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COPY

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND
EASEMENTS
FOR
RIVERWOOD BY DEL WEBB
COMMUNITY ASSOCIATION**

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THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS is made as of the 22nd day of June, 2007, by PULTE HOME CORPORATION, a Michigan corporation, which declares hereby that the "Property" described in Article 2 of this Declaration is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth.

Article 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions.

The following words when used in this Declaration (unless the context shall prohibit) shall have the following meanings:

- (a) "ACOE" shall mean the U.S. Army Corps of Engineers.
- (b) "Architectural Review Board" or "ARB" shall mean and refer to the committee of the Community Association responsible for performing the architectural review and approval functions set forth in Article 8 of this Declaration and in the Design Guidelines.
- (c) "Articles" or "Articles of Incorporation" mean the Articles of Incorporation of the Community Association, as amended from time to time. A copy of the initial Articles of Incorporation of the Community Association is attached hereto as **Exhibit "B"**.
- (d) "Assessments" shall mean and refer to the various forms of payment to the Community Association which are required to be made by Owners, as more particularly defined in Article 9 of this Declaration.
- (e) "Assessment Charges" means all Assessments currently owed by each Owner, together with any late fees, interest and costs of collection, including reasonable attorneys' fees.
- (f) "Board" or "Board of Directors" shall mean and refer to the duly constituted Board of Directors of the Community Association, from time to time.
- (g) "Bylaws" mean the Bylaws of the Community Association, as amended from time to time. A copy of the initial Bylaws of the Community Association is attached hereto as **Exhibit "C"**.
- (h) "CDD" or "Tolomato CDD" means the Tolomato Community Development District as described in Article 19.
- (i) "Common Property" shall mean and refer to the property described in **Exhibit "D"** attached hereto and made a part hereof, plus all property designated as Common Property in any future recorded supplemental declaration or deed of conveyance, together with the landscaping and any improvements thereon.
- (j) "Community" shall mean any and all land which is from time to time subjected to this Declaration. It is anticipated that the Riverwood by Del Webb Carriage Home Condominium Association, Inc. and Riverwood by Del Webb Monterey Condominium Association, Inc. will ultimately be part of the Community.
- (k) "Community Association" shall mean and refer to Riverwood by Del Webb Community Association, Inc.

(l) "Community Systems" shall mean and refer to any and all cable television, telecommunication, alarm/monitoring or other lines, conduits, wires, amplifiers, towers, antennae, equipment, materials, installations and fixtures (including those based on, containing or serving future technological advances not now known) installed by Developer or pursuant to any grant of easement or authority by Developer within the Property and serving more than one Lot and/or Unit.

(m) "Condominium Association" shall mean any association created or to be created to administer specific portions of the Property or common elements lying within such portions pursuant to a declaration of condominium affecting such portions of the Property. The initial Condominium Associations are Riverwood by Del Webb Carriage Home Condominium Association, Inc. and Riverwood by Del Webb Monterey Condominium Association, Inc.

(n) "Condominium Association Declaration" shall mean the Declaration of Condominium for Riverwood by Del Webb Carriage Home Condominium and the Declaration of Condominium for Riverwood by Del Webb Monterey Condominium, at such time as each declaration is recorded in the public records of St. Johns County.

(o) "County" shall mean and refer to St. Johns County, Florida.

(p) "Design Guidelines" shall mean and refer to the architectural design guidelines promulgated by the Developer and revised by the ARB and the Board of Directors from time to time.

(q) "Developer" shall mean and refer to PULTE HOME CORPORATION, a Michigan corporation, its successors and such of its assigns as to which the rights of Developer hereunder are specifically assigned. Developer may assign all or a portion of its rights hereunder, or all or a portion of such rights in connection with appropriate portions of the Property. In the event of such a partial assignment, the assignee shall not be deemed the Developer, but may exercise such rights of Developer specifically assigned to it. Any such assignment may be made on a nonexclusive basis. The rights of Developer under this Declaration are independent of the Developer's rights to control the Board of Directors of the Community Association, and, accordingly, shall not be deemed waived, transferred or assigned to the Owners, the Board or the Community Association upon the transfer of control of the Community Association.

(r) "Declaration" means this instrument and all exhibits attached hereto, as same may be amended from time to time.

(s) "DRI" means the Nocatee DRI described in Section 4.14.

(t) "Future Development Property" shall mean and refer to any property located adjacent or contiguous to the Property, any or all of which may, but none which shall be obligated to, be brought within the Property. NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE FUTURE DEVELOPMENT PROPERTY SHALL NOT BE DEEMED BURDENED BY THE TERMS AND CONDITIONS OF THIS DECLARATION UNLESS AND UNTIL SAME (OR ANY PORTION THEREOF) IS BROUGHT HEREUNDER BY A SUPPLEMENTAL DECLARATION DULY EXECUTED AND RECORDED IN THE PUBLIC RECORDS OF THE COUNTY.

(u) "Greenway Buffer" shall have the meaning set forth in Section 16.16.

(v) "Improvements" means any Unit and any and all horizontal or vertical alterations or improvements installed or constructed on Lots or the Property.

(w) "Initial Improvements" means the initial, original construction of Lots and Units and related Improvements and the initial landscaping upon the Lots constructed or installed by Developer.

(x) "Lot" shall mean and refer to an individual parcel of land within the Property which is shown as an individual lot on the various site plans (or similar plans) adopted by the Developer from time to time and, after the conveyance thereof by Developer to an Owner other than the Developer, the lot legally described in the deed of such conveyance.

(y) "Member" shall mean and refer to all those Owners who are Members of the Community Association as hereinafter provided, including, without limitation, the Developer.

(z) "Member's Permittees" shall mean and refer to the following persons and such persons' families (provided that the Owner or other permitted occupant must reside with his/her family): (i) an individual Owner(s), (ii) an officer, director, stockholder or employee of a corporate owner, (iii) a partner in or employee of a partnership owner, (iv) a fiduciary or beneficiary of an ownership in trust, or (v) occupants named or described in a lease or sublease, but only if approved in accordance with this Declaration. As used herein, "family" or words of similar import shall be deemed to include a spouse, children, parents, brothers, sisters, grandchildren and other persons permanently cohabiting the Unit as or together with the Owner or permitted occupant thereof. As used herein, "guest" or words of similar import shall include only those persons who have a principal Residence other than the Unit.

(aa) "Mortgage" means any bona fide first Mortgage encumbering a Lot or a Unit as security for the repayment of a debt obligation.

(bb) "Mortgagee" means any bank savings and loan association or other recognized institutional lender, and insurer or guarantor of Mortgages and any holder of Mortgages in the secondary market (including without limitation, the Federal Lot Loan Mortgage Corporation and the Federal National Mortgage Association), holding a Mortgage now or hereafter placed upon any Lot or Unit, including Developer, or its assignee.

(cc) "Neighborhood" means a group of Lots or portion of the Property which has as an appurtenance thereto the right to receive additional services or which are benefited by Improvements which do not benefit or service other Lots or portions of the Property. It is contemplated that there will initially be two Neighborhoods: the Lots containing 54' single family homes and the Lots containing 64' single family homes shall each constitute a Neighborhood. Any Lots or Property subjected to this Declaration after the date hereof may be designated as a Neighborhood in a Supplemental Declaration and shall be subject to Neighborhood Assessments to pay for the maintenance, repair or restoration of such Improvements or Services.

(dd) "Neighborhood Assessments" is defined in Section 8.3 of this Declaration.

(ee) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Unit situated upon or within the Property.

(ff) "Occupant" shall mean anyone who stays overnight in a Lot or Unit for at least ninety (90) days in a consecutive twelve (12) month period.

(gg) "Permits" means the permits, easements, and other approvals secured from various governmental agencies and regulatory bodies which govern the development of the Property including, without limitation, the Permits issued by the Florida Department of Environmental Protection, St. Johns River Water Management District, the Army Corps of Engineers, the U.S. Coast Guard and the Florida Department of Transportation.

(hh) "Property" shall mean and refer to all properties described in **Exhibit "A"** attached hereto and made a part hereof, and all additions thereto, now or hereafter made subject to this Declaration, except such as are withdrawn from the provisions hereof in accordance with the procedures set forth in this Declaration.

(ii) "PUD" means the Planned Unit Development described in Section 4.14.

(jj) "Residence" means any single family residential dwelling constructed or to be constructed on or within any Lot, whether detached or attached, together with any permitted appurtenant Improvements, including without limitation, garages, driveways, detached buildings, pools and patios, which have been approved by the ARB or Developer, as applicable.

(kk) "School Site" means the property described in Section 17.2.

(ll) "SJRWMD" shall mean the St. Johns River Water Management District.

(mm) "Stormwater Management System" shall mean a system which is designed, 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 to otherwise affect the quality and quantity of discharge from the system as permitted pursuant to Chapter 40C-4, 40C-40, or 40C-42, Florida Administrative Code.

(nn) "Supplemental Declaration" shall mean and refer to an instrument executed by the Developer (or the Community Association, if permitted by Section 2.4 hereof) and recorded in the Public Records of the County, for the purpose of adding to the Property, withdrawing any portion(s) thereof from the effect of this Declaration, designating a portion of the Property as Common Property or for such other purposes as are provided in this Declaration.

(oo) "Unit" shall mean and refer to any condominium unit in any building that may be erected on any lot of land within the Property, which land is designated by Developer by recorded instrument to be subject to this Declaration (and to the extent Developer is not the Owner thereof, then by Developer joined by the Owner thereof).

