

DECLARATION OF COVENANTS, RESTRICTIONS AND EASEMENTS
FOR SOLANO CAY, A RESIDENTIAL DEVELOPMENT

KNOW ALL MEN BY THESE PRESENTS, THAT:

COASTAL CONCEPTS, INC. and FIRST PIONEER CORPORATION, both Florida corporations, ("Developer"), hereby subject the land and all improvements now existing thereon except the pipes, conduits, electric lines, sewers, lift stations, pumps and other portions of water, sewer and electrical utility systems (herein sometimes referred to as the "Property" or "Development Property"), located in St. Johns County, Florida, and more particularly described as follows:

All of the Lots, said lots being numbered 1-90, inclusive, and all of the other land shown on the plat of SOLANO CAY, according to the plat thereof recorded in Map Book 21, pages 75-78 of the public records of St. Johns County, Florida.

to the provisions, restrictions, reservations, covenants, conditions and easements hereinafter set forth (the "Declaration"), all of which shall constitute covenants running with the land, binding upon owners and lessees of any part of the Property, and their heirs, successors, personal representatives and assigns.

ARTICLE I

DEFINITIONS

1. Lot(s) Lot means a parcel of land numbered 1-90, inclusive, shown on the recorded plat of Solano Cay, according to the plat recorded in Map Book 21, pages 75-78 of the public records of St. Johns County, Florida (the "Development"), together with all improvements and structures now or hereafter erected thereon shown on the Plat for Solano Cay and including membership in the Association.

2. Owner. Owner means the person or entity owning a Lot in fee simple.

3. Development Property. Development Property means all of the property subjected to this Declaration.

4. (a) Common Elements. Common elements means all of the Development Property except the Lots and shall include but not be limited to:

(i) All improvements and parts of the Development Property not included within any Lot, which do not serve a particular Lot;

(ii) Easements on, across and under each Lot for water, sewer and electrical utilities, storm water drainage, and other facilities for furnishing utility services to the various Lots and to the Common Elements;

(iii) All parking areas not within a Lot, and all streets, sidewalks and entrance ways and all other means of egress and ingress to the Development Property; and

(iv) All tangible personal property required for the maintenance and operation of the Development and for the common use and enjoyment of the Owners.

5. Common Expenses. Common expenses are:

(a) Expenses of administration, insurance, maintenance, operation, repair and replacement of the Common Elements, and costs of carrying out the powers and duties of the Association, including professional fees and expenses.

(b) Expenses declared Common Expenses by provisions of this Declaration or by the By-Laws of the Association.

(c) Any valid charge against the Development Property as a whole.

6. Common Surplus. Common Surplus means all amounts held by the Association in excess of estimated current operating expenses and common reserve funds.

7. Association. The Association means Solano Cay Homeowner's Association, Inc., a Florida non-profit corporation organized to manage the Development.

8. Board of Directors. The Board of Directors means the Board of Directors of the Association.

9. Plat. The Plat means the final plat of Solano Cay approved by the St. Johns County Board of County Commissioners.

ARTICLE II

DESCRIPTION OF PROJECT

1. Name. The name of this Development shall be "SOLANO CAY".

2. Description of Property. Attached hereto as Exhibit A is a legal description of the Development Property.

The Development contains a total of 90 Lots together with related streets, parking and recreational areas.

ARTICLE III

LOTS AND APPURTENANCES

Each Lot shall include the following as appurtenances, whether or not separately described, which shall pass with the title to that Lot whenever it is conveyed:

1. Membership in the Association. Ownership of a Lot shall automatically make the Owner a member of the Association and an owner of an interest in the funds and assets of that corporation equal to his percentage interest in the Common Elements.

2. Easements. Each Lot shall have as an appurtenance, the following easements:

(a) A nonexclusive easement for ingress and egress over streets, walks and common elements, and other rights-of-way serving all the Lots of the Development as part of the common elements necessary to provide reasonable access to public ways.

(b) Easements over adjoining Lots to the extent necessary to effect repairs and maintenance to the Lot comprising the dominant estate.

(c) Easements over adjoining Lots to the extent necessary to accommodate eaves and similar projections of any structure constructed on the dominant estate.

(d) The Association shall have the right to grant permits, licenses and easements over the common areas for utilities, roads, and other purposes reasonably necessary or useful for the proper maintenance or operation of the Development.

3. Streets and Right-of-Ways.

(a) That portion of the Development Property shown on the Plat as streets and right-of-ways (hereinafter, the "streets") are and shall remain the private property of the Association. There is hereby granted to the present and future owners of Lots and their guests, invitees, and domestic help, and to delivery, pickup, and fire protection services, police and other authorities of the law, United States mail carriers, representatives of utilities authorized by Developer or the Association to serve said land, holders of mortgage liens on any portion of said land, and such other persons as the Developer or the Association from time to time may designate, the nonexclusive and perpetual right of ingress and egress over and across the streets.

(b) The Association may upon the approval of 2/3 of the votes of the Board of Directors dedicate the streets to an appropriate governmental authority. In the event of such dedication, the easements granted in subparagraph 3(a) shall automatically terminate.

ARTICLE IV

DEVELOPER'S LOTS AND PRIVILEGES

1. Right to Own and Sell. The Developer shall have the right to transact on the Development Property any business necessary to consummate the sale, lease or rental of Lots, including but not limited to the right to maintain models, have signs, maintain an office and employees on the Property and use the Common Elements to show Lots. A sales and rental office, signs and all items pertaining to sales and rentals shall not be considered Common Elements and shall remain the property of the Developer.

2. Right to Divide or Combine Lots. The Developer reserves the right to divide or combine one or more Lots or portions thereof at any time prior to the sale of such Lots by the Developer. In the event that Developer divides or combines Lots, the membership in the Association shall be increased or decreased so that the Association shall be comprised of all Owners.

3. Easement for Access and Utilities. The Developer expressly reserves a perpetual easement for ingress and egress and for all utility installation and maintenance over, across and under all of the Common Elements.

4. Prohibited Actions. So long as the Developer is the owner of record title to any Lot, and holds that Lot for sale in the ordinary course of business, none of the following actions may be taken without approval in writing from the Developer:

(a) Assessment of the Developer as a Lot Owner for capital improvements;

(b) Any action that would be detrimental to the sale of Lots by the Developer; provided, that a uniform increase in assessments for common expenses without discrimination against the Developer shall not be deemed detrimental.

