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# DECLARATION FOR COASTAL BAY

This Instrument was prepared by:  
Scott Weisburd, Esq.  
Weisburd, Eisen & Possenti, P.A.  
7700 N. Kendall Drive, Suite 707  
Miami, Florida 33156

THIS INSTRUMENT PREPARED BY:

SCOTT WEISBURD, ESQ.  
WEISBURD, EISEN & POSSENTI, P.A.  
7700 North Kendall Drive, Suite # 707  
Miami, Florida 33156

**DECLARATION  
FOR  
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**DECLARATION  
FOR  
COASTAL BAY**

THIS DECLARATION FOR COASTAL BAY (this "**Declaration**") is made by **SOUTHERN HOMES OF PALM BEACH II, LLC**, a Florida limited liability company ("**Southern**") and joined in by **Coastal Bay Homeowners Association, Inc.**, a Florida not-for-profit corporation ("**Association**").

R E C I T A L S

A. Southern is the owner of the real property in Palm Beach County, Florida more particularly described in **Exhibit 1** attached hereto and made a part hereof ("**Coastal Bay**").

B. Southern desires to subject Coastal Bay to the covenants, conditions, easements, reservations, regulations, charges and liens and restrictions contained in this Declaration.

C. This Declaration is a covenant running with all of the land comprising Coastal Bay, and each present and future owner of interests therein and their heirs, successors and assigns are hereby subject to this Declaration;

NOW THEREFORE, Southern hereby declares that every portion of Coastal Bay is to be held, transferred, sold, conveyed, used and occupied subject to the covenants, conditions, restrictions, easements, reservations, regulations, charges and liens hereinafter set forth.

1. **Recitals**. The foregoing Recitals are true and correct and are incorporated into and form a part of this Declaration.

2. **Definitions**. In addition to the terms defined elsewhere in this Declaration, all initially capitalized terms herein shall have the following meanings:

"**ACC**" shall mean the Architectural Control Committee for Coastal Bay established pursuant to **Section 19.1** hereof.

"**Articles**" shall mean the Articles of Incorporation of Association filed with the Florida Secretary of State in the form attached hereto as **Exhibit 2** and made a part hereof, as amended from time to time.

"**Assessments**" shall mean any assessments made in accordance with this Declaration and as further defined in **Section 17** hereof.

"**Association**" shall mean the Coastal Bay Homeowners Association, Inc., its successors and assigns.

"**Association Documents**" shall mean this Declaration, the Articles, the By-Laws, the Rules and Regulations, and the Community Standards, as amended from time to time.

"**Board**" shall mean the Board of Directors of Association.

"**Builder**" shall mean any person or entity that purchases a Parcel or Lot from Developer for the purpose of constructing one or more Homes.

"**By-Laws**" shall mean the By-Laws of Association in the form attached hereto as **Exhibit 3** and made a part hereof, as amended from time to time.

"**Cable Services**" shall mean "basic service tier" as described in Section 623(b)(7)(A) of the Cable Television Consumer Protection Act of 1992, video programming services offered on a per-channel or per-program basis, video programming services offered in addition to basic service tier, any method of delivering video programming to Homes including, without limitation, interactive video programming, and any channel recognized in the industry as premium including, without limitation, HBO, Showtime, Disney, Cinemax and the Movie Channel. By way of example, and not of limitation, the term Cable Services may include cable television, satellite master antenna television, multipoint distribution systems, video dialtone, open video system or any combination thereof.

"**Common Areas**" shall mean all real property interests and personalty within Coastal Bay designated as Common Areas from time to time by Plat or recorded amendment to this Declaration and provided for, owned, leased by, or dedicated to the common use and enjoyment of the Owners within Coastal Bay. The Common Areas may include, without limitation, open space areas, recreational facilities, gatehouse, electronic gate, internal buffers, perimeter buffers or landscape easement areas, entrance features, improvements, easement areas owned by others, additions, irrigation pumps, irrigation areas, irrigation lines, sidewalks, streets, parking areas, lights, walls, commonly used utility facilities, signage, other lighting, and a community Monitoring System and landscaping within property owned by Association. The Common Areas do not include any portion of a Home. NOTWITHSTANDING ANYTHING HEREIN CONTAINED TO THE CONTRARY, THE DEFINITION OF "COMMON AREAS" AS SET FORTH IN THIS DECLARATION IS FOR DESCRIPTIVE PURPOSES ONLY AND SHALL IN NO WAY BIND, OBLIGATE, OR LIMIT DEVELOPER TO CONSTRUCT OR SUPPLY ANY SUCH ITEM AS SET FORTH IN SUCH DESCRIPTION, THE CONSTRUCTION OR SUPPLYING OF ANY SUCH ITEM BEING IN DEVELOPER'S SOLE DISCRETION. FURTHER, NO PARTY SHALL BE ENTITLED TO RELY UPON SUCH DESCRIPTION AS A REPRESENTATION OR WARRANTY AS TO THE EXTENT

OF THE COMMON AREAS TO BE OWNED, LEASED BY OR DEDICATED TO ASSOCIATION, EXCEPT AFTER CONSTRUCTION AND DEDICATION OR CONVEYANCE OF ANY SUCH ITEM.

**"Community Completion Date"** shall mean the date upon which all Homes in Coastal Bay, as ultimately planned and as fully developed, have been conveyed by Developer and/or Builder to Owners.

**"Community Standards"** shall mean such standards of conduct, maintenance or other activity, if any, established by the ACC pursuant to Section 19.5 hereof.

**"Contractors"** shall have the meaning set forth in Section 19.12.2 hereof.

**"County"** shall mean Palm Beach County, Florida.

**"Data Transmission Services"** shall mean (i) internet access services and (ii) enhanced services as defined in Section 64.702 of Title 47 of the Code of Federal Regulations, as amended from time to time, and without regard to whether the transmission facilities are used in interstate commerce.

**"Declaration"** shall mean this Declaration together with all amendments and modifications thereof.

**"Developer"** shall mean Southern and any of its designees (including its affiliated or related entities which conduct land development, homebuilding and sales activities), successors and assigns who receive a written assignment of all or some of the rights of Developer hereunder. Such assignment need not be recorded in the Public Records in order to be effective. In the event of such a partial assignment, the assignee shall not be deemed Developer, but may exercise such rights of Developer specifically assigned to it. Any such assignment may be made on a non-exclusive basis.

**"Front Yard"** shall mean the portion of the yard every Home between the front of the Home and the road providing access to such Home. In the event that there is any question about what portion of a Home is part of the Front Yard, the Association's determination shall be final.

**"Home"** shall mean each residential townhome and appurtenances thereto constructed within Coastal Bay. The term Home may not reflect the same division of property as reflected on a Plat. A Home shall be deemed created and have perpetual existence upon the issuance of a final or temporary Certificate of Occupancy on for such residence; provided, however, the subsequent loss of such Certificate of Occupancy (e.g., by casualty or remodeling) shall not affect the status of a Home or the obligation of Owner to pay Assessments with respect to such Home. The term "Home" includes any interest in land, improvements, or other property appurtenant to the Home.

**"Improvement"** shall have the meaning set forth in Section 19.7 hereof.

**"Individual Assessments"** shall have the meaning set forth in Section 17.2.5 hereof.

**"Initial Capital Contribution"** shall have the meaning set forth in Section 17.11 hereof.

**"Installment Assessments"** shall have the meaning set forth in Section 17.2.1 hereof.

**"Lender"** shall mean (i) the institutional and licensed holder of a first mortgage encumbering a Lot or Home or (ii) Developer and its affiliates, to the extent Developer or its affiliates finances the purchase of a Home or Lot initially or by assignment of an existing mortgage.

**"Lessee"** shall mean the lessee named in any written lease respecting a Home who is legally entitled to possession of any rental Home within Coastal Bay.

**"Lot"** shall mean any platted residential lot shown on a Plat.

**"Master Plan"** shall mean collectively any full or partial concept plan for the development of Coastal Bay, as it exists as of the date of recording this Declaration, regardless of whether such plan is currently on file with one or more governmental agencies. The Master Plan is subject to change as set forth herein. The Master Plan is not a representation by Developer as to the development of Coastal Bay or its amenities, as Developer reserves the right to amend all or part of the Master Plan from time to time.

**"Monitoring System"** shall mean any electronic surveillance and/or monitoring system intended to control access, provide alarm service, and/or enhance the welfare of Coastal Bay. By way of example, and not of limitation, the term Monitoring System may include a central alarm system, electronic entrance gates, gatehouses, roving attendants, wireless communication to Homes, or any combination thereof. THE PROVISION OF A MONITORING SYSTEM SHALL IN NO MANNER CONSTITUTE A WARRANTY OR REPRESENTATION AS TO THE PROVISION OF OR LEVEL OF SECURITY WITHIN COASTAL BAY. DEVELOPER, BUILDERS, AND THE ASSOCIATION DO NOT GUARANTEE OR WARRANT, EXPRESSLY OR BY IMPLICATION, THE MERCHANTABILITY OF FITNESS FOR USE OF ANY MONITORING SYSTEM, OR THAT ANY SUCH SYSTEM (OR ANY OF ITS COMPONENTS OR RELATED SERVICES) WILL PREVENT INTRUSIONS, FIRES, OR OTHER OCCURRENCES, REGARDLESS OF WHETHER OR NOT THE MONITORING SERVICE IS DESIGNED TO MONITOR THE SAME. EACH AND EVERY OWNER AND THE OCCUPANT OF EACH HOME ACKNOWLEDGES THAT DEVELOPER, BUILDERS, AND THE ASSOCIATION, THEIR EMPLOYEES, AGENTS, MANAGERS, DIRECTORS, AND OFFICERS, ARE NOT INSURERS OF OWNERS OR HOMES, OR THE PERSONAL PROPERTY LOCATED WITHIN HOMES.

DEVELOPER, BUILDERS, AND THE ASSOCIATION WILL NOT BE RESPONSIBLE OR LIABLE FOR LOSSES, INJURIES, OR DEATHS RESULTING FROM ANY SUCH EVENTS.

**“Non-Conforming Pavers”** shall have the meaning set forth in **Section 9.12** hereof.

**“Operating Costs”** shall mean all costs and expenses of Association and the Common Areas including, without limitation, all of the costs of ownership; operation; administration; all amounts payable by Association; amounts payable to a Telecommunications Provider for Telecommunications Services furnished to all Owners; utilities; taxes; insurance; bonds; Monitoring System costs, salaries; management fees; professional fees; service costs; supplies; maintenance; repairs; replacements; refurbishments; common area landscape maintenance; and any and all costs relating to the discharge of the obligations hereunder and/or under, or as determined to be part of the Operating Costs by Association. By way of example, and not of limitation, Operating Costs shall include all of Association's legal expenses and costs relating to or arising from the enforcement and/or interpretation of this Declaration.

**“Owner”** shall mean the record owner (whether one or more persons or entities) of fee simple title to any Home. The term “Owner” shall not include Developer or Builder until the Turnover Date, or a Lender.