1.2 Interpretation.

The provisions of this Declaration and the Articles, Bylaws and the rules and regulations of the Community Association shall be liberally construed so as to effectuate the purposes herein expressed with respect to the efficient operation of the Community Association and the Property, the preservation of the values of the Lots and Units and the protection of Developer's rights, benefits and privileges herein contemplated.

**Article 2
PROPERTY SUBJECT TO THIS DECLARATION;
ADDITIONS AND WITHDRAWALS**

2.1 Legal Description.

The initial real property which shall be held, transferred, sold, conveyed and occupied subject to this Declaration is located in the County, and is more particularly described in **Exhibit "A"** attached hereto and made a part hereof, all of which real property (and all improvements thereto), together with additions thereto, but less any withdrawals therefrom, is herein referred to collectively as the "Property".

2.2 Supplements.

Developer may from time to time subject other land within the Future Development Property under the provisions of this Declaration by Supplemental Declarations (which shall not require the consent of then existing Owners, the Community Association or any Mortgagee other than that, if any, of the land intended to be added to the Property) and thereby add to the Property. To the extent that such additional real property shall be made a part of the Property, reference herein to the Property shall be deemed to be reference to all of such additional property where such reference is intended to include property other than that legally described above. Nothing herein, however, shall obligate Developer to add to the initial portion of the Property, to develop any such future portions under a common scheme, nor to prohibit Developer from rezoning and changing plans with respect to such future portions. A Supplemental Declaration, including without limitation, a declaration of condominium, may vary the terms of this Declaration by addition, deletion or modification so as to reflect any unique characteristics of a particular portion of the Property identified therein; provided, however, that no such variance shall be directly contrary to the uniform scheme of development of the Property.

2.3 Withdrawal.

Developer reserves the right to amend this Declaration unilaterally at any time, without prior notice and without the consent of any person or entity, for the purpose of removing certain portions of the Property (including, without limitation, Lots, Units and/or Common Property) then owned by the Developer or its affiliates or the Community Association from the provisions of this Declaration to the extent included originally in error or as a result of any changes whatsoever in the plans for the Property desired to be effected by the Developer; provided, however, that such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Property.

2.4 Lands Owned by Others.

From time to time the Developer may permit lands to be annexed which are owned by other persons. Any declaration or supplemental declaration which subjects lands owned by other persons, irrespective of whether such lands are part of the Future Development Property may be annexed provided that the Owner of such land and the Developer consent to such annexation.

Article 3

MEMBERSHIP AND VOTING RIGHTS IN THE COMMUNITY ASSOCIATION

3.1 Membership.

Every person or entity who is a record Owner of a fee interest in any Lot or Unit shall be a Member of the Community Association. Notwithstanding anything else to the contrary set forth in this Article, any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member of the Community Association.

3.2 Voting Rights.

The Community Association shall have such Members, who shall cast such votes, as are provided in the Articles of Incorporation of the Community Association.

3.3 Powers of the Community Association.

The Community Association shall have all the powers, rights and duties as set forth in this Declaration, the Articles and the Bylaws.

3.4 General Matters.

When reference is made herein, or in the Articles, Bylaws and rules and regulations, to a majority or specific percentage of Members, such reference shall be deemed to be reference to a majority or specific percentage of the votes of Members represented at a duly constituted meeting of their Members voting for them (i. e., one for which proper notice has been given and at which a quorum exists) and not of the Members themselves or of their Lots or Units.

Article 4 COMMON PROPERTY; EASEMENTS

4.1 Members' Easements.

Each Member, and each Member's Permittee, shall have a non-exclusive permanent and perpetual easement over and upon the Common Property for the intended use and enjoyment thereof in common with all other such Members, Member's Permittees, their agents and invitees, but in such manner as may be regulated by the Community Association. Without limiting the generality of the foregoing, such rights of use and enjoyment are hereby made subject to the following:

(a) The right and duty of the Community Association to levy assessments against each Lot or Unit for the purpose of maintaining the Common Property and any facilities located thereon in compliance with the provisions of this Declaration.

(b) The right of the Community Association to suspend the Member's (and the Member's Permittees') right to use the Common Property recreational facilities for any period during which any assessment against his Lot or Unit remains unpaid for more than forty-five (45) days until such assessment is made current.

(c) The right of the Community Association to charge reasonable admission and other fees for the use of recreational facilities situated on the Common Property.

(d) The right of the Community Association to adopt at any time and from time to time and enforce rules and regulations governing the use of the Common Property and all facilities at any time situated thereon, including the right to fine Members as hereinafter provided. Any rule and/or regulation so adopted by the Community Association shall apply until rescinded or modified as if originally set forth at length in this Declaration. Notwithstanding the foregoing, all proposed rules or regulations must be delivered to Members and Members shall have a ten (10) day comment period prior to such proposed rule or regulation being voted on by the Board of Directors of the Community Association.

(e) The right to the use and enjoyment of the Common Property and facilities thereon shall extend to all Members' Permittees, subject to regulation from time to time by the Community Association as set forth in its lawfully adopted and published rules and regulations.

(f) The right of Developer and the Community Association to permit such persons as Developer and the Community Association shall designate to use the Common Property.

(g) The right of Developer and the Community Association to have, grant and use blanket and specific easements over, under and through the Common Property.

(h) The right of the Community Association to grant easements and rights of way, dedicate or convey portions of the Common Property to any other association having similar functions, or any public or quasi-public agency, community development district or similar entity under such terms as the Community Association deems reasonably appropriate and to create or

contract with other associations within the Community for purposes deemed appropriate by the Community Association.

(i) The right of the Community Association to mortgage the Common Property with the consent of the Members holding two thirds (2/3) of the votes present in person or by proxy at a duly called meeting at which a quorum is present or by written approvals of Members holding two thirds of the total votes.

(j) The rights of the Developer to withdraw portions of the Common Property as provided in Section 2.3 above.

(k) The easements set forth in any recorded declaration affecting the Property subject to this Declaration.

4.2 Easements Appurtenant.

The easements provided in Section 4.1 shall be appurtenant to and shall pass with the title to each Lot or Unit, but shall not be deemed to grant or convey any ownership interest in the Common Property subject thereto.

4.3 Street Lights.

To the extent not maintained by Florida Power and Light, the Community Association shall be responsible for the operation, maintenance, repair or replacement of all street lighting fixtures, installations and equipment serving the Common Property (solely or primarily), even if same are located within the Common Property/elements owned or administered by a Condominium Association (and said fixtures, installations and equipment shall be deemed Common Property for the aforesaid purposes). Charges for electricity used by street lights shall be paid by the Community Association or Condominium Association, depending upon to which association's account such electricity is metered (as originally established by Developer or the applicable utility company).

4.4 Easements for Vehicular Traffic.

In addition to the general easements for use of the Common Property reserved herein, there shall be, and Developer hereby reserves and covenants for itself and all future Owners of Lots or Units within the Property, that each and every Owner, and Developer, shall have a non-exclusive easement appurtenant for vehicular traffic over all private streets (if any) within the Common Property. It is not anticipated that the Common Property will include any streets owned by the Community Association.

4.5 Utility Easements.

(a) Use of the Common Property for utilities, as well as use of the other utility easements as shown on any plats of the Property, shall be in accordance with the applicable provisions of this Declaration. Developer and its affiliates and its and their designees shall have a perpetual easement over, upon and under the Common Property and the unimproved portions of the Lots or Units for the installation, operation, maintenance, repair, replacement, alteration and expansion of utilities.

(b) Sonoc Company LLC (Developer's predecessor in title) has reserved for itself and its officers, employees, agents, invitees, contractors and subcontractors, and successors and assigns, easements over and across the Property for access to and installation and maintenance of utility lines and equipment, including, but not limited to, water, sewer, electric, gas, telephone, telecommunications lines and equipment serving Nocatee as a whole, or substantial portions of Nocatee, recognizing such services may apply to less than Nocatee as a whole to the extent service

territories are bifurcated by franchise or similar service boundaries. Sonoc Company LLC has also reserved the right unto itself and its successors and assigns, to the extent permitted by law, to select the service provider(s) of cable television, telephone, data and other telecommunications or information services for the Property, with the power to assign same to such service provider(s), over, across, under and through the Property and common areas for purposes of installing, maintaining, repairing, replacing and/or reconstructing all lines and facilities relating, directly or indirectly, to such services provided to the Property or to other adjacent communities. Each Owner hereby consents to any such determination of service made by Sonoc Company LLC, the results of which may include payment for such services to agreement through assessments levied against the Units and reservation of the right to require certain wiring specifications to be incorporated into Units or any facilities constructed upon the Property.

4.6 Drainage Easement.

Sonoc Company LLC has also reserved easements over all road systems and utility corridors and drainage ways within the Property sufficient to provide Sonoc access, utilities and stormwater facilities to benefit certain remaining property owned by Sonoc and to benefit the School Site (the "Takedown Easements"). Sonoc has reserved the right and easement to enter upon the Property for the purpose of completion of construction of any access, utility or stormwater facilities within the Takedown Easements.

4.7 Public Easements.

Fire, police, health and sanitation and other public service personnel and vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Common Property in the performance of their respective duties.

4.8 Encroachment.

If (a) any portion of the Common Property (or improvements constructed thereon) encroaches upon any other portion of a Lot or upon any Unit; (b) any portion of a Lot or Unit (or improvements constructed thereon) encroaches upon the Common Property; or (c) any encroachment shall hereafter occur as the result of (i) construction of any improvement; (ii) settling or shifting of any improvement; (iii) any alteration or repair to the Common Property (or improvements thereon) after damage by fire or other casualty or any taking by condemnation or eminent domain proceedings of all or any portion of any improvement or portion of the Common Property, then, in any such event, a valid easement is granted and shall exist for such encroachment and for the maintenance of the same so long as the structure causing said encroachment shall stand.