ARTICLE V

MANAGEMENT OF THE DEVELOPMENT

The administration of the Development shall be conducted by Solano Cay Homeowner's Association, Inc., a Florida corporation not-for-profit.

The Association shall administer and manage the Development, and shall maintain and repair the common elements. All persons owning a vested present interest of record in the fee title to any Lot shall automatically be members of the Association and their respective membership shall terminate as their vested interest in the fee title to the Lot terminates. Membership in the Association cannot be transferred, assigned or pledged in any manner except as an appurtenance to the respective Lot. The Association has all of the rights and powers available to a non-profit association under the laws of the State of Florida, and in addition, the rights, powers and duties accorded to it by this Declaration. All expenses of the Association shall be assessed as a Common Expense of the Owners as provided in the By-Laws.

Each Owner shall be entitled to one vote in the Association for each Lot owned by him, which shall be exercised only by that owner or his proxy. In the event a Lot is owned by more than one person or by a corporation, trust or other entity, the individual entitled to cast the vote for that Lot shall be designated by a certificate filed with the Secretary of the Association and signed by all joint owners of the Lot.

The Association shall at all times maintain a register setting forth the names of the Owners. In the event of the sale or transfer of any Lot to a third party, the purchaser or transferee shall notify the Association in writing of his interest in the Lot together with the recording information for the instrument by which such purchaser or transferee has acquired his interest. The Owner shall notify the Association of any mortgages encumbering any Lot, stating the name and address of the mortgagee and the amount of such mortgage or mortgages and the recording information. The holder of any mortgage encumbering any Lot may notify the Association of the existence of any mortgage held by such party and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to it.

ARTICLE VI

MAINTENANCE, ALTERATION AND REPAIR

The responsibility for the maintenance and repair of the Development Property shall be as follows:

1. Maintenance by the Association. The Association shall maintain, repair and replace:

(a) All Common Elements except as herein expressly provided to the contrary.

(b) All other items which the Board of Directors of the Association determines shall be maintained, repaired or replaced by the Association, in accordance with uniform policies, consistently applied.

The Association shall have an easement over, across and under and access to each Lot during reasonable hours as may be necessary for repair or maintenance of any Common Elements located therein or accessible therefrom and shall have such rights of access in emergencies as are reasonably necessary to prevent damage to a Lot or to the Common Elements.

2. Maintenance by Owner. The Owner shall:

(a) Maintain, repair and replace, when necessary, the exterior of each Lot and all structures and improvements thereon. The areas to be maintained by the Owners for which the Association shall have the right to undertake said maintenance in the event of Owner's default shall be limited to:

i. The exterior appearance of any structure located on the Lot; and

ii. The yard and landscaping of the Lot, including all shrubs, hedges, lawns, fences and other parts thereof which shall be maintained in a neat and attractive manner.

(b) Not install any mechanical equipment which causes annoyance to the occupants of other Lots.

(c) Promptly report to the Association any defects or need for repairs for which the Association is responsible.

3. Maintenance of Unit by Association. If the Owner shall fail to commence and diligently pursue the maintenance and repair required by this Article within fifteen (15) days after receipt of written notice, by certified U.S. mail, return receipt requested, to do so has been deposited by the Association in the U.S. mail, postage paid, addressed to the last known address of Owner, the Association shall have the right to make such repairs, maintenance or replacement at the expense of the Owner. If the Owner fails to reimburse the Association for such expenses within five (5) days of the date demand therefore is placed in the U.S. mail, postage paid addressed to the last known address of the Owner, the Association shall have a lien against that Owner's Lot for such expenses as set forth below. Each Owner hereby irrevocably appoints the Association as its agent and attorney-in-fact to contract for and make any such repairs or maintenance on behalf of Owner, it being agreed that such appointment is coupled with an interest. The Association, upon affecting any such repairs, maintenance or replacement shall be entitled to place a lien against the Lot under Florida's Mechanic's lien laws or otherwise. The Association shall also be entitled to collect from such Owner the costs and attorneys fees incurred by the Association in collecting any amounts hereunder and said lien shall also secure payment of such costs and attorneys fees.

4. Alteration and Improvements to Common Elements. No alterations or additions to the Common Elements shall be made except upon the approval of 2/3 of the votes of the Board of Directors.

5. Reconstruction or Repair After Casualty.

(a) In the event of any damage to the Common Elements, the Association shall promptly reconstruct the same substantially as they existed prior to the casualty. To the extent that the cost of reconstruction exceeds any insurance proceeds and other funds on hand, the Association may assess the Lot Owners for such cost in the manner set forth herein, provided, however, that such assessment shall not affect any right of the Association to seek damages against any Lot Owner responsible for such casualty.

(b) Damage to Lots. If any part of any Lot shall be damaged by casualty, the Lot Owner shall either reconstruct the improvements on such Lot in such a manner as to render the improvements habitable, or shall raze any structures and clear the Lot. Any reconstruction shall be made in conformity with the architectural controls set forth herein. In the event the Lot Owner fails or refuses to either reconstruct or raze the improvements, the Association may, at its sole and absolute option, either reconstruct or raze the improvements after notice

to the Lot Owner as set forth in Subparagraph 3 above and shall have a lien as set forth therein.

(c) Eminent Domain.

i. If part of the Common Elements are taken, all awards attributable to such taking shall be distributed to the Association which shall use such awards to repair or replace the Common Elements to the extent possible. If the award exceeds the cost of repair or replacement, the excess shall be retained by the Association and become a part of the Common Surplus.

ii. The Lot Owners hereby appoint the Association as their attorney-in-fact for purposes of any proceedings, negotiations, settlements, or agreements relating to or arising from condemnation, destruction, or liquidation of the Development Property.

ARTICLE VII

INSURANCE

The insurance other than title insurance which shall be carried on the Common Elements shall be governed by the following provisions:

1. Authority to Purchase. Insurance policies upon the Common Elements shall be purchased by the Association. The master policies and copies of all endorsements shall be held by the Association.