**“Parcel”** shall mean any portion of Coastal Bay upon which one or more Homes may be constructed.

**“Party Roof”** shall mean any roof built as part of the original construction of two or more Homes, which roof covers two or more Homes that are connected by one or more Party Walls.

**“Party Wall”** shall mean any fence or wall built as part of the original construction of two or more Homes which is placed on the dividing line or platted lot line between such Homes.

**“Permit”** shall mean any permit issued by the applicable governmental agency or SFWMD.

**“Plat”** shall mean any plat of any portion of Coastal Bay filed in the Public Records, as the same may be amended by Developer, from time to time.

**“Public Records”** shall mean the Public Records of Palm Beach County, Florida.

**“Reserves”** shall have the meaning set forth in **Section 17.2.4** hereof.

**“Rules and Regulations”** shall mean collectively the Rules and Regulations governing Coastal Bay as adopted by the Board from time to time.

**“Coastal Bay”** shall mean all of the real property described on **Exhibit 1** and shall include the Common Areas, each Home, each Lot, tract, unit or other subdivision of real property, subject to additions and deletions thereto as permitted pursuant to the terms of this Declaration. Developer may, when amending or modifying the description of real property which is subject to the operation of this Declaration, also amend or modify the definition of Coastal Bay.

**“SFWMD”** shall mean the South Florida Water Management District.

**“Special Assessments”** shall mean those Assessments more particularly described as Special Assessments in **Section 17.2.2** hereof.

**“Surface Water Management System”** shall mean the collection of devices, improvements, or natural systems whereby surface waters are controlled, impounded or obstructed. This term includes exfiltration trenches, mitigation areas, lakes, retention areas, water management areas, ditches, culverts, structures, dams, impoundments, reservoirs, drainage maintenance easements and those works defined in Section 373.403(1)-(5) of the Florida Statutes. The Surface Water Management System includes those works authorized by SFWMD pursuant to the Permit.

**“Telecommunications Provider”** shall mean any party contracting with Association to provide Owners with one or more Telecommunications Services. Developer may be a Telecommunications Provider. With respect to any particular Telecommunications Services, there may be one or more Telecommunications Providers. By way of example, with respect to Data Transmission Services, one Telecommunications Provider may provide Association such service while another may own, maintain and service the Telecommunications Systems which allow delivery of such Data Transmission Services.

**“Telecommunications Services”** shall mean delivered entertainment services; all services that are typically and in the future identified as telecommunication services; Telephony Services; Cable Services; and Data Transmission Services. Without limiting the foregoing, such Telecommunications Services include the development, promotion, marketing, advertisement, provision, distribution, maintenance, transmission, and servicing of any of the foregoing services. The term Telecommunications Services is to be construed as broadly as possible.

**“Telecommunications Systems”** shall mean all facilities, items and methods required and/or used in order to provide Telecommunications Services to Coastal Bay. Without limiting the foregoing, Telecommunications Systems may include wires (fiber optic or other material), conduits, passive and active electronic equipment, pipes, pedestals, wireless cell sites, computers, modems, satellite antennae sites, transmission facilities, amplifiers, junction boxes, trunk distribution, feeder cables, lock boxes, taps, drop cables, related



apparatus, converters, connections, head-end antennae, earth stations, appurtenant devices, network facilities necessary and appropriate to support provision of local exchange services and/or any other item appropriate or necessary to support provision of Telecommunications Services. Ownership and/or control of all or a portion of any part of the Telecommunications Services may be bifurcated among network distribution architecture, system head-end equipment, and appurtenant devices (e.g., individual adjustable digital units).

**"Telephony Services"** shall mean local exchange services provided by a certified local exchange carrier or alternative local exchange company, intraLATA and interLATA voice telephony and data transmission.

**"Title Documents"** shall have the meaning set forth in Section 26.8 hereof.

**"Toll Calls"** shall have meaning given to such term by the Florida Public Service Commission and/or the Federal Communications Commission.

**"Turnover Date"** shall mean the date on which transition of control of the Association from Developer to Owners occurs.

**"Use Fees"** shall have the meaning set forth in Section 17.2.3 hereof.

3. **Plan of Development.** The planning process for Coastal Bay is an ever-evolving one and must remain flexible in order to be responsible to and accommodate the needs of Developer's buyers. Subject to the Title Documents, Developer may wish and has the right to develop Coastal Bay and adjacent property owned by Developer into residences, comprised of homes, villas, coach homes, townhomes, zero lot line homes, patio homes, condominiums, and other forms of residential dwellings. The existence at any point in time of walls, landscape screens, or berms is not a guaranty or promise that such items will remain or form part of Coastal Bay as finally developed.

4. **Amendment.**

4.1 **General Restrictions on Amendments.** Notwithstanding any other provision herein to the contrary, no amendment to this Declaration shall affect the rights of Developer unless such amendment receives the prior written consent of Developer, which consent may be withheld for any reason whatsoever. No amendment shall alter the provisions of this Declaration benefiting Lenders without the prior approval of the Lender(s) enjoying the benefit of such provisions. If the prior written approval of any governmental entity or agency having jurisdiction is required by applicable law or governmental regulation for any amendment to this Declaration, then the prior written consent of such entity or agency must also be obtained. All amendments must comply with Section 12.4 hereof which benefits the SFWMD. No amendment shall be effective until it is recorded in the Public Records.

4.2 **No Vested Rights.** Each Owner by acceptance of a deed to a Home irrevocably waives any claim that such Owner has any vested rights pursuant to case law or statute with respect to this Declaration or any of the other Association Documents. It is expressly intended that Developer and Association have the unfettered right to amend this Declaration and the other Association Documents except as expressly set forth herein.

4.3 **Amendments Prior to and including the Turnover Date.** Prior to and including the Turnover Date, Developer shall have the right to amend this Declaration as it deems appropriate, without the joinder or consent of any person or entity whatsoever. Such amendments may include, without limitation, the creation of easements for Telecommunications Systems, utility, drainage, ingress and egress and roof overhangs over any portion of Coastal Bay; additions or deletions from the properties comprising the Common Areas; changes in the Rules and Regulations, and modifications of restrictions on the Homes, and maintenance standards for landscaping. Developer's right to amend under this provision is to be construed as broadly as possible. By way of example, and not as a limitation, Developer may create easements over Homes conveyed to Owners provided that such easements do not prohibit the use of such Homes as residential homes. In the event that Association shall desire to amend this Declaration prior to and including the Turnover Date, Association must first obtain Developer's prior written consent to any proposed amendment. Thereafter, an amendment identical to that approved by Developer may be adopted by Association pursuant to the requirements for amendments from and after the Turnover Date. Thereafter, Developer shall join in such identical amendment so that its consent to the same will be reflected in the Public Records.

4.4 **Amendments From and After the Turnover Date.** After the Turnover Date, but subject to the general restrictions on amendments set forth above, this Declaration may be amended with the approval of (i) sixty six and two-thirds percent (66 $\frac{2}{3}$ %) of the Board; and (ii) seventy-five percent (75%) of the votes present (in person or by proxy) at a duly noticed meeting of the members of Association in which there is a quorum.

5. **Annexation and Withdrawal.**

5.1 **Annexation by Developer.** Prior to and including the Turnover Date, additional lands may be made part of Coastal Bay by Developer, at Developer's sole discretion. Such additional lands to be annexed may or may not be adjacent to Coastal Bay. Except for applicable governmental approvals (if any), no consent to such annexation shall be required from any other party (including, but not limited to, Association, Owners or any Lenders of any portion of Coastal Bay, including a Home). Such annexed lands shall be brought within the provisions and applicability of this Declaration by the recording of an amendment to this Declaration in the Public Records. The amendment shall subject the annexed lands to the covenants, conditions, and restrictions contained in this Declaration as fully as though the annexed lands were described herein as a portion of Coastal Bay. Such amendment may contain additions to, modifications of, or omissions from, the covenants, conditions, and restrictions contained in this Declaration as deemed appropriate by Developer and as may be necessary to reflect the different character, if any, of the annexed lands. Prior to the Turnover Date, only Developer may add additional lands to Coastal Bay.

5.2 Annexation by Association. After the Turnover Date, and subject to applicable governmental approvals (if any), additional lands may be annexed with the approval of (i) sixty-six and two-thirds percent (66⅔%) of the Board; and (ii) seventy-five percent (75%) of the votes present (in person or by proxy) at a duly noticed meeting of the members of Association in which there is a quorum.

5.3 Withdrawal. Prior to and including the Turnover Date, any portions of Coastal Bay (or any additions thereto) may be withdrawn by Developer from the provisions and applicability of this Declaration by the recording of an amendment to this Declaration in the Public Records. The right of Developer to withdraw portions of Coastal Bay shall not apply to any Home which has been conveyed to an Owner unless that right is specifically reserved in the instrument of conveyance or the prior written consent of the Owner is obtained. The withdrawal of any portion of Coastal Bay shall not require the consent or joinder of any other party (including, but not limited to, Association, Owners, or any Lenders of any portion of Coastal Bay). Association shall have no right to withdraw land from Coastal Bay.

6. Dissolution.

6.1 Generally. In the event of the dissolution of Association without reinstatement within thirty (30) days, other than incident to a merger or consolidation, any Owner may petition the Circuit Court of the appropriate Judicial Circuit of the State of Florida for the appointment of a receiver to manage the affairs of the dissolved Association and to manage the Common Areas in the place and stead of Association, and to make of such provisions as may be necessary for the continued management of the affairs of the dissolved Association. In the event Association is dissolved, and any portion of the Surface Water Management System is part of the Common Areas, the Surface Water Management System shall be conveyed to an appropriate agency of local government, and that if not accepted, then the Surface Water Management System shall be dedicated to a similar non-profit corporation.

6.2 Applicability of Declaration after Dissolution. In the event of dissolution of Association, Coastal Bay and each Home therein shall continue to be subject to the provisions of this Declaration, including, without limitation, the provisions respecting Assessments specified in this Declaration. Each Owner shall continue to be personally obligated to the successors or assigns of Association for Assessments to the extent that Assessments are required to enable the successors or assigns of the Association to properly maintain, operate and preserve the Common Areas. The provisions of this Section shall only apply with regard to the maintenance, operation, and preservation of those portions of Coastal Bay which had been Common Areas and continue to be so used for the common use and enjoyment of the Owners.

7. Binding Effect and Membership.

7.1 Term. This Declaration and all covenants, conditions and restrictions contained in this Declaration are equitable servitudes, perpetual and run with the land. Each Owner, by acceptance of title to a Home or Parcel, and any person claiming by, through or under such Owner (i) agrees to be subject to the provisions of this Declaration and (ii) irrevocably waives any right to deny, and any claim, that this Declaration and all covenants, conditions and restrictions contained in this Declaration are not enforceable under the Marketable Record Title Act, Chapter 712 of the Florida Statutes. It is expressly intended that the Marketable Record Title Act will not operate to extinguish any encumbrance placed on Coastal Bay by this Declaration. It is further expressly intended that no re-filing or notice of preservation is necessary to continue the applicability of this Declaration and the applicability of all covenants, conditions, and restrictions contained in this Declaration. This provision is not subject to amendment.