4.9 Pipes, Weirs, Ducts, Cables, Conduits, Public Utility Lines, Etc.

Each portion of the Lots, Units and the Common Property shall have an easement in common with all other portions thereof to use, maintain, repair, alter and replace all pipes, weirs, ducts, vents, cables, conduits, utility lines, and similar or related facilities located in the Lots, Units and Common Property and serving such portion thereof. Each portion of the Lots, Units and Common Property shall be subject to an easement in favor of all other portions thereof to use, maintain, repair, alter and replace the pipes, wires, ducts, vents, cables, conduits, utility lines and other similar or related facilities located in such portion of the Lots and Units and Common Property and serving other portions thereof.

4.10 Easements of Support.

Whenever any structure included in the Common Property adjoins any structure included in any other portion of the Property, each said structure shall have and be subject to an easement of support and necessity in favor of the other structure.

4.11 Construction and Sales.

The Developer (and its agents, employees, contractors, subcontractors and suppliers) shall have an easement of ingress and egress over and across the Common Property for construction purposes and to erect, maintain, repair and replace, from time to time, one or more signs on the Common Property for the purposes of advertising the sale or lease of property within the Riverwood Community. The Developer (and its agents, employees and invitees) shall have an easement to access and use the welcome center for marketing and sales activities related to the Riverwood Community and the Future Development Property.

4.12 Ownership.

The Common Property is hereby dedicated non-exclusively to the joint and several use, in common, of Developer and the Owners of all Lots and Units that may from time to time constitute part of the Property and all Member's Permittees and Developer's tenants, guests and invitees, all as provided and regulated herein or otherwise by the Community Association, subject to Section 2.3 hereof. The Common Property (or appropriate portions thereof) shall, upon the later of completion of the improvements thereon or the date when the last Lot or Unit within the Property (and the Future Development Property if then contemplated to be added to the Property by Developer, in Developer's sole and absolute opinion) has been conveyed to a purchaser (or at any time and from time to time sooner at the sole election of Developer), be conveyed by quit claim deed (free and clear of monetary liens and encumbrances, but subject to such reserved easements as Developer determines are necessary or convenient) to the Community Association, which shall be deemed to have automatically accepted such conveyance. Beginning from the date this Declaration is recorded, the Community Association shall be responsible for the maintenance, insurance and administration of such Common Property (whether or not then conveyed or to be conveyed to the Community Association), all of which shall be performed in a continuous and satisfactory manner without cost to the general taxpayers of the County. It is intended that any and all real estate taxes and assessments assessed against the Common Property shall be (or have been, because the purchase prices of the Lots and Units have already taken into account their proportionate shares of the values of the Common Property), proportionally assessed against and payable as part of the taxes of the applicable Lots and Units within the Property. However, in the event that, notwithstanding the foregoing, any such taxes are assessed directly against the Common Property, the Community Association shall be responsible for the payment (subject to protest or appeal before or after payment) of same, including taxes on any improvements and any personal property located thereon, which taxes accrue from and after the date this Declaration is recorded, and such taxes shall be prorated between Developer and the Community Association as of the date of such recordation.

Developer and its affiliates shall have the right from time to time to enter upon the Common Property and other portions of the Property (including, without limitation, Lots and Units) for the purpose of the installation, construction, reconstruction, repair, replacement, operation, expansion and/or alteration of any improvements or facilities on the Common Property or elsewhere on the Property that Developer and its affiliates or designees elect to effect, and to use, without charge, the Common Property and other portions of the Property for sales, displays and signs or for any other purpose during the period of construction and sale of any portion thereof or of other portions of adjacent or nearby property.

Without limiting the generality of the foregoing, Developer and its affiliates shall have the specific right to maintain upon any portion of the Property, including but not limited to the welcome center, sales, administrative, construction or other offices and appropriate exclusive and non-exclusive easements of access and use are expressly reserved unto Developer and its affiliates, and its and their successors, assigns, employees and contractors, for this purpose. Any obligation (which shall not be deemed to be created hereby) to complete portions of the Common Property shall, at all times, be subject and subordinate to these rights and easements and to the above-referenced activities. Accordingly, Developer shall not be liable for delays in such completion to the extent resulting from the need to complete any of the above-referenced activities prior to such completion. There shall be no absolute liability imposed on Owners from damage to Common Property in the Community.

4.13 Community Systems.

Developer shall have the right, but not the obligation, to convey, transfer, sell or assign all or any portion of the Community Systems located within the Property, or all or any portion of the rights, duties or obligations with respect thereto to the Community Association or any other person or entity (including an Owner, as to any portion of a Community System located on/in his Lot and/or Unit). Without limiting the generality of Section 1.1(1) if and when any of the aforesaid entities receives such a conveyance, sale, transfer or assignment, such entity shall automatically be deemed vested with such rights of Developer with regard thereto as are assigned by Developer in connection therewith; provided, however, that if the Community Association is the applicable entity, then any Community Systems or portions thereof shall be deemed Common Property hereunder and the Community Association's rights, duties and obligations with respect thereto shall be the same as those applicable to other Common Property unless otherwise provided by Developer. Any conveyance, transfer, sale or assignment made by Developer pursuant to this Section (i) may be made with or without consideration, which consideration may be retained by the Developer (ii) shall not require the consent or approval of the Community Association or any Owner and (iii) if made to the Community Association, shall be deemed to have been automatically accepted (with all rights, duties, obligations and liabilities with respect thereto being deemed to have been automatically assumed). In recognition of the intended increased effectiveness and potentially decreased installation and maintenance costs and user fees arising from the connection of all Lots and Units in the Property to the applicable Community Systems, each Owner and occupant of a Unit or Lot shall by virtue of the acceptance of the deed or other right of occupancy thereof, be deemed to have consented to and ratified any and all agreements to which the Community Association is a party which is based upon (in terms of pricing structure or otherwise) a requirement that all Units and Lots be so connected. The foregoing shall not, however, prohibit the Community Association or Community Systems provider from making exceptions to any such 100% use requirement in its reasonable discretion.

4.14 Nocatee DRI and PUD.

The Property is part of a master planned community known as Nocatee, the development of which is authorized by a development order pursuant to Resolution No. 2001-30 (the "DRI") and Planned Unit Development Ordinance No. 2002-46 (the "PUD") approved by the County Commission of St. Johns County, each as may be amended. The Property is subject to the terms and conditions of the DRI and the PUD, as amended from time to time. The Property described is part of the DRI and is subject to a development order, notice of which is recorded in the public records of Duval and St. Johns counties, Florida, which imposes conditions, restrictions and limitations upon the use and development of the property which are binding upon all Owners. The development order does not constitute a lien, cloud or encumbrance of real property or constitute actual or constructive notice of same. A copy of the development order may be reviewed at the offices of the planning department in Duval and St. Johns Counties, Florida. The property is subject to a PUD, permits from the SJRWMD and ACOE, and other state and federal land use regulations generally applicable to the development of real estate.

Article 5
MAINTENANCE, REPAIR AND REPLACEMENT

5.1 Common Property.

The Community Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as often as necessary, the Common Property with all such work to be done as ordered by the Board of Directors of the Community Association. Without limiting the generality of the foregoing, at such time as the applicable governmental authority permits the Developer to assign its responsibilities to the Community Association, the Community Association shall assume all of Developer's and its affiliates' responsibilities to the County, the State of Florida and its and their governmental and quasi-governmental subdivisions and similar entities of any kind with respect to the maintenance, repair and replacement of Common Property and shall indemnify and hold Developer and its affiliates harmless with respect thereto in the event of the Community Association's failure to fulfill those responsibilities. All work pursuant to this Section and all expenses incurred or allocated to the Community Association pursuant to this Declaration shall be paid for by the Community Association through assessments (either general or special) imposed in accordance herewith. The Community Association, on behalf of itself and/or all or appropriate Condominium Associations, shall have the power to incur, by way of contract or otherwise, expenses general to all or applicable portions of the Property, or appropriate portions thereof, and the Community Association shall then have the power to allocate portions of such expenses among the Community Association and/or the Condominium Associations, based on such formula as may be adopted by the Community Association or as otherwise provided in this Declaration or any Supplemental Declaration. The portion so allocated to the Community Association or any Condominium Association shall be deemed a general expense thereof, collectible through its own assessments. No Owner may waive or otherwise escape liability for assessments by non-use (whether voluntary or involuntary) of the Common Property or abandonment of the right to use the Common Property.

5.2 Residences.

(a) Lot and Residence Maintenance. Each Lot Owner shall keep all parts of his Lot and Residence in good repair and condition and shall, at such Owner's cost and expense maintain and repair his Residence including, without limitation, repainting or re-staining the exteriors of the Residence, repair or replacement of roofing, repair or replacement of windows and doors (including repair or replacement of glass and screens), repair or replacement of building materials on the exterior of the residence and repair or replacement of any and all improvements to the Lot that were approved by the ARB such as an in-ground swimming pool or hot tub. The foregoing obligations shall include all maintenance, repair or replacement required because of the occurrence of any fire, wind, vandalism, theft or other casualty. Each Lot Owner shall, at such Owner's cost and expense, maintain and repair any retaining walls located on the Lot as well as any bank banks adjacent to the Lot. All maintenance and repair shall be performed by each Owner at regular intervals as shall be necessary to keep the Residence in an attractive condition and in substantially the same condition and appearance as existed at the time of completion of construction; subject to normal wear and tear that can not be avoided by normal maintenance. Each Owner shall promptly perform any maintenance or repair requested by the Association. The Developer, and after turnover the Community Association, reserves the right, upon a majority vote of the Board of Directors, to hire a company to perform Lot maintenance and such fee shall be assessed as a Neighborhood Assessment.