2. Coverage. The Association shall obtain casualty insurance on all buildings and improvements and on all personal property included in the Common Elements in an amount equal to its maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors, but subject to such deductible clauses as are required in order to obtain coverage at reasonable costs. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks including, but not limited to, vandalism and malicious mischief as from time to time shall be customarily covered with respect to buildings similar in construction, location and use. The Board of Directors shall obtain such other insurance coverage for the Association as it deems desirable or as required by law including but not limited to workmen's compensation and public liability insurance.

3. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense. If requested to do so, the Association shall furnish evidence of payment of premiums to each mortgagee listed in the register of mortgagees.

4. Proceeds. All proceeds of insurance policies purchased by the Association shall be payable to the Association. The Association shall hold such proceeds in trust, to be distributed as provided herein.

5. Association as Agent. The Association is irrevocably appointed agent for each Owner and for each mortgagee or other lien holder and for each Owner of any other interest in the Development Property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

6. Notice of Actions. If any action shall be brought against the Association which might result in a judgment for an amount greater than the insurance coverage carried by the Association, then the Lot Owners shall be given prompt notice of

the action and shall have the right to intervene and defend their interest.

ARTICLE VIII

ASSESSMENTS AND LIENS

The Board of Directors of the Association shall approve annual budgets of projected expenses for each fiscal year and assess each Owner for one-ninetieth (1/90) of such expenses. Each Lot Owner's share of common expenses shall be based on his proportionate ownership interest in the Common Elements.

Each Owner's assessment for his Lot shall be due and payable to the Association annually in advance in the second day of January unless some other payment schedule is adopted by the Board of Directors. If necessary to cover unanticipated expenditures which may be incurred during the fiscal year, the Board of Directors may levy special assessments against Owners in proportion to their share of the Common Expenses. In addition, the Board of Directors may assess Owners for certain expenses attributable solely to their Lot. Such special levies may be for costs specifically provided herein (such as reconstruction or repair after casualty) or may be solely in the discretion of the Board of Directors.

Any assessments, including special assessments, provided for in this Declaration which are not paid when due shall bear interest from the due date until paid at the rate of eighteen (18) percent per annum or such lower rate as the Board of Directors shall determine, shall be subject to a late charge as may be set and uniformly applied by the Board of Directors and shall entitle the Association to reimbursement of attorneys' fees incurred by the Association incident to the collection of any such delinquent assessment. The Association shall have a lien on each Lot for any unpaid assessment, including special assessments, together with interest thereon, and for reasonable attorney's fees incurred by the Association incident to the collection of the assessment or enforcement of the lien. Such liens shall not attach until a claim of lien is recorded in the public records of the County in which the Property is located and shall be subordinate to the lien of an institutional mortgage recorded prior to the time of recording of the claim of lien. In addition, the Association shall have all other remedies provided by applicable laws for the collection of the above, or the enforcement of its lien. The liability for assessments may not be avoided by waiver of the use or enjoyment of any common elements or by abandonment of the Lot for which the assessment is made.

ARTICLE IX

USE RESTRICTIONS

The use of the Development Property shall be in accordance with the following provisions:

1. Use of Common Elements. The Common Elements shall be used only for the purposes for which they are intended for the exclusive use and enjoyment of the Owners, occupants of the Lots, and their guests.

2. Association Regulations. Reasonable regulations concerning the use of the Development Property may be made and amended from time to time by the Board of Directors of the Association.

3. Single Family Residence Only; Two Story Limit. No structure shall be erected, altered or permitted to remain on any Lot other than single family residential dwellings. Lots shall

be used for residential purposes only, and businesses or commercial uses, including, but not limited to, doctors, dentists, accountants, hair-dressers, etc., are specifically prohibited. No structure shall be erected which is greater than two stories in height.

4. Other Structures. Without the prior written consent of the Association, no buildings, structures, pens, yards and houses for pets, above-ground storage of construction materials, coal, oil, and other fuels except firewood, clothes racks and lines, washing and drying equipment, laundry rooms, tools and workshops, garbage and trash cans, detached garages, hothouses, greenhouses, guest houses, bathhouses, summerhouses, outdoor fireplaces, barbeque pits, or any other structure or objects of any unsightly nature or appearance may be constructed or permitted to remain upon a Lot. Air conditioning units may be installed at the side of the residence provided the noise from same will not disturb their neighbors. Each such unit must be adequately and ornamentally screened.

5. Architectural Review. For the purpose of further insuring the development of the Development Property as a residential area of highest quality and standards, and in order that all improvements on each Lot shall present an attractive and pleasing appearance from all sides of view, the Developer reserves the exclusive power and discretion to control and approve all of the buildings, structures and other improvements on each Lot in the manner and to the extent set forth herein. No residence or other building, and no building, fence, wall, driveway, swimming pool or other structure or improvement, regardless of size or purpose, whether attached to or detached from the main residence shall be commenced, placed, erected or allowed to remain on any Lot, nor shall any additions to or exterior change or alteration thereto be made, unless and until building plans and specifications covering same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes, location and orientation on the Lot and approximate square footage, construction schedule and such other information as the Developer shall require, including, if so required, plans for the grading and landscaping of the Lot showing any changes proposed to be made in the elevation or surface contours of the land, have been submitted to and approved by the Developer in writing. The Developer shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons and reasons connected with future development plans of the Developer of said land or contiguous lands. In passing upon such building plans and specifications and lot-grading and landscaping plans, the Developer may take into consideration the suitability and desirability of proposed constructions and the materials of which the same are proposed to be constructed and the quality of the proposed workmanship as the Developer shall specify or require. In the event Developer fails to approve or disapprove the plans, specifications and other items required under the terms of this paragraph within thirty (30) days after the same have been submitted to Developer in writing, such approval shall not be required and the provisions of this paragraph shall be deemed to have been complied with. The Developer's rights hereunder shall pass to the Association at such time as a residence has been constructed on each Lot or at such earlier time as the Developer may assign its rights hereunder to the Association, provided, however, that no such transfer shall affect or negate any prior approval or disapproval of the Developer.

6. No Overhead Wires. All telephone, cable television, electric and other utility lines and connections between the main utilities lines and the residential dwelling located on each Lot shall be concealed and located underground so as not to be visible.