7.2 Transfer. The transfer of the fee title to a Home, whether voluntary or by operation of law, terminating the Owner's title to that Home shall terminate the Owner's rights to the use of and enjoyment of the Common Areas as it pertains to that Home and shall terminate such Owner's membership in Association. An Owner's rights and privileges under this Declaration are not assignable separately from a Home. The Owner of each Home is entitled to the benefits of, and is burdened with the duties and responsibilities set forth in, the provisions of this Declaration. All parties acquiring any right, title and interest in and to any Home shall be fully bound by the provisions of this Declaration. In no event shall any Owner acquire any rights that are greater than the rights granted to, and limitations placed upon its predecessor in title pursuant to the provisions of this Declaration. In the event that any Owner desires to sell or otherwise transfer title of his or her Home, such Owner shall give the Board at least fourteen (14) days prior written notice of the name and address of the purchaser or transferee, the date on which such transfer of title is to take place, and such other information as the Board may reasonably require. The transferor shall remain jointly and severally liable with the transferee for all obligations of the Owner and the Home pursuant to this Declaration including, without limitation, payment of all Assessments accruing prior to the date of transfer. Until written notice is received as provided in this Section, the transferor and transferee shall be jointly and severally liable for Assessment accruing subsequent to the date of transfer. In the event that upon the conveyance of a Home an Owner fails in the deed of conveyance to reference the imposition of this Declaration on the Home, the transferring Owner shall remain liable for Assessments accruing on the Home from and after the date of conveyance.

7.3 Membership. Upon acceptance of title to a Home, and as more fully provided in the Articles and By-Laws, each Owner (or his or her Lessee, if applicable) shall be a member of Association. Membership rights are governed by the provisions of this Declaration, the deed to a Home, the Articles and By-Laws. Membership shall be an appurtenance to and may not be separated from, the ownership of a Home. Developer rights with respect to Association are set forth in this Declaration, the Articles and the By-Laws.

7.4 Ownership by Entity. In the event that an Owner is other than a natural person, that Owner shall, prior to occupancy of the Home, designate one or more persons who are to be the occupants of the Home and register such persons with Association. All provisions of this Declaration and Rules and Regulations promulgated pursuant thereto shall apply to both such Owner and the designated occupants.

7.5 Voting Interests. Voting interests in Association are governed by the provisions of the Articles and By-Laws.

7.6 Document Recordation by Owners Prohibited. Neither Association nor any Owner, nor group of Owners, may record any documents which, in any way, affect or restrict the rights of Developer, or conflict with the provisions of this Declaration.

7.7 Conflicts. In the event of any conflict among this Declaration, the Articles, the By-Laws or any of the other Association Documents, this Declaration shall control.

8. Paramount Right of Developer. Notwithstanding anything to the contrary herein, prior to the Community Completion Date, Developer shall have the paramount right to dedicate, transfer, and/or convey (by absolute conveyance, easement, or otherwise) portions of Coastal Bay for various public purposes or for the provision of Telecommunications Systems, or to make any portions of Coastal Bay part of the Common Areas, or to create and implement a special taxing district which may include all or any portion of Coastal Bay. In addition, the Common Areas of Coastal Bay may include decorative improvements, berms, and waterbodies. Notwithstanding anything to the contrary herein, the waterbodies may be dry during certain weather conditions or during certain times of the year. Developer may remove, modify, eliminate or replace these items from time to time in its sole discretion. SALES BROCHURES, SITE PLANS, AND MARKETING MATERIALS ARE CURRENT CONCEPTUAL REPRESENTATIONS AS TO WHAT FACILITIES, IF ANY, WILL BE INCLUDED WITHIN THE COMMON AREAS. DEVELOPER SPECIFICALLY RESERVES THE RIGHT TO CHANGE THE LAYOUT, COMPOSITION, AND DESIGN OF ANY AND ALL COMMON AREAS AT ANY TIME WITHOUT NOTICE AT ITS DISCRETION.

9. Operation of Common Areas.

9.1 Prior to Conveyance. Prior to the conveyance, identification and/or dedication of the Common Areas to Association as set forth in Section 9.4 herein, any portion of the Common Areas owned by Developer shall be operated, maintained, and administered at the sole cost of Association for all purposes and uses reasonably intended, as Developer in its sole discretion deems appropriate. During such period, Developer shall own, operate, and administer the Common Areas without interference from any Owner or Lender of a Parcel or any portion of Coastal Bay or Home or any other person or entity whatsoever. Owners shall have no right in or to any Common Areas referred to in this Declaration unless and until same are actually constructed, completed, and conveyed to, leased by, dedicated to, and/or maintained by Association. The current conceptual representations, if any, regarding the composition of the Common Areas are not a guarantee of the final composition of the Common Areas. No party should rely upon any statement contained herein as a representation or warranty as to the extent of the Common Areas to be owned, leased by, or dedicated to Association. Developer, so long as it controls Association, further specifically retains the right to add to, delete from, or modify any of the Common Areas referred to herein at its discretion and without notice.

9.2 Construction of Common Areas Facilities. Developer has constructed or will construct, at its sole cost and expense, certain facilities and improvements as part of the Common Areas, together with equipment and personalty contained therein, and such other improvements and personalty as Developer determines in its sole discretion. Developer shall be the sole judge of the composition of such facilities and improvements. Prior to the Community Completion Date Developer reserves the absolute right to construct additional Common Areas facilities and improvements within Coastal Bay, from time to time, in its sole discretion, and to remove, add to modify and change the boundaries, facilities and improvements now or then part of the Common Areas. Developer is not obligated to, nor has it represented that it will, modify or add to the facilities, improvements, or Common Areas as they are contemplated as of the date hereof. Developer is the sole judge of the foregoing, including the plans, specifications, design, location, completion schedule, materials, size, and contents of the facilities, improvements, appurtenances, personalty (e.g., furniture), color, textures, finishes, or Common Areas, or changes or modifications to any of them.

9.3 Use of Common Areas by Developer. Until the Community Completion Date Developer shall have the right to use any portion of the Common Areas, without charge, for any purpose deemed necessary by Developer.

9.4 Conveyance.

9.4.1 Generally. Within sixty (60) days after the Turnover Date, or earlier as determined by Developer in its sole discretion, all or portions of the Common Areas may be dedicated by Plats, created in the form of easements, or conveyed by written instrument recorded in the Public Records, or by Quitclaim Deed from Developer to Association. Association shall pay all of the costs of the conveyance. The dedication, creation by easement, or conveyance shall be subject to easements, restrictions, reservations, conditions, limitations, and declarations of record, real estate taxes for the year of conveyance, zoning, land use regulations and survey matters. Association shall be deemed to have assumed and agreed to pay all continuing obligations and service and similar contracts relating to the ownership operation, maintenance, and administration of the conveyed portions of Common Areas and other obligations relating to the Common Areas imposed herein. Association shall, and does hereby, indemnify and hold Developer harmless on account thereof. Association, by its joinder in this Declaration, hereby accepts such dedication(s) or conveyance(s) without setoff, condition, or qualification of any nature. The Common Areas, personal property and equipment thereon and appurtenances thereto shall be dedicated or conveyed in "as is, where is" condition WITHOUT ANY REPRESENTATION OR WARRANTY, EXPRESSED OR IMPLIED, IN FACT OR BY LAW, AS TO THE CONDITION, FITNESS OR MERCHANTABILITY OF THE COMMON AREAS BEING CONVEYED. Notwithstanding the foregoing, any such conveyance or encumbrance of such Common Areas is subject to each irrevocable Owner's ingress and egress easement to his or her Home as set forth in this Declaration.

9.4.2 Form of Deed. Each deed of the Common Areas shall be subject to the following provisions:

9.4.2.1 a perpetual nonexclusive easement in favor of governmental agencies for the maintenance and repair of existing road, speed and directional signs, if any;

9.4.2.2 matters reflected in the plat(s) of Coastal Bay;

9.4.2.3 perpetual non-exclusive easements in favor of Developer, its successors, and assigns in, to, upon and over all of the Common Areas for the purposes of vehicular and pedestrian ingress and egress, installation of utilities, landscaping and/or drainage, without charge, including, without limitation, the right to use such roadways for construction vehicles and equipment. The easements reserved in the deed shall run in favor of Developer, and its employees, representatives, agents, licensees, guests, invitees, successors and/or assigns;

9.4.2.4 all restrictions, easements, covenants and other matters of record;

9.4.2.5 in the event that Association believes that Developer shall have failed in any respect to meet Developer's obligations under this Declaration or has failed to comply with any of Developer's obligations under law or the Common Areas conveyed herein are defective in any respect, Association shall give written notice to Developer detailing the alleged failure or defect. Once Association has given written notice to Developer pursuant to this Section, Association shall be obligated to permit Developer and their agents to perform inspections of the Common Areas and to perform all tests and make all repairs/replacements deemed necessary by Developer to respond to such notice at all reasonable times. Association agrees that any inspection, test and/or repair/replacement scheduled on a business day between 9 a.m. and 5 p.m. shall be deemed scheduled at a reasonable time. The rights reserved in this Section include the right of Developer to repair or address, in Developer's sole option and expense, any aspect of the Common Areas deemed defective by Developer during its inspections of the Common Areas. Association's failure to give the notice and/or otherwise comply with the provisions of this Section will damage Developer. At this time, it is impossible to determine the actual damages Developer might suffer. Accordingly, if Association fails to comply with its obligations under this Section in any respect, Association shall pay to Developer liquidated damages in the amount of \$250,000.00 which Association and Developer agree is a fair and reasonable remedy; and

9.4.2.6 a reservation of right in favor of Developer (so long as Developer owns any portion of Coastal Bay) to require that Association reconvey all or a portion of the Common Areas conveyed by quitclaim deed in favor of Developer in the event that such property is required to be owned by Developer for any purpose, including, without limitation, the reconfiguration of any adjacent property by replating or otherwise.

9.5 Operation After Conveyance. After the conveyance or dedication of any portion of the Common Areas to Association, the portion of the Common Areas so dedicated shall be owned, operated and administered by Association for the use and benefit of the owners of all property interests in Coastal Bay including, but not limited to, Association, Developer, Owners and any Lenders. Subject to Association's right to grant easements and other interests as provided herein, Association may not convey, abandon, alienate, encumber, or transfer all or a portion of the Common Areas to a third party without (i) if prior to the Turnover Date, the approval of (a) a majority of the Board; and (b) the consent of Developer, or (ii) from and after the Turnover Date, approval of (a) **sixty-six and 2/3 percent (66 2/3%)** of the Board; (b) **seventy-five percent (75%)** of all of the votes in Association.