(b) Lot Owner Failure to Maintain. In the event a Lot Owner fails to perform its obligations with respect to Lot maintenance as set forth herein, including maintaining his Lot and Residence in good order and in a clean and attractive manner, the Association may, but is not

obligated to, after thirty (30) days written notice to the Owner and with the approval of the majority of the Board of Directors, shall have the right to enter upon such Lot to maintain the Lot, including without limitation mowing grass and weeds of the Lot. The cost of such maintenance shall be the responsibility of the Owner, payable by the responsible Owner immediately upon receipt of a written invoice or statement therefore. Such cost shall constitute a special assessment for which a claim of lien may be filed or enforced against the Owner's Lot. Further, it shall be each Owner's responsibility and obligation to keep all parts of his or her Lot free and clear of trash and debris.

Article 6 AGE RESTRICTIONS

6.1 Restrictions Affecting Occupancy and Alienation.

(a) Definitions.

(i) Age-Qualified Occupant: Any individual 55 years of age or older who occupies a Lot or Unit.

(ii) "Occupy," "Occupies," "Occupied," or "Occupancy" shall mean staying overnight in a Lot or Unit for at least ninety (90) days in a consecutive twelve (12) month period.

(iii) Qualified Resident: Any of the following Persons occupying a Lot or Unit:

(a) any Age-Qualified Occupant; and

(b) any Person nineteen (19) years of age or older occupying a Lot or Unit with an Age-Qualified Occupant; and

(b) Restrictions on Occupancy. Subject to the rights reserved to Developer for purposes of marketing and selling within the Community, the Lots and Units within the Community are intended for the housing of persons fifty-five (55) years of age or older. The provisions of this Article are intended to be consistent with, and are set forth in order to comply with the Housing for Older Persons Act of 1995 (as may be amended, the "Act") allowing discrimination based on familial status. Developer or the Community Association, acting through the Board, shall have the power to amend this Article 6, without the consent of the Members or any Person except Developer, for the purpose of maintaining the age restriction consistent with the Act, the regulations adopted pursuant thereto, and any related judicial decisions in order to maintain the intent and enforceability of this Article.

(i) Each occupied Lot or Unit shall at all times be Occupied by at least one person 55 years of age or older.

(ii) No person under the age of nineteen (19) shall Occupy a Lot or Unit. No one under the age of nineteen (19) may reside in the Lot or Unit for more than ninety (90) days in any consecutive twelve (12) month period. Anyone under the age of nineteen (19) is allowed to visit the Lots or Units, provided that someone nineteen (19) or older supervises the person at all times.

(iii) Nothing in this Section shall restrict the ownership of or transfer of title to any Lot; provided, no Owner under the age of fifty-five (55) years of age may Occupy a Lot or Unit unless the requirements of this Section are met nor shall any Owner permit Occupancy of the Lot or Unit in violation of this Section.

(iv) Any Owner may request in writing that the Board make an exception to the requirements for an Age-Qualified Occupant with respect to a Lot or Unit, based on documented

hardship. The Board may, but shall not be obligated to, grant exceptions in its sole discretion, provided that all of the requirements of the Act would still be met.

(v) In the event of any change in Occupancy of any Lot or Unit, as a result of a transfer of title, a lease or sublease, a birth or death, change in marital status, vacancy, change in location of permanent Lot or Unit, or otherwise, the Owner of the Lot or Unit shall immediately notify the Board in writing and provide to the Board the names and ages of all current Occupants of the Lot or Unit and such other information as the Board may reasonably require to verify the age of each occupant required to comply with the Act. In the event that an Owner fails to notify the Board and provide all required information within (ten) 10 days after a change in Occupancy occurs, the Community Association may levy monetary fines against the Owner and the Lot or Unit for each day after the change in occupancy occurs until the Community Association receives the required notice and information, regardless of whether the occupants continue to meet the requirements of this Article, in addition to all other remedies available to the Community Association under this Declaration and Florida law.

(c) Monitoring Compliance; Appointment of Attorney-in-Fact. The Community Association shall be responsible for maintaining records to support and demonstrate compliance with the Act. The Board shall adopt policies, procedures, and rules to monitor and maintain compliance with this Section and the Act, including policies regarding visitors, updating of age records, the granting of exemptions to compliance, and enforcement. The Community Association shall periodically distribute such policies, procedures, and rules to the Owners and make copies available to Owners, their tenants and Mortgagees upon reasonable request.

(i) The Community Association may enforce this Article in any legal or equitable manner available, as the Board deems appropriate, including, without limitation, conducting a census of the occupants of Lots or Units, requiring that copies of birth certificates or other proof of age for one new Age-Qualified Occupant per Lot or Unit be provided to the Board on a periodic basis, and in its sole discretion, taking action to evict the occupants of any Lot or Unit which does not comply with the requirements and restrictions of this Section. The Community Association's records regarding individual members shall be maintained on a confidential basis and not provided except as legally required to governing authorities seeking to enforce the Act. Each Owner shall fully and truthfully respond to any Community Association request for information regarding the occupancy of his or her Lot or Unit which, in the Board's judgment, is reasonably necessary to monitor compliance with this Article. **Each Owner hereby appoints the Community Association as its attorney-in-fact for the purpose of taking legal or equitable action to dispossess, evict, or otherwise remove the occupants of any Lot or Unit on his or her Lot as necessary to enforce compliance with this Article.** Failure to comply with the provisions of this Article shall result in the automatic suspension of membership privileges, such liens as the Community Association may levy, or such other action as may be necessary or appropriate to assure compliance with the Housing for Older Persons Act of 1955.

(ii) Each Owner shall be responsible for ensuring compliance of its Lot or Unit with the requirements and restrictions of this Article, and the Community Association rules adopted hereunder, by itself and by its tenants and other occupants of its Lot or Unit. **Each Owner, by acceptance of title to a Lot or Unit, agrees to indemnify, defend, and hold Developer, any affiliate of Developer, and the Community Association harmless from any and all claims, losses, damages, and causes of action which may arise from failure of such Owner's Lot or Unit to so comply.** Such defense costs shall include, but not be limited to, attorney fees and costs.

6.2 Sales by Developer.

(a) Notwithstanding the restriction set forth in this Article, Developer reserves the right to sell Lots and Units for Occupancy to persons of any age; provided, such sales shall not affect the Community's compliance with all applicable State and Federal laws under which the Community may be developed and operated as an age-restricted community.

**Article 7
USE RESTRICTIONS**

7.1 Access.

Owners shall allow the Board of Directors or the agents and employees of the Association to enter any Lot or Unit for the purpose of performing any obligation set forth in this Declaration or in case of emergency, for any lawful purpose, or to determine compliance with this Declaration.

7.2 Applicability.

The provisions of this Article 7 shall be applicable to all of the Property but shall not be applicable to Developer or any of its designees or to Lots or Units, or other property owned by Developer or its designees.

7.3 Clothesline.

No clotheslines or other clotheslines-drying facility shall be permitted without the prior written approval of the ARB.

7.4 Compliance.

It shall be the responsibility of all Owners, family members of Owners, and their authorized guests and tenants to conform with and abide by the rules and regulations in regard to the use of the Residences, Lots, Units and Common Property which may be adopted in writing from time to time by the Board of Directors and the ARB, and to see that all persons using the Owner's Lot(s) and Units do likewise.

7.5 Developer Exemption.

In order that the development of the Property may be undertaken, no Owner, nor the Community Association, nor any Condominium Association shall do anything to interfere with Developer's activities, more fully set forth as follows:

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

(b) Prevent Developer, its successors or assigns, or its or their contractors, subcontractors or representatives, from erecting, constructing and maintaining on the Future Development Property, such structures including sales and/or construction trailers as may be reasonably necessary for the conduct of its or their business of completing said development and establishing the Property as a community and disposing of the same by sale, lease or otherwise; or

(c) Prevent Developer, its successors or assigns, or its or their contractors or subcontractors, from conducting on the Future Development Property, activities relating to the development, subdivision, grading and construction improvements in the Future Development Property and of disposing of Lots and/or Units therein by sale, lease or otherwise; or

(d) Prevent Developer, its successors or assigns, from determining in its sole discretion the nature of any type of improvements to be initially constructed as a part of the Future Development Property; or

(e) Prevent Developer, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on the Future Development Property, as may be necessary in connection with the operation of any Lots or Units owned by Developer (its successors or assigns) or the sale, lease or other marketing of Lots and/or Units, or otherwise from taking such other actions deemed appropriate; or

(f) Prevent Developer, or its successors or assigns from filing Supplemental Declarations, which add or withdraw additional property as otherwise provided in this Declaration; or

(g) Prevent Developer from modifying, changing, re-configuring, removing or otherwise altering any improvements located on the Common Property.

(h) Prevent Developer, or its successors or assigns, from conducting such sales and marketing activity on the Property, including within the welcome center, as Developer deems to be reasonable and appropriate, including but not limited to, the right to rent and/or provide for occupancy of Units and Lots for short terms, as part of the Developer's sales program.

In general, the Developer shall be exempt from all restrictions set forth in this Declaration to the extent such restrictions interfere in any matter with Developer's plans for construction, development, use, sale or other disposition of the Property and the Future Development Property, or any part thereof.