7. No Sheds, Shacks or Trailers. No shed, shack, trailer, tent or other temporary or movable building or structure of any kind shall be erected or permitted to remain on any Lot. However, this paragraph shall not prevent the use of adequate sanitary toilet facilities for workmen during the course of such construction. Likewise, any contractor or sales person authorized by Developer may maintain a trailer or portable construction shack of attractive design suitably landscaped on any Lot used in connection with the construction or sale of houses being built in this Development for no longer than thirty-six (36) months. The location and landscaping of the trailer shall be subject to approval by the Developer as set forth in paragraph 6.

8. Residing Only in Residence. No trailer, basement, garage or any outbuilding of any kind even if otherwise permitted hereunder to be or remain on a Lot, shall be at any time used as a residence either temporarily or permanently.

9. Signs. No sign of any character shall be displayed upon or permitted to remain on any Lot except "FOR RENT" or "FOR SALE" signs, which signs may refer only to the particular premises on which displayed, and shall be of materials, size, height, and design specified by the Association.

Nothing contained herein shall prevent the Developer from erecting or maintaining such commercial and display signs and such temporary dwellings, model dwellings and other structures as the Developer may deem advisable for development or sales purposes.

10. Aerials and Antennas. No radio or television aerial, antenna or dish antenna nor any other exterior electronic or electrical equipment or devices of any kind shall be installed or maintained on the exterior of any structure located on a Lot unless and until the location, size and design thereof shall have been approved by the Association.

11. No Offensive Activities. No illegal, noxious or offensive activity shall be permitted or carried on upon any part of the Development Property, nor shall anything be permitted or done thereon which is or may become a nuisance to the neighborhood. No trash, garbage, rubbish, debris, waste materials or other refuse shall be deposited or allowed to accumulate or remain on any part of any Lot. No fires for burning trash, leaves, clippings or other debris or refuse shall be permitted to be on any part of any Lot or road rights-of-way. No commercial uses, including home occupations, shall be allowed without the approval of the Association. No mechanical repairs on any wheeled vehicle shall be permitted on any Lot.

12. Pets. No animals other than two dogs weighing a total of no more than 90 pounds, or two cats, or four birds, may be kept on any Lot for the pleasure and use of the occupants of the residential dwelling thereon, but not for any commercial or breeding use or purpose. If, in the sole opinion of the Association, the animal or animals become dangerous or an annoyance or nuisance in the neighborhood or nearby property or destructive of wildlife, they may not thereafter be kept on the Lot. Birds shall be kept in indoor cages at all times. All pets shall be kept on a leash at all times and shall be curbed.

13. Motorist Vision to Remain Unobstructed. The Association shall have the right, but no obligation, to remove, or require the removal of any fence, wall, hedge, shrubbery, bushes, trees or other thing or material, either natural or artificial, placed or located on any Lot if the location of same, are, in the sole judgment and opinion of the Association, obstructing the vision of motorists upon any of the streets.

14. No Parking of Wheeled Vehicles, Boats, etc. No wheeled vehicles, (excluding one automobile) of any kind, including but

not limited to, travel trailers, camper trailers, motor homes, mobile homes, boats, boat trailers, or any other offensive objects shall be kept or parked on any Lot, including driveways, between the paved road and the residential structure thereon. They may be so kept if completely inside a garage attached to the residential dwelling, provided, the garage door is closed except for entry and exit. Private automobiles of the occupants of a residential dwelling on a Lot and their guests and invitees may be parked in such driveways and other vehicles may be parked in such driveways during the times necessary for pick-up and delivery service, and solely for the purpose of such services. No wheeled vehicles of any kind, trailers, boats or any other offensive objects shall be kept or parked in the grassed area or the front or side yard of any Lot. No boat, boat trailer, motor home, mobile home, or other trailer may be parked in the street in front of any Lot except for the purpose of loading and unloading.

15. Window Air Conditioners. No window airconditioning units shall be installed in any residential dwelling.

16. Easements for Drainage and Utilities. The Developer for itself, the Association and its successors and assigns, hereby reserves and is given a perpetual, alienable, and releaseable easement, privilege and right on, over and under the Development Property to erect, maintain and use electric, and CATV and telephone wires, cables and conduits, water mains, drainage lines or drainage ditches, sewer and other suitable equipment for drainage and sewage disposal purposes or for the installation, maintenance, transmission and use of electricity, gas, telephone, CATV, lighting, heating, water, drainage, sewage and other conveniences or utilities on, in, over and under all of the easements shown on Exhibit A (whether such easements are shown on Exhibit A to be for drainage, utilities or other purposes). The Developer shall have the unrestricted right and power of alienating and releasing the privileges, easements and rights referred to in this paragraph. The Owner of a Lot subject to the privileges, rights and easements referred to in this paragraph shall acquire no right, title or interest in or to any wires, cables, conduits, pipes, mains, lines or other equipment or facilities placed by others on, over or under the property which is subject to said privileges, rights and easements.

17. Completion of Commenced Construction. When the construction of any building is once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. The residence and all related structures shown on the plans and specifications approved by the Developer must be completed within eight (8) months after commencement of construction, unless such completion is rendered impossible as a direct result of strikes, fires, national emergencies, or natural calamities. Prior to the completion of construction, the Owner shall install at his expense a suitable paved driveway from the paved portion of the abutting street to the garage entrance. During the construction on any Lot, all vehicles involved in such construction, including those delivering materials and supplies (except those trucks large or heavy enough to damage said driveways) shall enter into such Lot from the street only at this location.

18. Approval of Developer. Wherever the consent or approval of the Developer or the Association is required to be obtained, no action requiring such consent or approval shall be commenced or undertaken until after a request in writing seeking the same has been submitted to and approved in writing by the Developer or the Association. Such request shall be sent by certified mail with return receipt requested. In the event that the Developer or the Association fails to act on any such written request within thirty (30) days after the same has been submitted as required above, the consent or approval to the particular action sought in such written request shall be presumed; however, no action, except as referred to in paragraph 5, supra, shall be

taken by or on behalf of the person or persons submitting such written request which violates any of the provisions of this Declaration.