9.6 Paved Common Areas. The Common Areas may contain paved areas. Without limiting any other provision of this Declaration, Association is responsible for the maintenance and/or resurfacing of all paved surfaces including, but not limited to, roads, pathways, and sidewalks forming a part of the Common Areas, if any. Although pavement appears to be a durable material, it requires maintenance. Association shall have the right, but not the obligation, to arrange for an annual inspection of all paved areas forming a part of the Common Areas by a licensed paving contractor and/or engineer. The cost of such inspection shall be a part of the Operating Costs of Association. Association shall determine annually the parameters of the inspection to be performed, if any. By way of example, and not of limitation, the inspector may be required to inspect the roads and sidewalks forming part of the Common Areas annually for deterioration and to advise Association of the overall pavement conditions including any upcoming maintenance needs. Any patching, grading, or other maintenance work should be performed by a Company licensed to perform the work. From and after the Community Completion Date, Association should monitor the roads, cart paths and sidewalks forming the Common Areas monthly to ensure that vegetation does not grow into the asphalt and that there are no eroded or damaged areas that need immediate maintenance.

9.7 Delegation and Managers. Once conveyed or dedicated to Association, the Common Areas and facilities and improvements located thereon shall, subject to the provisions of this Declaration and the document of conveyance or dedication, at all times be under the complete supervision, operation, control, and management of Association. Notwithstanding the foregoing Association may delegate all or a portion of its obligations hereunder to a licensed manager or professional management company. Association specifically shall have the right to pay for management services on any basis approved by the Board (including bonuses or special fee arrangements for meeting financial or other goals). Developer, its affiliates and/or subsidiaries shall have the right to manage Association. Owners and Association acknowledge that it is fair and reasonable to have Developer, its affiliates and/or subsidiaries manage Association. Further, in the event that a Common Area is created by easement, Association's obligations and rights with respect to such Common Area may be limited by the terms of the document creating such easement.

9.8 Use.

9.8.1 Non-Exclusive Use. The Common Areas shall be used and enjoyed by the Owners on a non-exclusive basis in common with other persons, entities and corporations (who may, but are not required to be,

members of Association) entitled to use those portions of the Common Areas. Prior to the Community Completion Date, Developer, and thereafter, Association, has the right, at any and all times, and from time to time, to further additionally provide and make the Common Areas available to other individuals, persons, firms, or corporations, as it deems appropriate. The granting of such rights shall not invalidate this Declaration, reduce or abate any Owner's obligations pursuant to this Declaration, or give any Owner the right to avoid any of the covenants, agreements or obligations to be performed hereunder.

9.8.2 Right to Allow Use. Developer and/or Association may enter into easement agreements or other use or possession agreements whereby the Owners, Telecommunications Providers, and/or Association and/or others may obtain the use, possession of, or other rights regarding certain property, on an exclusive or non-exclusive basis, for certain specified purposes. Association may agree to maintain and pay the taxes, insurance, administration, upkeep, repair, and replacement of such property, the expenses of which shall be Operating Costs. Any such agreement by Association prior to the Community Completion Date shall require the consent of Developer. Thereafter, any such agreement shall require the approval of the majority of the Board of Directors.

9.8.3) Obstruction of Common Areas. No portion of the Common Areas may be obstructed, encumbered, or used by Owners for any purpose other than as permitted by Association.

9.8.4 Waterbodies. BY ACCEPTANCE OF A DEED TO A HOME OR LOT, EACH OWNER ACKNOWLEDGES THAT THE WATER LEVELS OF ALL WATERBODIES MAY VARY. THERE IS NO GUARANTEE BY DEVELOPER OR ASSOCIATION THAT WATER LEVELS WILL BE CONSTANT OR AESTHETICALLY PLEASING AT ANY PARTICULAR TIME. AT TIMES, WATER LEVELS MAY BE NONEXISTENT. Developer and Association shall not be obligated to erect fences, gates, or walls around or adjacent to any waterbody or waterfall within or adjacent to Coastal Bay. Notwithstanding the foregoing, an Owner may erect a fence adjacent to the boundary of a waterbody but within the boundary of a Home with the prior approval of the ACC. No fence or other structure may be placed within any lake maintenance easement. Swimming and boating will not be permitted in any waterbody. No private docks may be erected within any waterbody forming part of the Common Areas.

9.8.5 Assumption of Risk. Without limiting any other provision herein, each person within any portion of Coastal Bay accepts and assumes all risk and responsibility for noise, liability, injury, or damage connected with use or occupation of any portion of Coastal Bay (e.g., the Common Areas and Facilities) including, without limitation, (a) noise from maintenance equipment, (b) use of pesticides, herbicides and fertilizers, view restrictions caused by maturation of trees and shrubbery, (d) reduction in privacy caused by the removal or pruning of shrubbery or trees within Coastal Bay and (e) design of any portion of Coastal Bay. Each person entering onto any portion of Coastal Bay also expressly indemnifies and agrees to hold harmless Developer and Association and all employees, directors, representatives, officers, agents, and partners of the foregoing, from any and all damages, whether direct or consequential, arising from or related to the person's use of the Common Areas and/or Facilities, including attorneys' fees, paraprofessional fees and costs at trial and upon appeal. Without limiting the foregoing, all persons using the Common Areas and/or Facilities, including without limitation, all waterbodies, lakes, pools or areas adjacent to a lake, do so at their own risk. BY ACCEPTANCE OF A DEED, EACH OWNER ACKNOWLEDGES THAT THE COMMON AREAS MAY CONTAIN WILDLIFE SUCH AS ALLIGATORS, DOGS, RACCOONS, SNAKES, DUCKS, DEER, SWINE, TURKEYS, AND FOXES. DEVELOPER, BUILDERS AND ASSOCIATION SHALL HAVE NO RESPONSIBILITY FOR MONITORING SUCH WILDLIFE OR NOTIFYING OWNERS OR OTHER PERSONS OF THE PRESENCE OF SUCH WILDLIFE. EACH OWNER AND HIS OR HER GUESTS AND INVITEES ARE RESPONSIBLE FOR THEIR OWN SAFETY.

9.8.6 Owner's Obligation to Indemnify. Each Owner agrees to indemnify and hold harmless Developer and Association, their officers, partners, agents, employees, affiliates, directors and attorneys (collectively, "Indemnified Parties") against all actions, injury, claims, loss, liability, damages, costs and expenses of any kind or nature whatsoever ("Losses") incurred by or asserted against any of the Indemnified Parties from and after the date hereof, whether direct, indirect, or consequential, as a result of or in any way related to the Common Areas and/or Facilities, including, without limitation, use of the lakes and other waterbodies within Coastal Bay by Owners, and their guests, family members, invitees, or agents, or the interpretation of this Declaration and/or exhibits attached hereto and/or from any act or omission of Developer, Association, or of any of the Indemnified Parties. Should any Owner bring suit against Developer, Association, or any of the Indemnified Parties for any claim or matter and fail to obtain judgment therein against such Indemnified Parties, such Owner shall be liable to such parties for all Losses, costs and expenses incurred by the Indemnified Parties in the defense of such suit, including attorneys' fees and paraprofessional fees at trial and upon appeal.

## 9.9 Rules and Regulations.

9.9.1 Generally. Prior to the Turnover Date, Developer, and thereafter Association, shall have the right to adopt Rules and Regulations governing the use of the Common Areas and Coastal Bay. The Common Areas shall be used in accordance with this Declaration and Rules and Regulations promulgated hereunder.

9.9.2 Developer Not Subject to Rules and Regulations. The Rules and Regulations shall not apply to Developer or to any property owned by Developer and shall not be applied in a manner which would adversely affect the interests of the Developer. Without limiting the foregoing, Developer, Builder and/or their assigns, shall have the right to: (i) develop and construct commercial, club uses, and industrial uses, Homes, Common Areas, and related improvements within Coastal Bay, and make any additions, alterations, improvements, or changes thereto; (ii) maintain sales offices (for the sale and re-sale of (a) Homes and (b) residences and properties located outside of Coastal Bay), general office and construction operations within Coastal Bay; (iii) place, erect or construct portable, temporary or accessory buildings or structure within Coastal Bay for sales, construction storage or other purposes; (iv) temporarily deposit, dump or accumulate materials, trash, refuse and rubbish in connection with the development or construction of any portion of Coastal Bay; (v) post, display, inscribe or affix to the exterior

of any portion of the Common Areas or portions of Coastal Bay owned by Developer, signs and other materials used in developing, constructing, selling or promoting the sale of any portion of Coastal Bay including, without limitation, Homes; (vi) excavate fill from any lakes or waterways within and/or contiguous to Coastal Bay by dredge or dragline, store fill within Coastal Bay and remove and/or sell excess fill; (vii) grow or store plants and trees within, or contiguous to Coastal Bay, and use and/or sell excess plants and trees; and (viii) undertake all activities which, in the sole opinion of Developer, are necessary for the development and sale of any lands and improvements comprising Coastal Bay.

9.10 Default by Another Owner. No default by any Owner in the performance of the covenants and promises contained in this Declaration or by any person using the Common Areas or any other act of omission by any of them shall be construed or considered (a) a breach by Developer or Association or a non-defaulting Owner or other person or entity of any of their promises or covenants in this Declaration; or (b) an actual, implied or construction dispossession of another Owner from the Common Areas; or (c) an excuse, justification, waiver or indulgence of the covenants and promises contained in this Declaration.

9.11 Special Taxing Districts. For as long as Developer controls Association, Developer shall have the right, but not the obligation, to dedicate or transfer or cause the dedication or transfer of all or portions of the Common Areas of Association to a special taxing district or a public agency or authority under such terms as Developer deems appropriate in order to create or contract with special taxing districts and community development districts (or others) for lighting, perimeter walls, entrance features, roads, landscaping, irrigation areas, lakes, waterways, ponds, surface water management systems, wetlands, mitigation areas, parks, recreational or other services, security or communications, or other similar purposes deemed appropriate by Developer, including without limitation, the maintenance and/or operation of any of the foregoing. As hereinafter provided, Developer may sign any taxing district petition as attorney-in-fact for each Owner. Each Owner's obligation to pay taxes associated with such district shall be in addition to such Owner's obligation to pay Assessments. Any special taxing district shall be created pursuant to all applicable ordinances of Palm Beach County and all other applicable governing entities having jurisdiction with respect to the same. It is anticipated that there shall be a special taxing district for Coastal Bay street lighting and that each Home shall be subject to assessment by Palm Beach County for such expenses.