7.6 Easements.

Easements for the installation and maintenance of utilities and Community Systems are reserved as shown on the recorded plats covering the Property and/or as provided herein. The area of each Lot or Unit covered by an easement and all improvements in such area shall be maintained continuously by the Community Association to the extent provided herein, except for installations for which a public authority or utility company is responsible. The appropriate water and sewer authority, electric utility company, telephone company, the Community Association, and Developer and its affiliates, and their respective successors and assigns, shall have a perpetual easement but not the obligation for the installation and maintenance of all underground utilities, of water lines, sanitary sewers, storm drains, and electric, telephone and Community System lines, cables and conduits, under and through the utility easements as shown on the plats.

7.7 Fireworks.

No sparklers, bottle rockets or any other type or form of fireworks shall be used or ignited in or from the Lot or Unit, on or from the Property or on or from the Common Property.

7.8 Flags.

Each Owner may display one (1) portable, removable United States flag or official flag of the State of Florida in a respectful manner and, on Armed Forces Day, Memorial Day, Flag Day, Independence

Day, September 11 and Veterans Day, portable, removable official flags, not larger than 4½ feet by 6 feet, that represent the United States Army, Navy, Air Force, Marine Corps or Coast Guard in a respectful manner in a location approved by the ARB.

7.9 Garage and Yard Sales.

Garage and yard sales are not permissible unless sponsored by the Community Association.

7.10 Hazardous Materials.

No hazardous or toxic materials or pollutants shall be maintained, stored, discharged, released, or disposed of in or under the Property except in strict compliance with applicable statutes, rules and regulations. Fuel or gas storage tanks or other flammable, combustible, or explosive fluids, materials, or substances for ordinary household use may be stored or used in the Property only in strict compliance with manufacturers' directions and applicable safety laws and codes, and shall be stored in containers specifically designed for such purposes.

7.11 Hunting and Firearms.

No discharging of firearms shall be permissible on the Property; provided however that the Community Association reserves the right to adopt and implement measures to control wildlife in accordance with applicable local, state and federal laws.

7.12 Hurricane Shutters/High Impact Glass.

All Improvements on Lots and all Units will be equipped with hurricane shutters or high impact glass. To the extent hurricane shutters are approved or provided, the Owner shall be responsible for the storage, repair, replacement, maintenance and use of the hurricane shutters. All loose shutters shall remain stored in the garage unless and until a storm or a storm warning (tropical storm or hurricane only) is announced by the National Weather Center or other recognized weather forecaster. All shutters must be removed and stored within two (2) days after the storm has passed. An Owner or Occupant who plans to be absent during all or any portion of the hurricane season must prepare a Lot or Unit prior to departure by designating a responsible firm or individual to care for the Lot or Unit should a hurricane threaten the Lot or Unit or should the Lot or Unit suffer hurricane damage and furnishing the Community Association with the names of such firm or individual.

7.13 Insurance.

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

7.14 Lakes.

Swimming and fishing in the lakes on the Property is prohibited. Boating of any kind on the lakes, including, without limitation, sailboats, canoes, gas powered boats, electric power boats, jet skis and any other recreational vehicle is prohibited.

7.15 Leasing of Lots and/or Units.

(a) Entire Lots or Units may be rented provided the occupancy is only by the lessee, his family and guests. No rooms may be rented. The lease of any Lot or Unit shall not release or discharge the Owner from compliance with any of his obligations and duties as a Owner. No lease or sublease shall be for a period of less than twelve (12) calendar months (e.g. a Owner cannot lease its Lot or Unit for twelve (12) months or more and then allow the lessee to rent out all or any portion of the Lot or Unit for periods of less than twelve (12) months).

(b) Every lease shall be in writing and must be provided to the Community Association at least ten (10) days prior to the commencement of the lease for purposes of verifying that the lease complies with the requirements of this Section. Such lease must provide the name and contact information for the tenants as well as a current address of the Owner.

(c) The lease shall require that at least one (1) Occupant be fifty-five (55) years of age or older. The Owner must provide to the Community Association an age affidavit on a form prescribed by the Community Association for each Occupant pursuant to a lease and such other information as the Community Association may reasonably require to verify the age of each Occupant and to comply with Section 6.1(b)(v). The lease shall also specifically provide (or, if it does not, shall be automatically deemed to provide) that a material condition of the lease shall be the tenant's full compliance with the covenants, terms, conditions and restrictions of the Declaration, the applicable Condominium Association Declaration (and all exhibits thereto), and with any and all rules and regulations adopted by the Community Association and applicable Condominium Association from time to time (before or after the execution of the lease). The lease must contain a provision in which the tenant signs and acknowledges the receipt of a copy of the Declaration, the applicable Condominium Association Declaration and the rules and regulations in effect at the time of the lease (if applicable). The lease must provide that a violation of the Declaration or applicable Condominium Association Declaration shall constitute a default under the lease. The Owner will be jointly and severally liable with the tenant to the Community Association for any amount which is required by the Community Association to repair any damage to the Property resulting from acts or omissions of tenants (as determined in the sole discretion of the Community Association) and to pay any claim for injury or damage to property caused by the negligence of the tenant and special Assessments may be levied against the Lot or Unit therefore. All leases are subordinate to any lien filed by the Community Association, whether prior or subsequent to such lease. If so required by the Community Association, any Owner desiring to lease a Lot or Unit may be required to place in escrow with the Community Association a reasonable sum, not to exceed the equivalent of one (1) month's rent, which may be used by the Community Association to repair any damage to the Property resulting from acts or omissions of tenants (as determined in the sole discretion of the Community Association). Payment of interest, claims against the deposit, refunds and disputes regarding the disposition of the deposit shall be handled in the same fashion as provided in Part II of Chapter 83, Florida Statutes.

(d) When a Lot or Unit is leased, a tenant shall have all use rights in the Property otherwise readily available for use generally by Owners, and the Owner of the leased Lot or Unit shall not have such rights, except as a guest, unless such rights are waived in writing by the tenant. Nothing herein shall interfere with the access rights of the Owner as a landlord pursuant to Chapter 83, Florida Statutes. The Community Association shall have the right to adopt rules to prohibit dual usage by a Owner and a tenant of the Property otherwise readily available for use generally by Owners.

(e) A covenant shall exist designating the Community Association as the Owner's agent for the purpose of and with the authority to terminate any such lease agreement in the event of violations by the tenant of the above referenced declarations or rules and regulations, which covenant shall be an essential element of any such lease or tenancy agreement.

(f) The requirements in this Section 7.15 shall not apply to the Developer. To the extent permissible under the PUD and the DRI, the Developer shall have the right to rent Units and Lots for short terms or otherwise permit occupancy of Units and Lots for short terms, as part of its sales program.

7.16 Lot Resubdivision.

No Lot shall be further subdivided, replatted, or separated into smaller Lots by any Owner. Provided however, this restriction shall not prohibit corrective deeds or similar corrective instruments. As set forth above, Developer shall have the right to reconfigure Lots or modify subdivision plats of the Property if Developer owns all the Lots within the legal description of the Property to be subjected to the replat, or if all Owners of Lots which are included within the portion of the plat so modified consent to such modification, which consent shall not be unreasonably withheld or delayed.

7.17 Nuisances; Other Improper Use.

Nothing shall be done or maintained on any Lot, Unit or Common Property which may be or become an annoyance, nuisance or be detrimental to the other Lots, Units or Common Property or its occupants. Any activity on a Lot or Unit which interferes with television, cable or radio reception on another Lot or Unit shall be deemed a nuisance and a prohibited activity. No immoral, offensive, or unlawful use shall be made of the Property or any part thereof as determined by the Board of Directors. All laws, zoning ordinances, orders, rules, regulations, and requirements of any governmental agency having jurisdiction relating to any portion of the Property shall be complied with, by and at the sole expense of the Owner or the Community Association, whichever shall have the obligation to maintain or repair such portion of the Property. No waste will be committed upon the Common Property. Owners hereby acknowledge that construction and development activities on or about the Property during daylight hours shall not be deemed to be a nuisance.

In the event of a dispute or question as to what may be or become a nuisance, such dispute or question shall be submitted to the Board of Directors, which shall render a decision in writing, which decision shall be dispositive of such dispute or question.

7.18 Oil and Mining Operation.

No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in the Property, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted upon or in the Property. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any portion of the Property subject to these restrictions.

7.19 Parking and Vehicular Restrictions.

(a) With respect to Residences only, Owners shall have not more than three (3) vehicles associated with the Residence, two (2) of which must be parked in the Owner's garage and one (1) must be parked in the driveway directly in front of the garage.

(b) With respect to Residences only, Owners may have golf carts and motorcycles, but each shall count as a vehicle towards the vehicle limit. Golf carts and motorcycles must be parked within a garage. Motorcycles may be parked on the Common Property only with the written consent of the Board of Directors.

(c) With respect to Units within Riverwood by Del Webb Monterey Condominium and Riverwood by Del Webb Carriage Home Condominium, the parking restrictions are set forth in the respective declarations of condominium.

(d) All Owners must register all vehicles with the Community Association. All parking within the Property shall be in accordance with rules and regulations adopted from time to time by the Community Association. All vehicles on the Property must be operational, in good repair, must bear a current license and registration tag, as required pursuant to state law and must be in a good, clean and attractive condition.

(e) The Community Association, through its officers, committees and agents, is hereby empowered to establish parking regulations in all of the Common Property and may make provision for the involuntary removal of any violating vehicle; provided however, that anything herein contained to the contrary, no such regulation may, directly or indirectly, impair, diminish or otherwise interfere with Developer's exclusive right to assign parking spaces and/or to collect all fees resulting therefrom. Parking in or on the Common Property or any Lot or Unit shall be restricted to the parking areas therein designated for such purpose.