19. Traffic Control. The streets and rights-of-way shown on the Plat are privately owned by the Association as part of the Development Property. The Association shall have full right and authority to promulgate rules and regulations governing the traffic on such streets and rights-of-way, including the right to erect or construct traffic signs, crosswalks and speed bumps or other control devices and to establish speed limits. The Association shall have an easement over each Lot for the erection and maintenance of such signs and devices.

No parking shall be permitted on any street or right-of-way except in areas designated by the Association.

20. Legal Action on Violation. If any person, firm or corporation or other entity shall violate or attempt to violate any of the provisions of this Article it shall be lawful for the Association or any person or persons owning any Lot: (a) to prosecute proceedings at law for recovery of damages against those so violating or attempting to violate any such covenants, restrictions and easements; or (b) to maintain a proceeding in equity against those so violating or attempting to violate any such covenants, restrictions and easements, for the purposes of preventing or enjoining all or any such violations or attempted violations, PROVIDED, HOWEVER, that the Owner or occupant of any residential dwelling on any Lot shall not have any right or cause of action for damages to maintain a proceeding in equity or any claim whatsoever against any builder and/or construction company for violating Paragraph 17 of this Article. The remedies contained in this paragraph shall be construed as cumulative of all other remedies now or hereafter provided by law. The failure of the Association, its successors or assigns, to enforce any covenant, restriction or easement or any obligation, right, power, privilege, authority, or reservation herein contained, however long continued, shall in no event be deemed as a waiver of the right to enforce the same thereafter as to the same breach or violation thereof occurring prior to or subsequent thereto. Owners found in violation of any of the provisions of this Article shall pay all costs and attorney's fee to the successful plaintiff in any action seeking to prevent, correct or enjoin such violations or in damage suits thereon. All covenants, restrictions and easements contained in this Article shall be deemed several and independent. The invalidity of one or more or any part of one shall in no wise impair the validity of the remaining covenants, restrictions and easements or any part thereof.

21. Lots Adjoining Ponds. Certain of the Lots adjoin a pond located within the Development property. No pier, dock, bulkhead or other structure shall be constructed or permitted to remain on, in or over any portion of said pond. No boat, raft or floating object of any kind shall be brought or operated on said pond and no swimming shall ever be allowed in said pond.

22. Leasing of Lots. No Lot shall be leased for an initial lease period of less than 181 days.

ARTICLE X

AMENDMENTS TO DECLARATION

Article IV and any other article in this Declaration affecting the rights of the Developer shall not be subject to amendment without the consent of the Developer. No amendment shall change any Lot or its appurtenant share in the Common Elements unless the Owner and all mortgagees of record shall join in the execution of the amendment. No amendment may change Article VII entitled "Insurance" unless all mortgagees of record shall join in the execution of the amendment.

Subject to the above provisions, this Declaration of Development may be amended as follows:

1. Until the election of a majority of the Board of Directors by the Owners, this Declaration may be amended by vote of all of the Directors provided that the amendment does not increase the number of Lots nor alter the boundaries of the Common Elements. Amendments that cannot be adopted by the Board of Directors must be approved (1) by two-thirds of the votes of the Owners; and (2) by 51 percent of the holders of mortgages encumbering Lots; regardless of whether the Owners have elected a majority of the Board of Directors.

2. After the election of a majority of the Board of Directors by the Owners, this Declaration may be amended at a meeting of the members of the Association. Amendments may be proposed by the Board of Directors or by individual members of the Association. Proposals shall be submitted in writing to the President of the Association who, upon receipt, shall call a meeting of the Association to consider the proposed amendment. The meeting shall be held within thirty (30) days after receipt by the President of the proposed amendment. Notice of the meeting specifying the proposed amendment shall be furnished in accordance with the By-Laws of the Association. At the meeting, the proposed amendment shall be adopted if approved by not less than (1) two-thirds of the votes of the entire membership of the Association; and (2) by 51 percent of the holders of mortgages encumbering the Lots.

After adoption of any amendment pursuant to this Article, the officers of the Association shall execute and record in the public records of the County in which the Property is located, a certificate certifying that the amendment was duly adopted. The amendment shall be effective when the certificate and a copy of the amendment are recorded.

ARTICLE XI

FIRST LIEN HOLDERS' RIGHTS

1. Notices of Action. A holder, insurer or guarantor of a first mortgage, upon written request to the Association, (such request to state the name and address of such holder, insurer or guarantor and the unit number), will be entitled to timely written notice of:

(a) Any proposed amendment of the Declaration effecting a change in (i) the boundaries of any Lot or the exclusive easement rights appertaining thereto, (ii) the interests in the general or limited common elements appertaining to any Lot or the liability for common expenses appertaining thereto, (iii) the number of votes in the owners association appertaining to any Lot or (iv) the purposes to which any Lot or the common elements are restricted;

(b) Any condemnation loss or any casualty loss which affects a material portion of the Development Property or which affects any Lot on which there is a first mortgage held, insured or guaranteed by such eligible holder;

(c) Any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;

(d) Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

ARTICLE XII

SEVERABILITY

The invalidity in whole or in part of any covenant or restriction, or any article, paragraph, section, subsection, sentence, clause, phrase or word, or other provision of this Declaration, the Articles of Incorporation, By-Laws or Regulations of the Association, or any other document governing the Development shall not affect the validity of the remaining portions thereof.

IN WITNESS WHEREOF, the undersigned have executed this Declaration this 19th day of May, 1988.

Signed, sealed and delivered
in the presence of:

[Signature]
John J. Oberdeck

COASTAL CONCEPTS, INC.

By [Signature]
Its President
(Corporate Seal)

FIRST PIONEER CORPORATION

[Signature]
John J. Oberdeck

By [Signature]
Its SENIOR President
(Corporate Seal)

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 19th day of May, 1988, by Daniel T. Crisp, III, President of Coastal Concepts, Inc., a Florida corporation, on behalf of the corporation.

[Signature]
Notary Public, State of Florida
My commission expires:
NOTARY PUBLIC, STATE OF FLORIDA
My commission expires Jan 20, 1992

STATE OF FLORIDA
COUNTY OF Duval

The foregoing instrument was acknowledged before me this 19th day of May, 1988, by Harold D. Craft, President of First Pioneer Corporation, a Florida corporation, on behalf of the corporation.