9.12 Water Transmission and Distribution Facilities Easement and Repair. Developer hereby grants and conveys to County, its successors and assigns, the non-exclusive right, privilege and easement to construct, reconstruct, lay, install, operate, maintain, relocate, repair, replace, improve and inspect water transmission and distribution facilities and sewer collection facilities and all appurtenances thereto, and all appurtenant equipment, with the full right of ingress thereto and egress therefrom, within Coastal Bay (excluding such facilities located inside a Home) in accordance with plans approved by Developer or Association. Certain water transmission and distribution facilities and sewer collection facilities may be covered with decorative brick pavers that do not conform to County regulations ("Non-Conforming Pavers") in the course of construction of Homes and Common Areas, as and to the extent permitted under the terms of this Declaration. In the event County or any of its subdivisions, agencies and/or divisions shall damage any Non-Conforming Pavers as a result of construction, repair or maintenance operations of the water and/or sewer facilities or the County's use of its easement rights granted in this Section 9.12, then Association shall replace or repair such damage at the expense of the Owner of the affected Home and such cost shall be billed to such Owner as an Individual Assessment, unless, and only to the extent that, such cost is not paid by County or such other subdivisions, agencies and/or divisions. Association shall indemnify and hold harmless County and its officers, employees, agents and instrumentalities from any and all liability, losses or damages, including attorney's fees and costs of defense, which County or its officers, employees, agents or instrumentalities may incur as a result of claims, demands, suits, causes of actions or proceedings of any kind or nature arising out of, relating to or resulting from the performance by Association of Association's obligations under this Section 9.12.

9.13 Association's Obligation to Indemnify. Association and Owners each covenant and agree jointly and severally to indemnify, defend and hold harmless Developer and their officers, directors, shareholders, and any related persons or corporations and its employees from and against any and all claims, suits, actions, causes of action or damages arising from any personal injury, loss of life, or damage to property, sustained on or about the Common Areas or other property serving Association, and improvements thereon, or resulting from or arising out of activities or operations of Association or Owners, and from and against all costs, expenses, court costs, attorneys' fees and paraprofessional fees (including, but not limited to, all trial and appellate levels and whether or not suit be instituted), expenses and liabilities incurred or arising from any such claim, the investigation thereof, or the defense of any action or proceedings brought thereon, and from and against any orders judgments or decrees which may be entered relating thereto. The costs and expense of fulfilling this covenant of indemnification shall be Operating Costs to the extent such matters are not covered by insurance maintained by Association.

9.14 Site Plans and Plats. Coastal Bay may be subject to one or more plats (each individually, a "Plat"). The Plat may identify some of the Common Areas within Coastal Bay. The description of the Common Areas on a Plat is subject to change and the notes on a Plat are not a guarantee of what facilities will be constructed on such Common Areas. Site plans used by Developer in its marketing efforts illustrate the types of facilities which may be constructed on the Common Areas, but such site plans are not a guarantee of what facilities will actually be constructed. Each Owner should not rely on a Plat or any site plans used for illustration purposes as the Declaration governs the rights and obligations of Developer and Owners with respect to the Common Areas.

10. Party Walls.

10.1 General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Section, the general rule of law regarding party walls and liability for personal damage due to negligence or willful acts or omissions shall apply to all Party Walls within Coastal Bay which are built by Developer as part of the original construction of the Homes and any replacement thereof. In the event any portion of any structure or facility, as originally constructed by Developer, including, without limitation, any Party Wall, shall protrude over an adjoining Home, it shall be deemed that such Owners have granted perpetual easements to the adjoining Owner or Owners for

continuing maintenance and use of the projection or Party Wall. The foregoing shall also apply to any replacements of any Party Walls. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of this Declaration.

10.2 Painting. Each Owner shall be responsible for painting the portion of any Party Wall which faces his or her Home.

10.3 Sharing of Repair, Replacement and Maintenance for Party Walls.

10.3.1 Generally. The cost of reasonable repair and maintenance of Party Walls (other than painting) shall be shared equally by the Owners of the Homes sharing such improvements without prejudice, however, to the right of any Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

10.3.2 Failure to Contribute. In the event that an Owner shall fail or refuse to pay his pro rata share of costs of repair, maintenance, or replacement of a Party Wall (whether or not through his own fault or the failure of his insurance company to pay any claim), then and in that event, the Owner advancing monies therefor shall have a right to file a claim of lien for such monies advanced in the Public Records and shall have the right to foreclose said lien in accordance with the same procedural requirements as now provided for in Florida Statutes for foreclosure of a construction lien; provided, however, such claim of lien shall be filed within ninety (90) days from date repairs or replacements are made to the Party Wall and suit thereon shall be commenced one (1) year from date such lien is filed. Notwithstanding the foregoing, Association shall have the right, but not the obligation, to advance monies for repair, replacement and/or maintenance of Party Walls and charge the responsible Owner(s) an Individual Assessment for such Owner's pro rata share of the costs.

10.3.3 Alterations. The Owner of a Home sharing a Party Wall with an adjoining Home shall not cut windows or other openings in the Party Wall, nor make any alterations, additions or structural changes in the Party Wall without the joint agreement of all of the Owners sharing the Party Wall.

10.3.4 Weatherproofing. Notwithstanding any other provisions of this Declaration, an Owner who by his negligent or willful act causes a Party Wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

10.3.5 Easements. Each Owner sharing a Party Wall shall have all easement rights reasonably necessary to perform the obligations contained herein over the Homes sharing the Party Wall.

11. Party Roofs.

11.1 General Rules of Law to Apply. To the extent not inconsistent with the provisions of this Section, the general rule of law regarding party roofs and liability for personal damage due to negligence of willful acts or omissions shall apply to all Party Roofs within Coastal Bay which are built by Developer as part of the original construction of the Homes and any replacement thereof. In the event any portion of any structure or facility, as originally constructed by Developer, including, without limitation, any Party Roof, shall protrude over an adjoining Home, it shall be deemed that such Owners have granted perpetual easements to the adjoining Owner or Owners for continuing maintenance and use of the protruding structure, facility or Party Roof. The foregoing shall also apply to any replacements of Party Roofs. The foregoing conditions shall be perpetual in duration and shall not be subject to amendment of this Declaration.

11.2 Sharing of Repair, Replacement and Maintenance for Party Roofs.

11.2.1 Generally. The cost of reasonable repair and maintenance of Party Roofs shall be shared equally by the Owners of the Homes sharing such improvements without prejudice, subject however, to the right of any Owner to call for a larger contribution from the other under any rule of law regarding liability for negligent or willful acts or omissions.

11.2.2 Failure to Contribute. In the event that an Owner fails or refuses to pay his or her pro rata share of costs to repair, maintain and/or replace his or her portion of the Party Roof (whether or not through his or her own fault or the failure of his or her insurance company to pay any claim), then and in that event, the Owner advancing monies therefor shall have the right to file a claim of lien in the Public Records for such monies advanced and shall have the right to foreclose such lien in accordance with the same procedural requirements as now provided for in Florida Statutes for foreclosure of a construction lien; provided, however, such claim of lien shall be filed within ninety (90) days from the date repairs, replacements and/or maintenance are made to the Party Roof and the suit thereon shall be commenced one (1) year from the date such lien is filed. Notwithstanding the foregoing, Association shall have the right, but not the obligation, to advance monies for the repair, replacement and/or maintenance of Party Roof(s) and charge the responsible Owner(s) an Individual Assessment for such Owner's pro rata share of the costs.

11.3 Alterations. Subject to applicable building codes, the Owner of a Home sharing a Party Roof with an adjoining Home shall not make any alterations, additions or structural changes in the Party Roof without the written consent of the ACC.

11.4 Easements. Each Owner sharing a Party Roof shall have all easement rights reasonably necessary to perform the obligations contained herein over the Homes sharing the Party Roof.

12. Maintenance by Association.

12.1 Common Areas. Except as otherwise specifically provided in this Declaration to the contrary, Association shall at all times maintain, repair, replace and insure the Common Areas, including all improvements placed thereon.

12.2 Perimeter Walls. Association or a multi-purpose taxing district shall be responsible for maintaining any perimeter walls of Coastal Bay even if such walls lie within one or more Lots. Notwithstanding the foregoing, each Owner shall be responsible for maintaining any shadow box fencing within his or her Lot.

12.3 Duty to Maintain Surface Water Management System. The Surface Water Management System within Coastal Bay shall be owned and maintained by the Association as permitted by the SFWMD. Notwithstanding the foregoing, the SFWMD has the right to take enforcement action to compel the Association to correct any outstanding problems with the Surface Water Management System facilities or in mitigation or conservation areas under the responsibility or control of Association. Each Builder and Owner within Coastal Bay at the time of construction of a building, residence or structure shall comply with the construction plans for the Surface Water Management System approved and on file with the SFWMD.

12.4 Amendments Affecting Surface Water Management System. Any proposed amendment to Association Documents which will affect the Surface Water Management System including any environmental conservation area and the water management portions of the Common Areas, must have the prior written approval of the SFWMD. Association's registered agent shall maintain copies of all Surface Water Management System permits and correspondence respecting such permits, and any future SFWMD permit actions shall be maintained by Association's registered agent for Association's benefit.

12.5 Adjoining Areas. Association shall also maintain those drainage areas, swales, lakes maintenance easements, driveways, and landscape areas that are within the Common Areas and immediately adjacent to a Home, provided that such areas are readily accessible to Association. Under no circumstances shall Association be responsible for maintaining any inaccessible areas within fences or walls that form a part of a Home.

12.6 Negligence. The expense of any maintenance, repair or construction of any portion of the Common Areas necessitated by the negligent or willful acts of an Owner or persons utilizing the Common Areas, through or under an Owner shall be borne solely by such Owner, and the Home owned by that Owner shall be subject to an Individual Assessment for that expense. By way of example, and not of limitation, an Owner shall be responsible for the removal of all landscaping and structures placed within easements or Common Areas without the prior written approval of Association.

12.7 Right of Entry. Developer, and Association are granted a perpetual and irrevocable easement over, under and across Coastal Bay for the purposes herein expressed, including, without limitation, for inspections to ascertain compliance with the provisions of this Declaration, and for the performance of any maintenance, alteration or repair which it is entitled to perform. Without limiting the foregoing, Developer specifically reserves easements for all purposes necessary to comply with any governmental requirement or to satisfy any condition that is a prerequisite for a governmental approval. By way of example, and not of limitation, Developer may construct, maintain, repair, alter, replace and/or remove improvements; install landscaping; install utilities; and/or remove structures on any portion of Coastal Bay if Developer is required to do so in order to obtain the release of any bond posted with any governmental agency.

12.8 Maintenance of Property Owned by Others. Association shall, if designated by Developer by amendment to this Declaration or by other notice or direction, maintain vegetation, landscaping, sprinkler system, community identification/features and/or other area or elements designated by Developer upon areas which are within or outside of Coastal Bay and which are owned by, or dedicated to, others including, but not limited to, a utility, governmental or quasi-governmental entity, so as to enhance the appearance of Coastal Bay. These areas may include (by way of example and not limitation) swale areas or median areas within the right-of-way of public streets, roads, drainage areas, community identification or features, community signage or other identification and/or areas within canal rights-of-ways or other abutting waterways.

12.9 Weeds and Refuse. No weeds, underbrush, or other unsightly growth shall be permitted to be grown or remain upon any Home. No refuse or unsightly objects shall be allowed to be placed or suffered to remain upon any Home.