(f) Prohibited Vehicles. No commercial trucks, vans or other commercial vehicles shall be parked in any parking space except with the written consent of the Board of Directors of the Community Association, except such temporary parking spaces provided for such purpose as may be necessary to effectuate deliveries to the Condominiums, Lots, Unit Owners or residents. It is acknowledged that there are pickup trucks and vans that are not used for commercial purposes, but are family vehicles. It is not intended that such noncommercial, family vehicles be prohibited. A commercial vehicle is one with signage, lettering or display on it, has equipment affixed to it, or is used in a trade or business. No trailers, campers, motor home or recreational vehicles, commercial vehicle, boat or utility trailers, boats, jet skis, personal watercraft, or any watercraft may be parked or stored anywhere on the Property except wholly within the confines of the garage. Notwithstanding the foregoing, motor home or recreational vehicles which are owned or being utilized by an Owner of a Residence may be parked in the driveway for not more than twenty-four (24) hours straight for loading and unloading purposes with a pass obtained from the Community Association which must be displayed clearly on the vehicle. Owners of Units within Riverwood by Del Webb Carriage Home Condominium and Riverwood by Del Webb Monterey Condominium are prohibited from parking a motor home or recreational vehicle in the Riverwood community. All vehicles will be subject to height, width and length restrictions and other rules and regulations now or hereafter adopted. No street parking is permitted at any time, and the Community Association reserves the right to tow vehicles, at the Owner's expense, for any vehicle parked in the street or otherwise in violation of this Section.

(g) Vehicle Maintenance. No person shall conduct any motor vehicle, boat, trailer or other vehicle maintenance or repair on or within the Property, including without limitation the Common Property and Lots, except wholly within the confines of the garage.

(h) Towing. Any vehicle or recreational equipment parked in violation of these or other regulations contained herein or in the rules and regulations adopted by the Community Association may be towed by the Community Association at the sole expense of the owner of such vehicle or recreational equipment if it remains in violation of the terms and conditions of this Declaration following notice by the Community Association. The Community Association shall not be liable to the owner of such vehicle or recreational equipment for trespass, conversion, damages, or otherwise, nor guilty of any criminal act by reason of such towing, and neither its removal nor failure of the owner of such vehicle or recreational equipment to receive any notice of said violation shall be grounds for relief of any kind. All towing shall be performed in accordance with Section 715.07, Florida Statutes.

7.20 Pest and Insect Control.

With respect to Residences only, each Owner shall be responsible for all pest and insect control within the Lot and Residence.

7.21 Pets.

(a) Owners must register all pets with the Community Association. Owners are granted a license to maintain not more than a total of two (2) pets per Lot or Unit, provided such pets are (a) permitted to be so kept by applicable laws and regulations, (b) not a breed considered to be dangerous by the Board of Directors, and (c) dogs or cats only, except as set forth below. This license may be revoked by the Board of Directors of the Community Association. The Board of Directors is authorized from time to time to make such rules restricting or permitting pets on the Property, including, without limitation, rules relating to the size or weight of such pets. Pets shall not create a nuisance to other Owners by any behavior, including but not limited to, continuous and repeated barking, whining, crying or other disturbance. No pet will be permitted on the Property which creates a nuisance. Pet sitting for outside pets is permitted as long as the number of pets maintained within a Lot or Unit does not exceed two (2).

(b) All permitted pets must be caged or on a short leash at all times when they are on any portion of the Property (except the Owner's Unit or Lot). Pets are not allowed to roam freely or play in the hallways or any other interior common area. Pets must be on the grass before the pet is permitted to stop and relieve itself. At no time may a pet relieve itself in the breezeway, hallway or in or around any elevator. Owners should not allow landscape areas adjacent to the buildings or the building structures themselves to be used for elimination. Owners are required to pick up, remove and properly dispose of litter deposited by their pets on the Property.

(c) Animals that are typically kept in cages or containers wholly within the Unit such as small caged birds, fish, lizards, turtles and hamsters may be maintained provided such animals are of a breed or variety commonly kept as household pets in similar buildings, are not kept or bred for any commercial purpose, and are kept in strict accordance with the rules and regulations outlined in this policy and in accordance with applicable law. If any such pets become a nuisance, the Board of Directors shall have the right, but not the obligation, to require their removal. Wild animals, exotic animals, farm animals and poisonous creatures are not allowed, including but not limited to any variety of pigs, skunks, tarantulas and similar animals and snakes.

(d) Neither the Board, Developer, nor the Community Association shall be liable for any personal injury, death or property damage resulting from a violation of the foregoing rules and regulations governing pets and every Unit Owner maintaining a pet on the Property agrees to defend, indemnify and hold the Community Association, its Board of Directors, Developer, each Unit Owner and the management company and their employees harmless against any loss, claim, damage or liability of any kind or character whatsoever arising or growing out of the privilege of having a pet on the Property. Any landscaping damage or other damage to the Property, caused by an Owner's pet must be promptly repaired by the Owner. The Community Association retains the right to effect said repairs and charge the Owner therefore.

(e) A violation of the provisions of this Section shall entitle the Community Association and the Board of Directors to all of its rights and remedies available under the Declaration, Bylaws, Florida Statutes and any applicable rules and regulations, including, but not limited to, the right to fine Unit Owners and/or to require any pet to be permanently removed from the Property. This Section shall also apply to tenants who have pets.

7.22 Proviso.

Until the Developer has completed all of the contemplated Improvements and closed the sale of all of the Residences within the Property, neither the Owners nor the Association, nor the use of the Property shall interfere with the completion of the contemplated Improvements and the sale of the Residences. Developer may make such use of the unsold Residences, Units and Common Property,

as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, showing of the Property within the Community and the display of signs.

7.23 Storm Room.

All Residences within the Property have been or will be constructed with a storm room as required by the Nocatee Development Order approved by St. Johns County pursuant to Resolution No. 2001-30 (the "Nocatee Development Order"), as amended from time to time. These rooms have been or will be designed and constructed to withstand a minimum wind load of 150 mph. The storm room will be inspected and approved by the St. Johns County Building Department and the Developer makes no representation as to the functionality of the storm room. Owners shall not modify or alter the storm room in any way that would negate the designed function. Owners are cautioned not to rely on the protection of a storm room if conditions could exceed the design capacity. In the threat of any major storm event, Owners should be aware of instructions from the local government including the County Emergency Management office. There may be circumstances that require all Owners to evacuate the area.

NEITHER DEVELOPER NOR THE COMMUNITY ASSOCIATION SHALL HAVE ANY LIABILITY WHATSOEVER TO OWNERS, GUESTS, TENANTS, OR INVITEES IN CONNECTION WITH THE CONSTRUCTION OR EFFECTIVENESS OF ANY STORM ROOM. EACH OWNER, FOR ITSELF AND ITS GUESTS, TENANTS, OR INVITEES, RELEASES DEVELOPER AND THE COMMUNITY ASSOCIATION FROM ANY LIABILITY IN CONNECTION THEREWITH.

7.24 Satellite Dishes and Antennae.

Subject to federal guidelines, all antennae, satellite dishes and other receptor devices to be installed on the Property shall be no larger than thirty-nine inches (39") in diameter and twelve (12') feet in height, may not be installed on any Common Property and must be approved in advance by the ARB. Owners shall endeavor to assure that such a device is screened in to the extent possible away from the view of others.

7.25 Signs.

No sign, advertisement or notice of any type or nature whatsoever including, without limitation, "For Sale" and "For Lease" signs, shall be erected or displayed upon any Lot, Unit, Common Property, or from any window. All signs must have advance written approval of its size, shape, content, appearance and location from the Architecture Review Board prior to being posted, which approval may be withheld for any reason, and the ARB may, in its sole discretion, prohibit all signs. Notwithstanding the foregoing, Developer shall be entitled to install such marketing signs as are necessary and convenient during the period of time the Developer is marketing the Units or Lots.

7.26 Soliciting.

No soliciting, for profit or non-profit means, will be allowed at any time within the Property, which shall include without limitation, distribution of marketing materials or newsletters without approval by the Board of Directors.

7.27 Temporary Structures.

No structure of a temporary character, including, without limitation, any trailer, tent, shack, barn, shed, construction trailers, construction dumpsters, portable on demand storage units or other temporary storage units, or other outbuilding, shall be permitted on any Lot at any time, except temporary structures maintained by the Developer for the purpose of construction of Residences. The foregoing restriction shall not preclude Developer from maintaining temporary structures for the

purpose of construction of any Improvements or Residences and the marketing and sales of Lots until such time as all Residences are constructed and sold.

7.28 Trash.

With respect to Units located within Monterey Condominium, all garbage shall be disposed of with care and in the on-site trash container. All trash must be contained in plastic trash bags and secured and placed in the on-site trash container.

With respect to Units located within Carriage Home Condominium and Lots located within the Community, it is the Developer's intention that there will not be trash container(s) serving the Carriage Home Condominium Units and the Lots. So long as there are no trash container(s) serving the Carriage Home Condominium Units and the Lots, the Owners shall be governed by the following terms and conditions. All garbage and trash containers must be placed within the garage when not placed out for pick up and shall be maintained in accordance with rules and regulations adopted by the Board of Directors. Each Owner shall be required to use the trash container, if any, provided by the County. No garbage or trash shall be placed anywhere other than in the Owner's trash container, and no portion of the Property shall be used for dumping refuse. Each Owner shall be responsible for placing its trash container in its driveway for curb-side pick up by the applicable sanitary waste pick up provider; provided, however, that an Owner shall remove the trash container from the garage no earlier than the evening prior to trash pick up and shall return the trash container to the garage no later than the evening of the trash pick-up day. No rubbish, trash, garbage or other waste material shall be kept or permitted on Common Property except in containers located in appropriate areas, if any, and no odor shall be permitted to arise therefrom so as to render Common Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. Owners shall be required to maintain their trash containers in accordance with rules and regulations adopted by the Board of Directors. If trash service is handled through the County, such cost will be covered under each Owner's property taxes. However, if trash service is handled through a private company, such cost will be considered a Common Expense.