[Signature]
Notary Public, State of Florida
My commission expires:
NOTARY PUBLIC, STATE OF FLORIDA
My commission expires Jan 20, 1992

JOINDER OF MORTGAGEE IN DECLARATION

Florida National Bank, the owner and holder of a mortgage encumbering the land described in the foregoing Declaration of Covenants, Restrictions and Easements for Solano Cay, a residential development (the "Declaration"), hereby consents to and joins in said Declaration and agrees that the lien and operation of its mortgage, to the extent of the encumbrance upon the land described in said Declaration shall hereafter be upon all of the Lots described in the Declaration, together with all of the appurtenances thereto, and shall be subordinate to the covenants, restrictions and easements created by said Declaration.

EXECUTED this 18th day of ^{May}~~April~~, 1988.

WITNESSES:

FLORIDA NATIONAL BANK

CLTB
Deborah A. O'Donnell

By [Signature]
Its Vice President

(Corporate Seal)

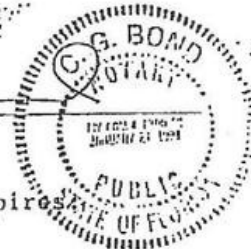
STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 18th day of ^{May}~~April~~, 1988, by Frazier L. Dughi, Vice President of Florida National Bank, a national banking association, on behalf of the corporation.

CLTB
Notary Public,
State of Florida

My Commission Expires



JOINDER OF MORTGAGEE IN DECLARATION

First Federal Savings and Loan Association of Jacksonville, the owner and holder of a mortgage encumbering the land described in the foregoing Declaration of Covenants, Restrictions and Easements for Solano Cay, a residential development (the "Declaration"), hereby consents to and joins in said Declaration and agrees that the lien and operation of its mortgage, to the extent of the encumbrance upon the land described in said Declaration shall hereafter be upon all of the Lots described in the Declaration, together with all of the appurtenances thereto, and shall be subordinate to the covenants, restrictions and easements created by said Declaration.

EXECUTED this 10 day of April, 1988.

WITNESSES:

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF JACKSONVILLE

Ava S. Whitman
John M. Whitman

By Willard E. Allen, Jr.
Its Vice President
(Corporate Seal)

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 20 day of April, 1988, by Willard E. Allen, Jr., Vice President of First Federal Savings and Loan Association of Jacksonville, a corporation organized and existing under the laws of the United States, on behalf of said Corporation.

Susan G. Jackson
Notary Public,
State of Florida

My Commission Expires: 10/10/90

NOTARY PUBLIC, STATE OF FLORIDA
My commission expires Jan. 13, 1991

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PUBLIC RECORDS OF
FLORIDA

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CLERK OF DISTRICT COURT

SOLANO CAY HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I.

Members

Section 1. The members of SOLANO CAY HOMEOWNER'S ASSOCIATION, INC. (the "Association"), a Florida corporation not for profit, shall consist of the respective owners of parcels ("units") of Solano Cay, a residential development (the "Development") located in Ponte Vedra, Florida.

Section 2. The membership of each unit owner shall terminate when he ceases to be a unit owner, and upon the sale, transfer or other disposition of his ownership interest in a unit, membership in the Association shall automatically be transferred to the new unit owner succeeding to such ownership interest.

Section 3. Each unit shall be entitled to one vote at Association meetings, which shall be exercised by the unit owner. A majority of votes shall decide all questions at Association meetings, unless specified otherwise in these By-Laws, the Articles of Incorporation, or the Declaration of Covenants, Restrictions and Easements of Solano Cay, a Residential Subdivision (the "Declaration"). If a person owns more than one unit, he shall be entitled to one vote for each unit owned. In the event that a unit is owned by more than one person, or by a corporation, trust or other entity, the person entitled to cast the vote for that unit shall be designated by a certificate filed with the Association and signed by all joint owners or an authorized agent of the corporation or other entity.

Section 4. A quorum at membership meetings shall consist of attendance in person or by proxy of members entitled to cast thirty-one percent (31%) of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purposes of determining a quorum.

Section 5. Votes may be cast in person or by proxy. Proxies shall be in writing, shall be valid only for the particular meeting designated thereon and must be filed with the secretary before the appointed time of the meeting. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy is revokable at any time at the pleasure of the unit owner executing it.

ARTICLE II.

Meetings of Membership

Section 1. The annual meeting of the membership of the Association shall be held at the offices of the Association or at such other place in the State of Florida, as shall be designated by the Board of Directors of the Association (the "Board") or the President of the Association. The annual meeting shall be held at 10:00 a.m. on the first Saturday in July of each year, unless otherwise determined by the Board.

Section 2. Unless specifically provided otherwise herein, special meetings of the membership shall be held when directed by the President or the Board or when requested in writing by members holding ten percent (10%) of the votes having the right to vote at such meeting. A meeting requested by the membership shall be called for a date not less than ten or more than thirty days after the request is made. The call for the meeting shall be issued by the Secretary.

Section 3. Notice of all members' meetings, regular or special, shall be given by the President, Secretary or Treasurer of the Association, to each member, unless waived in writing. Such notices shall be written or printed, shall state the time, place and purpose for the meeting, and shall be mailed or personally delivered to each member as follows:

(a) For special meetings, not less than forty-eight (48) hours prior to the date of the meeting, unless the Board determines an emergency, in which event the Board shall give such notice as is reasonable under the circumstances;

(b) For annual meetings, not less than fourteen (14) days prior to the date set for the meeting; and

(c) For any meetings at which the budget of common expenses will be considered, not less than fourteen (14) days prior to the date of the meeting.

In addition, except in an emergency, when such notice requirement shall be waived, written notice shall be posted at a conspicuous place on the Development property not less than forty-eight (48) hours prior to any special meeting and not less than fourteen (14) days prior to the annual meeting or the budget meeting.

Section 4. Any unit owner may waive notice of a meeting or consent to the holding of a meeting without notice or consent to action taken without a meeting, by execution of a waiver or

consent in writing. Such waiver or consent may be executed prior to, at, or subsequent to the meeting or Association action to which the waiver or consent relates.

ARTICLE III.