12.10 Driveway and Sidewalk Easement. Each Owner shall be responsible to repair any damage to a driveway which comprises part of a Home and the sidewalk abutting the front Lot of the Home, including, but not limited to, any damage caused by Association or by the holder of any easement over which such driveway or sidewalk is constructed. Each Owner, by acceptance of a deed to a Home, shall be deemed to have agreed to indemnify and hold harmless Association and the holder of any such easement, including without limitation, all applicable utility companies and governmental agencies, their agents, servants, employees and elected officials, from and against any and all actions or claims whatsoever arising out of the use of the Common Areas and any easement or the construction and/or maintenance of any driveway or sidewalk in that portion of the Common Areas, easement area, or in a public right-of-way between the boundary of such Owner's Home and the edge of the adjacent paved roadway. Further, each Owner agrees to reimburse Association any expense incurred in repairing any damage to such driveway or sidewalk in the event that such Owner fails to make the required repairs, together with interest at the highest rate allowed by law.

13. Multi-Purpose Taxing District. It is anticipated that a multi-purpose taxing district may maintain the lakes, perimeter walls and/or entrance features within Coastal Bay and, possibly, an adjacent community. Each Home shall be subject to assessment for the operation of such district.



14. Use Restrictions. Each Owner must comply with the following:

14.1 Alterations and Additions. No material alteration, addition or modification to a Lot or Home, or material change in the appearance thereof, shall be made without the prior written approval thereof being first had and obtained from the ACC as required by this Declaration.

14.2 Animals. No animals of any kind shall be raised, bred or kept within Coastal Bay for commercial purposes. Otherwise, Owners may keep domestic pets as permitted by the City of Boynton Beach and Palm Beach County ordinances up to a limit of two (2) such pets weighing fifty (50) or less pounds each per Home and otherwise in accordance with the Rules and Regulations established by the Board from time to time. Notwithstanding the foregoing, pets may be kept or harbored in a Home only so long as such pets or animals do not constitute a nuisance. A determination by the Board that an animal or pet kept or harbored in a Home is a nuisance shall be conclusive and binding on all parties. All pets shall be walked on a leash. No pet shall be permitted outside a Home unless such pet is kept on a leash or within an enclosed portion of the yard of a Home, as approved by the ACC. No pet or animal shall be "tied out" on the exterior of the Home or in the Common Areas, or left unattended in a yard or on a balcony, porch, or patio. No dog runs or enclosures shall be permitted on any Home. When notice of removal of any pet is given by the Board, the pet shall be removed within forty-eight (48) hours of the giving of the notice. All pets shall defecate only in the "pet walking" areas within Coastal Bay designated for such purpose, if any, or on that Owner's Home. The person walking the pet or the Owner shall clean up all matter created by the pet. Each Owner shall be responsible for the activities of its pet. Notwithstanding anything to the contrary, seeing eye dogs shall not be governed by the restrictions contained in this Section.

14.3 Artificial Vegetation. No artificial grass, plants or other artificial vegetation, or rocks or other landscape devices, shall be placed or maintained upon the exterior portion of any Home or Lot, unless approved by the ACC.

14.4 Cars and Trucks.

14.4.1 Parking. Owners' automobiles shall be parked in the garage or driveway, as appropriate, and shall not block the sidewalk. No vehicles of any nature shall be parked on any portion of Coastal Bay or a Lot except on the surfaced parking area thereof. All lawn maintenance vehicles shall park on the driveway of the Home and not in the roadway or swale. To the extent Coastal Bay has any guest parking, Owners are prohibited from parking in such guest parking spaces. No vehicles used in business for the purpose of transporting goods, equipment and the like, or any trucks or vans which are larger than three-quarter (3/4) ton shall be parked in Coastal Bay except during the period of a delivery. Recreational vehicles, personal street vans, personal trucks of three-quarter (3/4) ton capacity or smaller, and personal vehicles that can be appropriately parked within standard size parking stalls may be parked in Coastal Bay.

14.4.2 Repairs and Maintenance of Vehicles. No vehicle which cannot operate on its own power shall remain in Coastal Bay for more than twelve hours, except in the garage of a Home. No repair or maintenance, except emergency repair, of vehicles shall be made within Coastal Bay, except in the garage of a Home. No vehicles shall be stored on blocks. No tarpaulin covers on vehicles shall be permitted anywhere within the public view.

14.4.3 Prohibited Vehicles. No commercial vehicle, limousines, recreational vehicle, boat, trailer including, but not limited to, boat trailers, house trailers, and trailers of every other type, kind or description, or camper, may be kept with Coastal Bay except in the garage of a Home. Notwithstanding the foregoing, a boat and/or boat trailer may be kept within the fenced yard of a Home so long as the boat and/or boat trailer, when located within a fenced yard, are fully screened from view by such fence. The term commercial vehicle shall not be deemed to include law enforcement vehicles or recreational or utility vehicles (*i.e.*, Broncos, Blazers, Explorers, Navigators, etc.) or clean "non-working" vehicles such as pick-up trucks, vans, or cars if they are used by the Owner on a daily basis for normal transportation. Notwithstanding any other provision in this Declaration to the contrary, the foregoing provisions shall not apply to construction vehicles in connection with the construction, improvement, installation, or repair by Developer or Builder of Homes, Common Areas, or any other Coastal Bay facility. No vehicles displaying commercial advertising shall be parked within the public view. No vehicles bearing a "for sale" sign shall be parked within the public view anywhere in Coastal Bay. For any Owner who drives an automobile issued by the County or other governmental entity (*i.e.*, police cars), such automobile shall not be deemed to be a commercial vehicle and may be parked in the garage or driveway of the Home. No vehicle shall be used as a domicile or residence either temporarily or permanently.

14.5 Casualty Destruction to Improvements. In the event that a Home or other improvement is damaged or destroyed by casualty loss or other loss, then within a reasonable period of time after such incident, the Owner thereof shall either commence to rebuild or repair the damaged Home or improvement and diligently continue such rebuilding or repairing until completion, or properly clear the damaged Home or improvement and restore or repair the Home as set forth in Section 15.3.2 herein and as approved by the ACC. As to any such reconstruction of a destroyed Home or improvements, the same shall only be replaced as approved by the ACC.

14.6 Commercial Activity. Except for normal construction activity, sale, and re-sale of a Home, sale or re-sale of other property owned by Developer, administrative offices of Developer, no commercial or business activity shall be conducted in any Home within Coastal Bay. Notwithstanding the foregoing, and subject to applicable statutes and ordinances, an Owner may maintain a home business office within a Home for such Owner's personal use; provided, however, business invitees customers, and clients shall not be permitted to meet with Owners in Homes unless the Board provides otherwise in the Rules and Regulations. No Owner may actively engage in any solicitations for commercial purposes within Coastal Bay. No solicitors of a commercial nature shall be allowed within Coastal Bay, without the prior written consent of Association. No day care center or facility may be operated out of a Home. No garage sales are permitted, except as permitted by the Association. Prior to the

Community Completion Date, Association shall not permit any garage sales without the prior written consent of Developer.

14.7 Completion and Sale of Units. No person or entity shall interfere with the completion and sale of Homes within Coastal Bay. WITHOUT LIMITING THE FOREGOING, EACH OWNER, BY ACCEPTANCE OF A DEED, AGREES THAT ACTIONS OF OWNERS MAY IMPACT THE VALUE OF HOMES; THEREFORE, EACH OWNER IS BENEFITED BY THE FOLLOWING RESTRICTION: PICKETING AND POSTING OF NEGATIVE SIGNS IS STRICTLY PROHIBITED IN ORDER TO PRESERVE THE VALUE OF THE HOMES IN THE COMMUNITY AND RESIDENTIAL ATMOSPHERE THEREOF.

14.8 Control of Contractors. Except for direct services which may be offered to Owners (and then only according to the Rules and Regulations relating thereto as adopted from time to time), no person other than an Association officer or representative of the management company retained by Association shall direct, supervise, or in any manner attempt to assert any control over any contractor of Association.

14.9 Cooking. No cooking shall be permitted nor shall any goods or beverages be consumed on the Common Areas except in areas designated for those purposes by Association. The ACC shall have the right to prohibit or restrict the use of grills or barbecue facilities throughout Coastal Bay.

14.10 Decorations. No decorative objects including, but not limited to, birdbaths, light fixtures, sculptures, statues, weather vanes, or flagpoles shall be installed or placed within or upon any portion of Coastal Bay without the prior written approval of the ACC. Notwithstanding the foregoing, holiday lighting and decorations shall be permitted to be placed upon the exterior portions of the Home and upon the Lot in the manner permitted hereunder commencing on Thanksgiving and shall be removed not later than January 15th of the following year. The ACC may establish standards for holiday lights. The ACC may require the removal of any lighting that creates a nuisance (e.g., unacceptable spillover to adjacent Home).

14.11 Disputes as to Use. If there is any dispute as to whether the use of any portion of Coastal Bay complies with this Declaration, such dispute shall, prior to the Community Completion Date, be decided by Developer, and thereafter by Association. A determination rendered by such party with respect to such dispute shall be final and binding on all persons concerned.

14.12 Drainage System. Drainage systems and drainage facilities may be a part of the Common Areas, and/or Homes. Once drainage systems or drainage facilities are installed by Developer, the maintenance of such systems and/or facilities thereafter within the boundary of a Home shall be the responsibility of the Owner of the Home which includes such system and/or facilities in the event that such drainage system or facilities (whether comprised of swales, pipes, pumps, waterbody slopes, or other improvements) is adversely affected by landscaping, fences, structures (including, without limitation, pavers) or additions, the cost to correct, repair, or maintain such drainage system and/or facilities shall be the responsibility of the Owner of each Home containing all or a part of such drainage system and/or facilities. By way of example, and not of limitation, if the Owner of one Home plants a tree (pursuant to ACC approval) and the roots of such tree subsequently affect pipes or other drainage facilities within another Home, the Owner that plants the tree shall be solely responsible for the removal of the roots which adversely affects the adjacent Home. Likewise, if the roots of a tree located within the Common Areas adversely affect an adjacent Home, Association shall be responsible for the removal of the roots and the costs thereof shall be Operating Costs. Notwithstanding the foregoing, Association and Developer shall have no responsibility or liability for drainage problems of any type whatsoever.

14.13 Driveway Easement. Each Owner shall be responsible to timely repair, maintain and/or replace the driveway comprising part of a Home, including, but not limited to, any damage caused by Developer, Association or by the holder of any easement over which such driveway is constructed. Each Owner, by acceptance of a deed to a Home, shall be deemed to have agreed to indemnify, defend and hold harmless Association and the holder of any such easement, including without limitation, all applicable utility companies and governmental agencies, their agents, servants, employees and elected officials, from and against any and all actions or claims whatsoever arising out of the use of the Common Areas and any easement or the construction and/or maintenance of any driveway in that portion of the Common Areas, easement area, or in a public right-of-way between the boundary of such Owner's Home and the edge of the adjacent paved roadway. Further, each Owner agrees to reimburse the Association any expense incurred in repairing any damage to such driveway in the event that such Owner fails to make the required repairs.