7.29 Use of Common Property.

The Common Property shall be used only for the purpose for which it is intended in the furnishing of services and facilities for the enjoyment of the Residences. All Owners and their guests and invitees shall comply with any and all rules and regulations adopted by the Board of Directors (including without limitation permitted hours of usage and guest policies) relating to the Common Property. Each Owner acknowledges and agrees that if the Owner is leasing its Residence, the tenant/occupant of the Residence shall have the right to use the Common Property recreational facilities, if any, during the term of the lease, and Owner shall not have any right to use any of the Common Property recreational facilities during such lease term.

7.30 Uses of Lots and Units.

The Community is a residential community, and therefore, each of the Lots and Units shall be occupied only as a single family residential private dwelling by no more than six (6) persons at any one time. No Lot or Unit may be divided or subdivided into a smaller Lot or Unit. Home-based occupations may be operated out of the Lots and Units, provided, that: (i) there are no employees working within the Lots or Units, (ii) there is no signage; (iii) the Lot or Unit is not used to receive clients and/or customers; (iv) there is not excessive deliveries made to the Lot or Unit; (v) the home-based occupation does not generate additional visitors, traffic or noise into the Lot or Unit or any part of the Property; (vi) the home-based occupation does not cause a nuisance to the other Lots, Units or Owners; and (vii) such use meets all other municipal code and zoning requirements.

Notwithstanding the foregoing, the Developer has the right to use the Property for sales and marketing purposes.

7.31 Variances.

The Board of Directors of the Community Association shall have the right and power to grant variances from the provisions of this Article and from the Community Association's rules and regulations for good cause shown, as determined in the reasonable discretion of the Board. No variance granted as aforesaid shall alter, waive or impair the operation or effect of the provisions of this Article in any instance in which such variance is not granted.

7.32 Visibility at Intersections.

No obstruction to visibility at street intersections or Common Property intersections shall be permitted; provided that the Community Association shall not be liable in any manner to any person or entity, including Owners and Members' Permittees, for any damages, injuries or deaths arising from any violation of this Section. The ARB shall have the right to adopt additional restrictions concerning the height and type of trees and shrubs within the Property.

7.33 Wild Animal and Bird Feeding.

Feeding of wild animals and birds is prohibited within the Community.

7.34 Window Air Conditioners.

No window or wall-mount air conditioning units shall be installed in or on any of the Residences.

7.35 Window Treatments.

No reflective film, stained-glass or other type of window treatment shall be placed or installed on the inside or the outside of any Unit without the prior written consent of the ARB. Unless otherwise approved by the ARB, only white or off-white, solid colored window coverings shall be permitted. Window coverings made of paper materials are prohibited.

7.36 Yard Ornamentation.

All types of yard ornamentation are prohibited, including but not limited to yard gnomes and pink flamingos, without prior written consent from the ARB.

**Article 8
COVENANT FOR MAINTENANCE ASSESSMENTS**

8.1 Rate of Assessments.

Assessments shall be made at a uniform rate against applicable "Assessment Units". For the purposes hereof, each Lot or Unit shall constitute one (1) Assessment Unit. In the event of any dispute as to the allocation of Assessments, the determination of the Board shall be binding and dispositive. Developer may modify such formula with respect to future Lots or Units in the Supplemental Declaration bringing such Lots or Units under the provisions hereof in order to account for unforeseen changes in development plans and to maintain an equitable system of Assessment allocation, provided that no change may be made in the allocation of Assessments among residential condominium Units insofar as it is the intent hereof that each such Unit shall be required to bear a proportionate burden of Assessments. The Board of Directors shall budget and adopt

Assessments for the Community Association's general expenses in accordance with the procedures set forth in the Bylaws.

8.2 Annual Assessments.

For each Lot or Unit within the Property, Developer covenants, and Owner, by acceptance of a deed or other conveyance, agrees to pay annual assessments ("Annual Assessments") and other Assessments hereafter described, levied by the Community Association for the improvement, maintenance, repair and replacement and operation of the Common Property, the Buildings, the Lots or Units and the Residences, including, without limitation, the maintenance, operation, repair and replacement of the Stormwater Management System (including, but not limited to, work within retention areas, drainage structures, and drainage easements), any rental or lease cost for street lighting, the management and administration of the Community Association, and the furnishing of services, maintenance, repair and replacements as set forth in this Declaration. Subject to the provisions of Section 8.15, the Annual Assessment for a Lot not containing a Residence shall only be one-half (1/2) of the amount of the Annual Assessment for a Lot containing a Residence. As further hereinafter described, the Board of Directors, by majority vote, shall set the Annual Assessments at a level sufficient to meet the Community Association's obligations, including contingencies and reserves as the Board of Directors may from time to time deem reasonable and necessary.

8.3 Neighborhood Assessment.

In the event that the Developer determines to provide Improvements or services which serve some Owners to the exclusion of others and therefore designates a Neighborhood, those benefiting from such additional Improvements or services shall be assessed the cost thereof by the Association. The Board of Directors shall prepare a budget for such costs and shall designate the Lots which shall be subject to payment of the Neighborhood Assessment therefore. An example of a Neighborhood Assessment would include Lot maintenance for certain Lots.

8.4 Emergency Assessments.

The Community Association may also levy an emergency assessment ("Emergency Assessment") at any time by a majority vote of the Board of Directors, for the purpose of defraying, in whole or in part, the cost of any extraordinary or emergency matters that affect the Common Property, the Lots or Units or Members of the Community Association, including but not limited to, after depletion of any applicable reserves, any unexpected expenditures not provided for by the budget or unanticipated increases in the amounts budgeted. Any Emergency Assessment levied hereunder shall be due and payable at the time and in the manner specified by the Board of Directors in the action imposing such Assessment.

8.5 Special Assessments.

In addition to the Annual and Emergency Assessments which are or may be levied hereunder, the Community Association (through the Board of Directors) shall have the right to levy a special assessment ("Special Assessment") against some or all Owner(s) (i) for the repair or replacement of damage to any portion of the Common Property (including, without limitation, improvements and landscaping thereon) caused by the misuse, negligence or other action or inaction of an Owner or his permittee; (ii) for fines; (iii) to obtain funds for a specific purpose(s) which is of a non-recurring nature, for which no reserve funds (or inadequate reserve funds) have been collected or allocated, and which is not the appropriate subject of an Emergency Assessment; provided however that any Special Assessment under subsection (iii) above shall be approved by a two-thirds (2/3) vote of the Members of the Community Association present in person or by proxy at a duly called meeting of the Community Association; and (iv) other expenses incurred against particular Lots or Units and/or Owners to the exclusion of others. Any such Special Assessment shall be subject to all of the

applicable provisions of this Article including, without limitation, lien filing, foreclosure procedures, late charges and interest. Any Special Assessment levied hereunder shall be due and payable at the time and in the manner specified by the Board of Directors in the action imposing such Assessment.

8.6 Commencement of Annual Assessments.

The Annual Assessments provided for in this Article shall commence with respect to each Lot and Unit on the date of conveyance of the Lot or Unit to an Owner, other than Developer or a Developer appointed builder constructing the Initial Improvements. During the initial year of ownership, the Owner subject to Assessments shall be responsible for the pro rata share of the Annual Assessment or Special Assessment charged to each Lot or Unit, prorated to the day of closing on a per diem basis. Each subsequent Annual Assessment shall be imposed for the year beginning January 1 and ending December 31. The Annual Assessments shall be payable in advance in annual, semi-annual, quarterly or monthly installments, or in such other installment increments as the Board deems appropriate. The Assessment amount (and applicable installments) may be changed at any time by said Board from that originally stipulated or from any other Assessment that is in the future adopted, but the amount of any revised Assessment to be levied during any period shorter than a full calendar year shall be in proration to the number of months (or other appropriate installment) remaining in such calendar year.

8.7 Duties of the Board of Directors.

The Board of Directors of the Community Association shall fix the amount of the Assessment against the Lots and Units subject to the Community Association's jurisdiction for each Assessment period, to the extent practicable, at least thirty (30) days in advance of such date or period, and shall, at that time, prepare a roster of the Lots and Units and Assessments applicable thereto which shall be kept in the office of the Community Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent to every Owner subject thereto twenty (20) days prior to payment of the first installment thereof, except as to Special Assessments. In the event no such notice of the Assessments for a new Assessment period is given, the amount payable shall continue to be the same as the amount payable for the previous period, until changed in the manner provided for herein. The Community Association, through the action of its Board of Directors, shall have the power, but not the obligation, to enter into an agreement or agreements from time to time with one or more persons, firms or corporations (including affiliates of Developer) for management services, including the administration of budgets and Assessments as herein provided. The Community Association shall have all other powers provided in its Articles of Incorporation and Bylaws.

8.8 Effect of Non-Payment of Assessment; the Personal Obligation; Remedies of the Community Association; the Lien; Application of Payments.