Board of Directors

Section 1. The Board of Directors of the Association shall consist of no fewer than three (3) nor more than five (5) persons who shall be originally appointed as provided in the Declaration. Thereafter, subject to the provisions of the Declaration, the directors shall be elected at the annual membership meeting, and shall hold office for a term of one year and until their successors shall be elected and qualified. At each election for directors, each member shall be entitled to vote for as many persons as there are directors to be elected. No cumulative voting shall be permitted. The candidates receiving the highest number of votes shall be declared elected.

Section 2. After the first election of all directors by the membership, each director shall be a unit owner or the spouse of a unit owner (or, if a unit owner is a corporation, partnership, or trust, a director may be an officer, partner, trustee or beneficiary of such unit owner). If a director shall cease to meet such qualifications during his term, he shall thereupon cease to be a director and his place on the Board shall be deemed vacant.

Section 3. Any vacancy occurring in the Board may be filled by a majority vote of the remaining members thereof.

Section 4. An annual meeting of the Board shall be held immediately following the annual meeting of the membership and at the same place. Special meetings of the Board shall be held upon call by the President or a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, unless the Board determines an emergency to exist, in which event the Board shall give such notice as is reasonable under the circumstances. All meetings of the Board shall be open to unit owners and, except in an emergency as provided above, notices of all meetings shall be posted in a conspicuous place on the Development property at least forty-eight (48) hours prior to the meeting. However, unit owners shall not be entitled to vote or participate in any other way at the meeting.

Section 5. Any director or unit owner may waive notice of a meeting or consent to the holding of a meeting without notice or consent to any action of the Board without a meeting. Such waiver or consent may be executed prior to, at, or subsequent to, the meeting or Board action, to which the waiver or consent relates.

Section 6. A quorum for the transaction of business shall consist of a majority of the directors. However, less than a quorum may adjourn a meeting from time to time. A majority of directors who are present at any meeting where a quorum is present, shall decide any question before the meeting.

Section 7. Any director may be removed from office, with or without cause, by at least a majority vote of all unit owners, at a duly called meeting of unit owners. Notwithstanding any other provisions herein, a special meeting of unit owners to remove a director or directors from office may be called by ten percent (10%) of all unit owners giving notice of the meeting to all owners, which notice shall state the purpose of the meeting and shall be given to all unit owners in writing in the same manner as required by these By-Laws for any special meeting of unit owners.

Section 8. Directors shall receive no compensation for their services, unless expressly provided for in resolutions duly adopted by the unit owners.

Section 9. The Board shall have the following powers and duties:

(a) To elect the officers of the Association as hereinafter provided;

(b) To administer the affairs of the Association and the Solano Cay residential development;

(c) To employ a General Manager or Management Company who shall manage and operate the Development for all of the unit owners, upon such terms and for such compensation and with such authority as the Board may approve;

(d) To formulate policies for the administration, management and operation of the Development;

(e) To adopt administrative rules and regulations governing the administration, management, operation and use of the Development, and to amend such rules and regulations from time to time;

(f) To provide for the maintenance, repair and replacement of the common elements and limited common elements and payments therefor;

(g) To provide for the designation, hiring and removal of employees and other personnel, including accountants and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement,

administration, management and operation of the Development and the Development property, and to delegate any such powers to the employees or agents of the Association;

(h) To estimate the amount of the annual budget, and to provide the manner of assessing and collecting from the unit owners their respective shares of such estimated expenses as hereinafter provided and to assess any supplemental assessment and/or levy as the Board shall deem necessary;

(i) Unless otherwise provided herein or in the Declaration, to comply with the instructions of a majority of the unit owners, as expressed in a resolution duly adopted at any annual or special meeting of the unit owners;

(j) To exercise all other powers and duties of the Board provided for in the Declaration and the Certificate of Incorporation of the Association, as amended from time to time.

ARTICLE IV

Officers

Section 1. Subject to the provisions of the Declaration, at each annual meeting of the Board, the Board shall elect from the membership of the Association the following officers of the Association:

(a) A President, who shall be a director, shall preside over the meetings of the Board and of the unit owners, and shall be the chief executive officer of the Association. In the recess of the Board, the President shall have general control and management of the business and affairs of this Association.

(b) A Secretary, who shall keep the minutes of all meetings of the Board and of the membership and who shall perform all the duties generally incident to the office of Secretary;

(c) A Treasurer, who shall cause to be kept the financial records and books of account of the Association; and

(d) Such additional officers as the Board shall see fit to elect.

Section 2. The respective officers shall have the general powers usually vested in such officers of a not-for-profit corporation, provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may deem necessary.

Section 3. Each officer shall hold office for the term of one year and until his successor shall have been elected and qualified.

Section 4. Vacancies in any office shall be filled by the Board at special meetings thereof. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the Board.

Section 5. Officers shall receive no compensation for their services, unless expressly provided for in a resolution duly adopted by the unit owners.

Section 6. The Association shall cause blanket fidelity bonds in the principal sum of not less than \$10,000 for each person to be maintained for all officers, directors, and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association.

ARTICLE V.

Budget and Assessments

Section 1. The Board shall cause to be prepared an estimated annual budget for each fiscal year of the Association. Such budget shall take into account the estimated common expenses and cash requirements for the year, including salaries, wages, payroll, taxes, supplies, materials, parts, services, utilities, maintenance, repairs, replacements, landscaping, insurance, fuel, power and other common expenses (as distinguished from individual mortgage payments, real estate taxes, repairs, maintenance, landscaping, telephone, electricity and other individual expenses billed to or paid by the unit owners on an individual or separate basis rather than a common basis). The annual budget shall also include reserve accounts for capital expenditures and deferred maintenance for any item for which the deferred maintenance expense or replacement cost is greater than \$10,000. To the extent that the assessments and other cash income collected from the unit owners during the preceding year shall be more or less than the expenditures for such preceding year, the surplus or deficiency, as the case may be, shall also be taken into account.

Section 2. The estimated annual budget for each fiscal year as prepared by the Board, shall be approved by a majority of the Board members. A copy of the proposed annual budget shall be mailed to unit owners not less than fourteen (14) days prior to the meeting at which the budget is to be considered, together with notice of the meeting, specifying the time and place at which it will be held.