14.14 Extended Vacation and Absences. In the event a Home will be unoccupied for an extended period, the Home must be prepared prior to departure by: (i) notifying Association in writing; (ii) removing all removable furniture, plants and other objects from outside the Home; and (iii) designating a responsible firm or individual to care for the Home, should the Home suffer damage or require attention, and providing a key to that firm or individual. The name of the designee shall be furnished to Association. Neither Association nor Developer shall have responsibility of any nature relating to any unoccupied Home.

14.15 Fences and Walls. No walls or fences shall be erected or installed without prior written consent of the ACC. No chain link fencing of any kind shall be allowed except for perimeter areas screened by landscaping as permitted by this Declaration. All enclosures of balconies or patios, including, without limitation, addition of vinyl windows and all decks shall require the prior written approval of the ACC. Fences on the sides of a Home shall be six (6) feet or less, wood (natural wood, white or other color approved by the ACC), shadowbox, or stockade. The rear of lakefront Lots may only be fenced with white aluminum picket fence, no higher than four (4) feet.

14.16 Fuel Storage. No fuel storage shall be permitted within Coastal Bay, except as may be necessary or reasonably used for swimming pools, spas, barbecues, fireplaces or similar devices.

14.17 Garages. Each Home may have its own garage. No garage shall be converted into a general living area unless specifically approved by the ACC. Garage doors shall remain closed at all times except when vehicular or pedestrian access is required.

14.18 Garbage Cans. Trash collection and disposal procedures established by Association shall be observed. It is possible Association may provide for garbage pick-up, the cost of which shall be Operating Costs. No outside burning of trash or garbage is permitted. No garbage cans, supplies or other similar articles shall be maintained on any Home so as to be visible from outside the Home or Parcel. Each Owner shall be responsible for properly depositing his or her garbage and trash in garbage cans and trash containers sufficient for pick-up by the appropriate collection agencies in accordance with the requirements of any such agency. All such trash receptacles shall be maintained in a sanitary condition and shall be shielded from the view of adjacent properties and streets. Garbage cans and trash containers shall not be placed outside the Home for pick-up earlier than 6:00 p.m. on the day preceding the pick-up, and must be returned to the Home so that they are not visible from outside the Home on the day of pick-up.

14.19 Hurricane Shutters. Any hurricane shutters or other protective devices visible from outside a Home shall be of a type as approved in writing by the ACC. Panel, accordion and roll-up style hurricane shutters may not be left closed during hurricane season (nor at any other time). Any such approved hurricane shutters may be installed or closed up to forty-eight (48) hours prior to the expected arrival of a hurricane and must be removed or opened within seventy-two (72) hours after the end of a hurricane watch or warning or as the Board may determine otherwise. Except as the Board may otherwise decide, shutters may not be closed at any time other than a storm event. Any approval by the ACC shall not be deemed an endorsement of the effectiveness of hurricane shutters.

14.20 Irrigation. Due to water quality, irrigation systems may cause staining on Homes, other structures or paved areas. It is each Owner's responsibility to treat and remove any such staining. Developer is providing irrigation to only the front yards of the Homes. Association may require, from time to time, that Owners adopt systems to prevent stains (e.g., automatic de-ionization systems). The Front Yard of each Home may be equipped with irrigation lines, depending on the model of the Home. No Owner whose Home adjoins a waterway or lake may utilize the waterway or lake to irrigate unless so provided by Developer as part of original construction, subject to applicable permitting. Any use of lake water is at the Owner's sole risk as chemicals are used to control aquatic vegetation in lakes. Association may use waterways and lakes to irrigate Common Areas subject to applicable permitting. BY ACCEPTANCE OF A DEED TO A HOME OR PARCEL, EACH OWNER ACKNOWLEDGES THAT THE WATER LEVELS OF ALL LAKES AND WATERBODIES MAY VARY. THERE IS NO GUARANTEE BY DEVELOPER OR ASSOCIATION THAT WATER LEVELS WILL BE CONSTANT OR AESTHETICALLY PLEASING AT ANY PARTICULAR TIME. Developer and/or Association shall have the right to use one or more pumps to remove water from lakes and waterbodies for irrigation purposes at all times, subject to applicable permitting. Developer may utilize a computerized loop system to irrigate the Common Areas, and/or Homes. Any computerized loop irrigation system that is not specifically the maintenance obligation of the Association or an Owner, shall be the maintenance obligation of the Association and shall be deemed part of the Common Areas.

14.21 Lake and Canal Slopes. The rear yard of some Homes may border lakes and canals forming part of the Common Areas. The Association may maintain portions of the Common Areas contiguous to the rear lot line of such Home which comprise part of the lake slopes and banks and/or canal slopes and banks to prevent or restore erosion of slopes and banks due to drainage or roof culvert outfalls. The Owner of each Home bordering on the lake and canals shall ensure that lake and canal banks and slopes remain free of any structural or landscape encroachments so as to permit vehicular access for maintenance when needed. Each Owner hereby grants the Association an easement of ingress and egress across his or her Home to all adjacent lake and canal areas for the purpose of insuring compliance with the requirements of this Section.

14.22 Laundry. Subject to the provisions of Section 163.04 of the Florida Statutes, to the extent applicable, no rugs, mops, or laundry of any kind, or any other similar type article, shall be shaken, hung or exposed so as to be visible outside the Home, Lot, or Parcel. No clothes drying area may be placed in Coastal Bay except within the boundaries of a Lot. Clotheslines may be installed in the rear yard of a Home so long as not visible from the front of the Home.

14.23 Lawful Use. No immoral, improper, offensive, unlawful or obnoxious use shall be made in any portion of Coastal Bay. All laws, zoning ordinances and regulations of all governmental entities having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental entities for maintenance, modification or repair of a portion of Coastal Bay shall be the same as the responsibility for maintenance and repair of the property concerned.

14.24 Landscaping and Irrigation of Lots; Removal of Sod and Shrubbery; Additional Planting.

14.24.1 Every Owner shall be required to irrigate the grass and landscaping the lawn of their Home in a routine and ordinary manner, and shall ensure that sufficient irrigation occurs during all periods when the Owner is absent from the Home.

14.24.2 All grass and landscaping located within any rear yard of a Lot that is fenced pursuant to Section 15.15 herein, shall be maintained by the Owner. No gardens, Jacuzzis, fountains, playground equipment, pools, screened rooms, or other permitted improvements shall be constructed within the rear yard of a Lot without the prior written approval of the ACC. Each Owner understands that Lots within this Community may not be large enough to accommodate any of the foregoing items in any event.

14.24.3 Without the prior consent of the ACC, no sod, topsoil, tree or shrubbery shall be removed from Coastal Bay, no change in the plant landscaping, elevation, condition of the soil or the level of the land of such areas shall be made which results in any change in the flow and drainage of surface water which the ACC, in its sole

discretion, considers detrimental or potentially detrimental to person or property. Notwithstanding the foregoing, Owners who install improvements to the Home (including, without limitation, concrete or brick pavers) which result in any change in the flow and/or drainage of surface water shall be responsible for the costs of drainage problems resulting from such improvement. Further, in the event that such Owner fails to pay for such required repairs, each Owner agrees to reimburse Association for all expenses incurred in fixing such drainage problems including, without limitation, removing excess water and/or repairing the Surface Water Management System.

14.24.4 No landscape lighting shall be installed by an Owner without the prior written approval of the ACC.

14.25 Leases. Homes may be leased, licensed or occupied only in their entirety and no fraction or portion may be rented. No bed and breakfast facility may be operated out of a Home. Individual rooms of a Home may not be leased on any basis. No transient tenants may be accommodated in a Home. All leases or occupancy agreements shall be in writing and a copy of all leases of Homes shall be provided to Association if so requested by Association. No Home may be subject to more than two (2) leases in any twelve (12) month period, regardless of the lease term. No time-share or other similar arrangement is permitted. The Owner must make available to the lessee or occupants copies of the Association Documents. No lease term shall be less than thirty (30) days. Notwithstanding the foregoing, this Section shall not apply to a situation where an Owner or resident of a Home receives in-home care by a professional care giver residing within the Home.

14.26 Maintenance by Owners.

14.26.1 Standard of Maintenance. All lawns, landscaping and sprinkler systems and any property, structures, improvements, shadowbox fences, and appurtenances not maintained by Association shall be well maintained and kept in first class, good, safe, clean, neat and attractive condition consistent with the general appearance of Coastal Bay by the Owner of each Home. Each Owner is specifically responsible for maintaining all grass, landscaping and improvements within any portion of a Home that is fenced. In addition, if an Owner has installed a fence or wall around a Home, or any portion thereof, then such Owner must maintain any portion of the Common Areas that is no longer readily accessible to Association.

14.26.2 Lawn Maintenance. Other than with regard to the maintenance of the front yard of each Home, which shall be maintained by the Association, each Owner shall cut and edge the lawn of such Owner's Home. Owner shall maintain the trees and hedges of such Owner's Home and shall fertilize the lawn of the Home. Owner shall also weed the plant bed(s) of such Owner's Home. Other than in the front yard, Owner shall be responsible for the maintenance of the sprinkler system (the installation of which is subject to ACC approval) and all landscaping of such Owner's Home. Each Owner is specifically responsible for maintaining all landscaping and improvements within any portion of a Home that is fenced. EACH OWNER ACKNOWLEDGES THAT SOME HOMES MAY NOT HAVE FRONT YARDS, AND OTHER HOMES MAY HAVE FRONT YARDS THAT ARE LARGER OR SMALLER THAN THE FRONT YARDS OF OTHER HOMES. NOTWITHSTANDING THE FOREGOING, LAWN MAINTENANCE EXPENSES FOR A HOME SHALL BE THE INDIVIDUAL RESPONSIBILITY OF THE OWNER OF SUCH HOME.

14.26.3 Enclosed Common Area. If an Owner has enclosed the yard of a Home, or any portion thereof, with ACC approval, then such Owner must maintain any portion of the Common Areas that is no longer readily accessible to Association.

14.26.4 Weeds and Refuse. No weeds, underbrush, or other unsightly growth shall be permitted to be grown or remain upon any Home. No refuse or unsightly objects shall be allowed to be placed or suffered to remain upon any Home.

14.27 Minor's Use of Facilities. Adults shall be responsible for all actions of their minor children at all times in and about Coastal Bay. Neither Developer nor Association shall be responsible for any use of the facilities by anyone, including minors. Children under the age of twelve (12) shall be accompanied by an adult at all times.

14.28 Nuisances. No nuisance or any use or practice that is the source of unreasonable annoyance to others or which interferes with the peaceful possession and proper use of Coastal Bay is permitted. No firearms shall be discharged within Coastal Bay. Nothing shall be done or kept within the Common Areas, or any other portion of Coastal Bay, including a Home or Parcel which will increase the rate of insurance to be paid by Association.