(a) Each Owner of a Lot or Unit, by acceptance of a deed or other transfer document therefore, whether or not it shall be so expressed in such deed or transfer document, is deemed to covenant and agree to pay to the Community Association the Assessments established or described in this Article. Each Owner of a Lot or Unit, by acceptance of a deed or other transfer document therefore, whether or not it shall be so expressed in such deed or transfer document, is deemed to covenant and agree to pay to the Community Association the Assessments established or described in this Article. If the Assessments (or installments) provided for herein are not paid on the date(s) when due (being the date(s) specified herein or pursuant hereto), then such Assessments (or installments) shall become delinquent and shall, together with late charges, interest thereon, reasonable attorney's fees and the cost of collection thereof as hereinafter provided (collectively "Delinquent Fees"), thereupon become a continuing lien on the Lot or Unit which shall bind such property in the hands of the then Owner, his heirs, personal representatives, successors and assigns.

Except as provided below to the contrary, each such Assessment, together with such Delinquent Fees, shall be the personal obligation of the person who is the Owner of such property at the time when the Assessment fell due and all subsequent Owners until paid, and recourse may be had against either or both. Any and all persons acquiring title to or an interest in a Lot or Unit as to which the Assessment is delinquent, including without limitation persons acquiring title by operation of law and by judicial sales, shall not be entitled to the occupancy of such Lot or Unit or the enjoyment of the Common Property until such time as all unpaid and delinquent Assessments due and owing from the selling Owner have been fully paid. Provided, however, that the provisions of this Section shall not be applicable to the mortgagees and purchasers contemplated by Section 8.9 below. Unless provided for in a Mortgage on a Lot or Unit, failure to pay Assessments does not constitute a default under a Mortgage.

(b) If any installment of an Assessment is not paid within fifteen (15) days after the due date, at the option of the Community Association:

(i) an administrative late fee of five percent (5%) of the sum due may be charged, not to exceed twenty-five dollars (\$25.00). Provided however that only one (1) administrative late fee may be imposed on any one (1) unpaid installment and if such installment is not paid thereafter, it and the late charge shall accrue interest at the rate of eighteen percent (18%) per annum from the date when the installment was due until paid; provided further, however, that each other installment thereafter coming due shall be subject to one (1) administrative late fee each as aforesaid; or

(ii) the next twelve (12) months' worth of installments may be accelerated and become immediately due and payable in full and all such sums shall accrue interest at the rate of eighteen percent (18%) per annum from the dates when the installments were due until paid. In the case of an acceleration of the next twelve (12) months' of installments, each installment so accelerated shall be deemed, initially, equal to the amount of the then most current delinquent installment, provided however that if any such installment so accelerated would have been greater in amount by reason of a subsequent increase in the applicable budget, the Owner of the Lot or Unit whose installments were so accelerated shall continue to be liable for the balance due by reason of such increase and Special Assessments against such Lot or Unit shall be levied by the Community Association for such purpose.

(c) The Community Association may bring an action at law against the Owner(s) personally obligated to pay the delinquent Assessments, may record a claim of lien (as evidence of its lien rights as herein above provided for) against the Lot or Unit on which the Assessments and Delinquent Fees are unpaid, may foreclose the lien against the Lot or Unit on which the Assessments and Delinquent Fees are unpaid, or may pursue one (1) or more of such remedies at the same time or successively. Attorneys' fees and costs actually incurred in preparing and filing the claim of lien and the complaint, if any, and prosecuting same, in such action shall be added to the amount of such Assessments and Delinquent Fees secured by the lien. In the event a judgment is obtained, such judgment shall include all such sums as above provided and attorneys' fees actually incurred, whether incurred before, or at trial, on appeal, in post judgment collection or in bankruptcy, together with the costs of the action. The lien provided for in this Article shall be perfected by filing a claim of lien in the public records of the County in favor of the Community Association.

(d) Each Owner, by his acceptance of title to a Lot or Unit, expressly vests in the Community Association the right and power to bring all actions against such Owner personally for the collection of such Assessments as a debt and to enforce the aforesaid by all methods available for the enforcement of such liens, including foreclosures by an action brought in the name of the Community Association in a like manner as a mortgage lien on real property and such Owner is deemed to have granted to the Association a power of sale in connection with such lien. No Owner

may waive or otherwise escape liability for the Assessments by abandonment of his Lot or Unit. Reference herein to Assessments shall be understood to include reference to any and all of said charges whether or not specifically mentioned.

(e) All Assessments, late charges, interest, penalties, fines, attorney's fees and other sums provided for herein shall accrue to the benefit of the Community Association.

(f) The Community Association, acting on behalf of the Owners, shall have the power to bid for an interest in any Lot or Unit at such foreclosure sale and to acquire, hold, lease, mortgage and convey the same, with the approval of two-thirds (2/3) of the Members.

(g) All payments on accounts shall be first applied to interest accrued by the Community Association, then to any administrative late fees, then to outstanding fines, then to costs and attorneys fees and then to the delinquent Assessment payment first due.

(h) Unless delegated to a Condominium Association by the Community Association, it shall be the legal duty and responsibility of the Community Association to enforce payment of the Assessments hereunder. Failure of a collecting entity to send or deliver bills or notices of Assessments shall not, however, relieve Owners from their obligations hereunder.

(i) The Community Association shall have such other remedies for collection and enforcement of Assessments as may be permitted by applicable law. All remedies are intended to be, and shall be, cumulative.

8.9 Subordination of the Lien.

The lien of the Assessments shall be inferior and subordinate to real property tax liens and the lien of any Institutional Mortgagee, but only to the extent of the Mortgage balance outstanding as of the date the notice of an Assessment was first recorded against the Lot or Unit, plus interest and reasonable costs of collection accruing thereafter. The sale or transfer of any Lot or Unit shall not affect the Assessment; however, the sale or transfer of any Lot or Unit pursuant to foreclosure of a Mortgage or deed in lieu thereof shall extinguish the lien of an Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve the transferee of such Lot or Unit from liability for any Assessments thereafter becoming due or from the lien thereof, nor the Owner responsible for such payments from such Owner's personal liability as provided herein. Any unpaid assessment which cannot be collected as a lien against any Lot or Unit by reason of the provisions of this Section shall be deemed to be an assessment divided equally among, payable by and a lien against all Lots and Units subject to assessment by the Community Association, including the Lots and Units as to which the foreclosure (or conveyance in lieu of foreclosure) took place. Mortgagees shall in no event be responsible or liable for the collection of any Assessments.

8.10 Collection of Assessments.

In the event that at any time the collection of Assessments levied pursuant hereto is made by an entity other than the Community Association, all references herein to collection (but not necessarily enforcement) by the Community Association shall be deemed to refer to the other entity performing such collection duties and the obligations of Owners to pay Assessments shall be satisfied by making such payments to the applicable collecting entity. No Mortgagee shall be required to collect Assessments.

8.11 Developer's Assessments.

Notwithstanding anything herein to the contrary, Developer shall have the option, in its sole discretion, to (i) pay Assessments on the Lots and Units owned by it, or (ii) not pay Assessments on

some or all Lots or Units owned by it and in lieu thereof fund any resulting deficit in the Community Association's operating expenses not produced by Assessments receivable from Owners other than Developer and any other income receivable by the Community Association. The deficit to be paid under option (ii) above shall be the difference between (a) actual operating expenses of the Community Association (exclusive of capital improvement costs and reserves) and (b) the sum of all monies receivable by the Community Association (including, without limitation, Assessments, interest, late charges, capital contributions, fines and incidental income) and any surplus carried forward from the preceding year(s). Developer may from time to time change the option under which Developer is making payments to the Community Association by written notice to such effect to the Community Association. When all Lots and Units within the Property are sold and conveyed to purchasers, neither Developer nor its affiliates shall have further liability of any kind to the Community Association for the payment of Assessments, deficits or contributions.

8.12 Community Association Funds.

The portion of all Annual Assessments collected by the Community Association for reserves for future expenses, and the entire amount of all Special and Emergency Assessments, shall be held by the Community Association and may be invested in interest bearing accounts or in certificates of deposit or other like instruments or accounts available at banks or savings and loan institutions, the deposits of which are insured by an agency of the United States.

8.13 Working Capital Contribution.

Each purchaser shall be required to make a one time working capital contribution to the Community Association in the amount determined by the Community Association from time to time, which may be used for additional capital improvements or services which were not included in the original budget categories and which may be used by the Developer to fund the operating deficit. This working capital contribution shall be due and payable upon each resale of the Lot or Unit.

8.14 Budget.

(a) Fiscal Year. The fiscal year of the Community Association shall consist of the twelve (12) month period commencing on January 1 of each year.

(b) Initial Budget. Developer shall establish the budget for the fiscal year in which a Lot or Unit is first conveyed to an Owner other than Developer or a builder.

(c) Preparation and Approval of Annual Budget. Commencing December 1st of the year in which a Lot or Unit is first conveyed to an Owner other than Developer, and on or before December 1 of each year thereafter, in accordance with the procedures set forth in the Bylaws, the Board of Directors shall adopt a budget for the coming year containing an estimate of the total amount which it considers necessary to pay the cost of all expenses to be incurred by the Community Association to carry out its responsibilities and obligations, including, without limitation, the cost of wages, materials, insurance premiums, services, supplies, and other expenses for the rendering to the Owners of all services required or permitted hereunder. Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital for the Community Association and to provide for a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send to each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the Annual Assessments payable by each Owner, on or before December 15 preceding the fiscal year to which the budget applies. Such budget shall constitute the basis for determining each Owner's Annual Assessment as provided above. The Assessments shall be determined by dividing the amount of the budget by the number of Lots and Units subject to the Declaration.