Section 3. On or before the first day of the first month and of each succeeding month of the year covered by the annual budget, each unit owner shall pay, as his respective monthly assessment for the common expenses, one-twelfth (1/12) of his proportionate share of the common expenses for such year as shown by the annual budget. Such proportionate share for each unit owner shall be in accordance with his respective ownership interest in the common elements as set forth in the Declaration. The Board may send to each unit owner on or before the first day of each month a statement of the monthly assessment of such unit owner for such month, but the failure to receive such monthly statement shall not relieve any unit owner of his obligation to pay his monthly assessment on or before the first day of each month. In the event that the Association shall not approve an estimated annual budget or shall fail to determine new monthly assessments for any year, or shall be delayed in doing so, each unit owner shall continue to pay each month the amount of his respective monthly assessment as last determined. Each unit owner shall pay his monthly assessment on or before the first day of each month to the General Manager or as may be otherwise directed by the Board. No unit owner shall be relieved of his obligation to pay his assessments for common expenses by abandoning or not using his unit or the common elements.

Section 4. If an adopted budget requires assessments against the unit owners in any fiscal or calendar year which exceed 115 percent of the assessments for the preceding year, the Board, upon written application to it of 10 percent of the voting interests shall call a special meeting of the unit owners within thirty (30) days, upon not less than ten (10) days' written notice to each unit owner. Adoption of the budget in question shall require a vote of not less than a majority vote of all voting interests. However, as long as the developer is in control of the Board, the Board shall not impose an assessment for any year greater than 115 percent of the prior fiscal or calendar year's assessment without approval of a majority of all the voting interests other than the developer.

Section 5. The developer shall establish a working capital fund equal to two months' estimated common charges for each unit. Each unit's share of the working capital fund shall be collected at the time the initial sale of the unit is closed and shall be deposited in a segregated fund. Any amounts paid into this fund shall not be considered advance payments of regular assessments. Within sixty (60) days after closing has been held for the first unit, the developer shall pay each unsold unit's share of the working capital fund to the Association. The developer shall then reimburse itself for this payment from the funds collected at closing when the unsold units are sold.

Section 6. If the first fiscal year of the Association, or any succeeding fiscal year, shall be less than a full calendar year, then the monthly assessments for each unit owner shall be proportionate to the number of months and days in the period covered by such budget. A unit owner shall pay his assessment commencing with the date of purchase of his parcel for the following month or fraction of a month, which assessment shall be in proportion to his respective ownership interest in the common elements and the number of months and days remaining of the period covered by the current annual budget.

Section 7. The Board shall maintain accounting records according to approved accounting practices, and current copies of the Declaration, By-Laws and such rules and regulations as may be adopted which records shall be open to inspection by unit owners, lenders, and holders, guarantors and insurers of first mortgage liens against units in the Development during normal business hours or at other reasonable times and upon reasonable notice. The accounting records shall include a record of receipts and expenditures and a separate account for each unit owner showing the assessments charged to and paid by such owner. Within sixty (60) days after the end of each the fiscal or calendar year the Board shall cause to be furnished to each unit owner a complete financial report of actual year so ended, showing the receipts and expenditures for the previous twelve months. If requested in writing, the Board must provide an audited financial statement for the preceeding year to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the Development who submits such request.

Section 8. Every unit owner shall pay his proportionate share of the common expenses, in the same ratio as his percentage of ownership in the common elements as set forth in the Declaration and any special assessments assessed against his unit in the manner herein provided. If any unit owner shall fail or refuse to make any such payment of the common expenses or any special assessments when due, the amount thereof shall constitute a lien on the interest of such unit owner in his unit and its appurtenances. The Association and the Board shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Declaration or these By-Laws or otherwise available at law or in equity, for the collection of all unpaid assessments.

Section 9. The Board may cause the Association to discharge any mechanic's lien or other encumbrance which in the opinion of the Board may constitute a lien against the common elements or limited common elements of the Development. When fewer than all the unit owners are responsible for the existence of any such lien, the unit owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all

costs and expenses (including attorney's fees) incurred by reason of such lien.

Section 10. The Board may make special levies against one or more of the units to pay for improvements, repairs or replacements which are attributable only to those units in accordance with the terms of the Declaration. Special levies shall be due and payable within fifteen (15) days after notice thereof is given unless the notice shall specify otherwise.

ARTICLE VI.

Use and Occupancy Restrictions

Section 1. No part of the Development shall be used for other than housing and the related common purposes for which the Development was designed. Each occupant, whether owner or tenant, shall comply with all the restrictions upon use set out in the Declaration.

Section 2. Uniform Rules and Regulations governing the use of the Development and the conduct of persons entitled to use the Development property shall be promulgated from time to time by the Board. All unit owners shall obey the Rules and Regulations as promulgated by the Board.

Section 3. The Board may levy and assess fines against any unit owner, occupant of a unit, licensee, or invitee, for failure to abide by any provision of the Declaration, these By-Laws, or any promulgated Rules and Regulations of the Association.

ARTICLE VII.

Amendments

Proposals for amendment, alteration, or rescission of these By-Laws shall be submitted in writing to the President of the Association who, upon receipt, shall call a meeting of the members to consider the proposed amendment. The meeting shall be held within thirty (30) days after receipt by the President of the proposed amendment. Notice of the meeting specifying the proposed amendment shall be furnished in accordance with these By-Laws. At the meeting, the proposed amendment shall be adopted if approved by not less than (1) two-thirds of the votes of the entire membership of the Association; and (2) by 51 percent of the holders of mortgages encumbering the units.

ARTICLE VIII.

Lender's Notices

Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a mortgage encumbering a unit and the unit number or address, any such mortgage holder, insurer or guarantor will be entitled to timely written notice of:

- a. Any condemnation loss or any casualty loss which affects a material portion of the Development or any unit on which there is a first mortgage held, insured, or guaranteed by such mortgage holder, insurer, or guarantor, as applicable;
- b. Any delinquency in the payment of assessments or charges owed by an owner of a unit subject to a first mortgage held, insured or guaranteed by such holder, insurer or guarantor, which remains uncured for a period of 60 days;
- c. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
- d. Any proposed action which would require the consent of a specified percentage of mortgage holders.

I HEREBY CERTIFY that the foregoing By-Laws were duly adopted by the Board of Directors of Solano Cay Homeowner's Association, Inc., a Florida corporation not-for-profit, this ____ day of _____, 1988.

Secretary