D of this Article V.

D. All elections to the Board shall be made on written ballots to be voted at the annual meeting, or in the discretion of the Board, by mail, provided such ballots are mailed to the Members not less than fifteen (15) days prior to the date fixed for the annual meeting. The ballots shall (i) describe the vacancies to be filled by the Class A Members, (ii) set forth the names of those nominated for each such vacancy, and (iii) set forth the names of those appointed to the Board by the Developer. Each Member may cast the number of votes to which such Member is entitled as set forth in the Articles of Incorporation.

E. In order for an election of members of the Board to be valid and binding, the election must occur at a meeting of the Members at which a quorum is present; or if the election is conducted by mail, the Association must receive as of the date established by the Board for receipt of ballots, a number of ballots representing not less than a quorum of the Members.

F. The members of the Board elected or appointed in accordance with the procedures set forth in this Article V shall be deemed elected or appointed as of the date of the annual meeting of the Members.

VI. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

A. The Board of Directors shall have power:

1. To call meetings of the Members.
2. To appoint and remove at its pleasure all officers, agents and employees of the Association; and to prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.

3. To establish, levy and assess, and collect the annual and special assessments necessary to operate the Association and carry on its activities, and to create such reserves as may be deemed appropriate by the Board.

4. To collect assessments on behalf of any other property owners association entitled to establish, levy and collect assessments from the Members of the Association.

5. To appoint committees, adopt and publish rules and regulations governing the use of the Common Areas or any portion thereof and the personal conduct of the Members and their guests thereon, including reasonable admission charges if deemed appropriate.

6. To authorize and cause the Association to enter into contracts for the day-to-day operation of the Association and the discharge of its responsibilities and obligations.

7. To cause the financial records of the Association to be compiled, reviewed, or audited by an independent certified public accountant at such periodic intervals as the Board may determine in its sole discretion.

8. To exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to Members in the Declaration or the Articles of Incorporation of the Association.

B. It shall be the duty of the Board of Directors:

1. To cause to be kept a complete record of all of its acts and corporate affairs.

2. To supervise all officers, agents and employees of this Association to insure that their duties are properly performed.

3. With reference to assessments of the Association:

(i) To fix the amount of annual assessments against each Class A Member for each annual assessment period at least thirty (30) days in advance of such date or period;

(ii) To prepare and maintain a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member; and

(iii) To send written notice of each assessment to every Member subject thereto.

VII. DIRECTORS MEETINGS.

A. Regular meetings of the Board shall be held on such date and at such time as the Board may establish. Notice of such meetings is hereby waived.

B. Special meetings of the Board shall be held when called by the President or Vice President of the Association or by any two (2) Directors, after not less than three (3) days notice to each Director.

C. Meetings of the Board of Directors shall be open to all Members and notices of meetings shall be posted in a conspicuous place within the Property at least forty-eight (48) hours in advance, except in an emergency. Notice of any meeting of the Board of Directors during which assessments are to be established, shall specifically contain a statement that the assessments shall be considered and a statement of the nature of such assessments.

D. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present and, if either before or after the meeting, each of the Directors not present signs a waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records of the Association and made a part of the minutes of the meeting.

VIII. OFFICERS.

A. The Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as may be determined from time to time by the Board, in accordance with the Articles of Incorporation of the Association. The President shall be a member of the Board, but the other Officers need not be.

B. The Officers of the Association shall be elected by the Board at the annual meeting of the Board, which shall be held immediately following the annual meeting of the Association. New offices may be created and filled at any meeting of the Board. Each Officer shall hold office until his successor shall have been duly elected.

C. A vacancy in any office because of death, resignation, or other termination of service, may be filled by the Board for the unexpired portion of the term.

D. All Officers shall hold office for terms of one (1) year.

E. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments.

F. The Vice President, or the Vice President so designated by the Board if there is more than one Vice President, shall perform all the duties of the President in his absence. The Vice President(s) shall perform such other acts and duties as may be assigned by the Board.

G. The Secretary shall be ex officio the secretary of the Board, and shall record the votes and keep the minutes of all meetings of the Members and of the Board of Directors in a book to be kept for that purpose. The Secretary shall keep all records of the Association and shall record in the

book kept for that purpose all the names of the Members of the Association together with their addresses as registered by such members.

H. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board, provided however, that a resolution of the Board shall not be necessary for disbursement made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer may, but need not, be a required signatory on checks and notes of the Association.

I. The Treasurer, or his appointed agent, shall keep proper books of account and cause to be prepared at the completion of each fiscal year an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be open for inspection upon reasonable request by any Member.

J. With the approval of the Board of Directors, any or all of the Officers of the Association may delegate their respective duties and functions to a licensed and qualified property manager, provided, however, such property manager shall at all times be subject to the supervision and control of the Board of Directors.

IX. COMMITTEES.

A. The standing committees of the Association shall be the Nominating Committee and the Architectural Review Board. The Nominating Committee and Architectural Review Board shall have the duties, authority and functions as described in the Declaration and as elsewhere described in these Bylaws.

B. The Board shall have the power and authority to appoint such other committees as it deems advisable. Any committee appointed by the Board shall consist of a Chairman and two (2) or more other members and shall include a member of the Board. Committee members shall serve at the pleasure of the Board, and shall perform such duties and functions as the Board may direct.

X. BOOKS AND RECORDS.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association shall retain the minutes of all meetings of the Members and the Board of Directors for not less than seven (7) years.

XI. MEETINGS OF MEMBERS.

A. The annual meeting of the Members shall be held prior to April 30th of each year, at such time as the Board may designate, or at such other date and time as may be selected by the Board.

B. Special meetings of the Members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, by any two or more members of the Board

or upon the written request of Members holding a majority of all the votes allocated to the entire Membership.

C. Notice of all meetings of the Members shall be given to the Members by the Secretary. Notice may be given to the Member either personally or by sending a copy of the notice through the mail, postage fully prepaid, to his address appearing on the books of the Association. Each Member shall be responsible for registering his address and telephone number with the Secretary and notice of the meeting shall be mailed to him at such address. Notice of the annual meeting of the Members shall be delivered at least fourteen (14) days in advance. Notice of any other meeting, regular or special, shall be mailed at least seven (7) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve any action as governed by the Articles of Incorporation or the Declaration in which other notice provisions are provided for, notice shall be given or sent as therein provided.

D. The presence, in person or by proxy, of the Members holding not less than thirty percent (30%) of the total votes in the Association as established by the Articles of Incorporation, shall constitute a quorum of the Membership for any action governed by the Declaration, the Articles of Incorporation, or these Bylaws.

XII. PROXIES.

A. At all meetings of the Members, each Member may vote in person or by limited or general proxy.

B. All proxies shall be in writing and shall state the date of the proxy and the date, time and place of the meeting for which the proxy is given, and must be signed by the authorized Member giving the proxy. A proxy shall be effective only for the specific meeting for which it is given, as such meeting may be lawfully adjourned and reconvened from time to time. No proxy shall extend beyond a period of ninety (90) days from the date of the meeting for which it was originally given, and every proxy shall automatically cease upon the sale by the Member of his interest in the Property. All proxies shall be revocable at any time at the pleasure of the Member who executes same, and may include powers of substitution.

C. For elections of the Board of Directors, the Members shall vote in person or by proxy at a meeting of the Members, or by a written ballot that each Member personally casts.

XIII. SEAL.

The Association shall have a seal in circular form having within its circumference the words: Secret Harbor of Clay County Homeowners Association, Inc., not for profit, 2002.

XIV. AMENDMENTS.

These Bylaws may be altered, amended or rescinded by majority vote of the Board of Directors at a duly constituted meeting of the Board. Amendments shall be effective on the date of passage by the Board and no amendment need be recorded in the public records of Clay County,

Florida. For so long as the Class B Membership shall exist, HUD and VA shall have the right to veto amendments to these Bylaws.

XV. INCONSISTENCIES.

In the event of any inconsistency between the provisions of these Bylaws and the Declaration or Articles of Incorporation, the provisions of the Declaration and Articles of Incorporation shall control.

Adopted by the Board of Directors of
Secret Harbor of Clay County Homeowners Association, Inc.,
a Florida corporation, not-for profit effective

12/3/02, 2002

By:

A handwritten signature in cursive script, appearing to read "Glen Reynolds", written over a horizontal line.

Glen Reynolds, Secretary