14.29 Personal Property. All personal property of Owners or other occupants of Homes shall be stored within the Homes. No personal property may be stored on, nor any use made of, the Common Areas, any Lot or Home, or any other portion of Coastal Bay, which is unsightly or which interferes with the comfort and convenience of others.

14.30 Pools. No pools shall be permitted.

14.31 Removal of Soil and Additional Landscaping. Without the prior consent of the ACC, no Owner shall remove soil from any portion of Coastal Bay, change the level of the land within Coastal Bay, or plant landscaping which results in any permanent change in the flow and drainage of surface water within Coastal Bay. Owners may not place additional plants, shrubs, or trees within any portion of Coastal Bay without the prior approval of the ACC

14.32 Roofs, Driveways and Pressure Treatment. Roofs and/or exterior surfaces and/or pavement, including, but not limited to, walks and drives, shall be pressure treated within thirty (30) days of notice by the ACC. No surface applications to driveways shall be permitted without the prior written approval of the ACC as to material, color and pattern. Such applications shall not extend beyond the front Lot line or include the sidewalk.

Notwithstanding Association's responsibility to paint, each Owner shall be responsible to pressure clean between paintings. The Board may decide to have annual window washing or roof repair and may collect the costs thereof as part of Operating Costs or Reserves.

14.33 Satellite Dishes and Antennae. No exterior visible antennae, radio masts, towers, poles, aerials, satellite dishes, or other similar equipment shall be placed on any Home or Lot without the prior written approval thereof being first had and obtained from the ACC as required by this Declaration. The ACC may require, among other things, that all such improvements be screened so that they are not visible from adjacent Homes, or from the Common Areas. Each Owner agrees that the location of such items must first be approved by the ACC in order to address the safety and welfare of the residents of Coastal Bay. No Owner shall operate any equipment or device which will interfere with the radio or television reception of others. All antennas not covered by the Federal Communications Commission ("FCC") rules are prohibited. Installation, maintenance, and use of all antennas shall comply with restrictions adopted by the Board and shall be governed by the then current rules of the FCC.

14.34 Servants. Servants and domestic help of any Owner may not gather or lounge in or about the Common Areas.

14.35 Screened Enclosures. No screened enclosures, for pools or otherwise, shall be permitted without the prior written approval of the ACC.

14.36 Signs and Flags. No sign (including brokerage or for sale/lease signs), flag, banner, sculpture, fountain, outdoor play equipment, solar equipment, artificial vegetation, sports equipment, advertisement, notice or other lettering shall be exhibited, displayed, inscribed, painted or affixed in, or upon any portion of Coastal Bay that is visible from the outside without the prior written approval thereof being first had and obtained from the ACC as required by this Declaration; provided, however, signs required by governmental agencies and approved by the ACC may be displayed (e.g. permit boards). Owners of Homes must obtain "For Sale" and "For Rent" signs may not be larger than 6" x 12". No sign may be placed in the window of a Home. Developer and Builders are exempt from this Section. No in-ground flag poles (except as Developer may use) shall be permitted within Coastal Bay, unless written approval of the ACC is obtained. Notwithstanding the foregoing, flags which are no larger than 24" x 36", attached to a Home and displayed for the purpose of a holiday, and United States flags shall be permitted without ACC approval.

14.37 Sports Equipment. No recreational, playground or sports equipment shall be installed or placed within or about any portion of Coastal Bay without prior written consent of the ACC. No basketball backboards, skateboard ramps, or play structures will be permitted without written approval by the ACC. Such approved equipment shall be located at the rear of the Home or on the inside portion of corner Homes within the setback lines. Tree houses or platforms of a similar nature shall not be constructed on any part of a Home. No basketball hoops shall be attached to a Home and any portable basketball hoops must be stored inside the Home. No tennis courts are permitted within Lots.

14.38 Storage. No temporary or permanent utility or storage shed, storage building, tent, or other structure or improvement shall be permitted and no other structure or improvement shall be constructed, erected, altered, modified or maintained without the prior approval of the ACC, which approval shall conform to the requirements of this Declaration. Water softeners, trash containers, and other similar devices shall be properly screened from the street in a manner approved by the ACC.

14.39 Subdivision and Regulation of Land. No portion of any Home or Parcel shall be divided or subdivided or its boundaries changed without the prior written approval of Association. No Owner shall inaugurate or implement any variation from, modification to, or amendment of governmental regulations, land use plans, land development regulations, zoning, or any other development orders or development permits applicable to Coastal Bay, without the prior written approval of Developer, which may be granted or denied in its sole discretion.

14.40 Substances. No flammable, combustible or explosive fuel, fluid, chemical, hazardous waste, or substance shall be kept on any portion of Coastal Bay or within any Home or Parcel, except those which are required for normal household use. All propane tanks and bottled gas for household and/or pool purposes (excluding barbecue grill tanks) must be installed underground or in a manner to be screened from view by landscaping or other materials approved by the ACC.

14.41 Swimming, Boating and Docks. Swimming is prohibited within any of the lakes or waterbodies within or adjacent to Coastal Bay. Boating and personal watercrafts (e.g. jet skis) are prohibited, but non-motorized boats such as sailboats or canoes are permitted. No docks may be erected within any waterbody.

14.42 Use of Homes. Each Home is restricted to residential use as a residence by the Owner or permitted occupant thereof, its immediate family, guests, tenants and invitees.

14.43 Visibility on Corners. Notwithstanding anything to the contrary in these restrictions, no obstruction to visibility at street intersections shall be permitted and such visibility clearances shall be maintained as required by the ACC and governmental agencies. No vehicles, objects, fences, walls, hedges, shrubs or other planting shall be placed or permitted on a corner Lot where such obstruction would create a traffic problem.

14.44 Wells. Wells are prohibited.

14.45 Windows or Wall Units. No window or wall air conditioning unit may be installed in any window or wall of a Home.

14.46 Window Treatments. Window treatments shall consist of drapery, blinds, decorative panels, or other window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are

permitted, except for periods not exceeding one (1) week after an Owner or tenant first moves into a Home or when permanent window treatments are being cleaned or repaired. No security bars shall be placed on the windows of any Home without prior written approval of the ACC. No awnings, canopies or shutters shall be affixed to the exterior of a Home without the prior written approval of the ACC. No reflective tinting or mirror finishes on windows shall be permitted unless approved by the ACC. Window treatments facing the street shall be of a neutral color, such as white, off-white or wood tones.

14.47 Easement for Unintentional and Non-Negligent Encroachments. If any other building or improvement on a Home shall encroach upon another Home by reason of original construction by Developer, then an easement for such encroachment shall exist so long as the encroachment exists. It is contemplated that each Home shall contain an improvement with exterior walls, footings, and other protrusions which may pass over or underneath an adjacent Home. A perpetual nonexclusive easement is herein granted to allow the footers for such walls and other protrusions and to permit any natural water run off from roof overhangs, eaves and other protrusions onto an adjacent Home.

15. Insurance.

15.1 Association. Association shall maintain the following insurance coverage

15.1.1 Flood Insurance. If the Common Areas are located within an area which has special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program ("**NFIP**"), coverage in appropriate amounts, available under NFIP for all buildings and other insurable property within any portion of the Common Areas located within a designated flood hazard area.

15.1.2 Liability Insurance. Commercial general liability insurance coverage providing coverage and limits deemed appropriate. Such policies must provide that they may not be canceled or substantially modified by any party, without at least thirty (30) days' prior written notice to Developer (until the Community Completion Date) and Association.

15.1.3 Directors and Officers Liability Insurance. Each member of the Board shall be covered by directors and officers liability insurance in such amounts and with such provisions as approved by the Board.

15.1.4 Other Insurance. Such other insurance coverages as appropriate from time to time. All coverage obtained by Association shall cover all activities of Association and all properties maintained by Association, whether or not Association owns title thereto.

15.2 Developer. Prior to the Turnover Date, Developer shall have the right, at Association's expense, to provide insurance coverage under its master insurance policy in lieu of any of the foregoing.

15.3 Homes.

15.3.1 Requirement to Maintain Insurance. Each Owner shall be required to obtain and maintain adequate insurance on his or her Home. Such insurance shall be sufficient for necessary repair and/or reconstruction work, and/or shall cover the costs to demolish a damaged Home as applicable, remove the debris, and to resod and landscape land comprising the Home. Upon the request of Association, each Owner shall be required to supply the Board with evidence of insurance coverage on his Home which complies with the provisions of this Section. Without limiting any other provision of this Declaration or the powers of Association, Association shall specifically have the right to bring an action to require an Owner to comply with his or her obligations.

15.3.2 Requirement to Reconstruct or Demolish. In the event that any Home is destroyed by fire or other casualty, the Owner of such Home shall do one of the following: the Owner shall commence reconstruction and/or repair of the Home ("**Required Repair**"), or Owner shall tear the Home down, remove all the debris, and resod and landscape the property comprising the Home as required by the ACC ("**Required Demolition**") to the extent permitted under law. If an Owner elects to perform the Required Repair, such work must be commenced within thirty (30) days of the Owner's receipt of the insurance proceeds respecting such Home. If an Owner elects to perform the Required Demolition, the Required Demolition must be completed within six (6) months from the date of the casualty or such longer period of time established by the Board in its sole and absolute discretion subject to extension if required by law. If an Owner elects to perform the Required Repair, such reconstruction and/or repair must be completed in a continuous, diligent, and timely manner. Association shall have the right to inspect the progress of all reconstruction and/or repair work. Without limiting any other provision of this Declaration or the powers of Association, Association shall have a right to bring an action against an Owner who fails to comply with the foregoing requirements. By way of example, Association may bring an action against an Owner who fails to either perform the Required Repair or Required Demolition on his or her Home within the time periods and in the manner provided herein. Each Owner acknowledges that the issuance of a building permit or a demolition permit in no way shall be deemed to satisfy the requirements set forth herein, which are independent of, and in addition to, any requirements for completion of work or progress requirements set forth in applicable statutes, zoning codes, and/or building codes.

15.3.3 Townhome Building. Certain Homes are separated by Party Walls but form part of a Townhome Building. Notwithstanding anything to the contrary herein, any Owner of a Home within a Townhome Building must have the written agreement of all of the Owners of Homes within such Townhome Building before any Required Demolition can be commenced. Such written agreement must be presented to the ACC before any Required Demolition can commence. If all of the Owners of Homes within a Townhome Building do not agree to the Required Demolition, then such Required Demolition shall not be commenced by any Owner of a Home within a Townhome Building and all Owners of damaged or destroyed Homes within such Townhome Building shall perform Required Repair with respect to such Homes

15.3.4 Standard of Work. The standard for all demolition, reconstruction, and other work performed as required by this Section 15.3 shall be in accordance with the applicable statutes, zoning codes, and/or building codes, the Community Standards and any other standards established by Association with respect to any casualty that affects all or a portion of Coastal Bay.

15.3.5 Additional Rights of Association. If an Owner refuses or fails, for any reason, to perform the Required Repair or Required Demolition as herein provided, then Association, in its sole and absolute discretion, by and through its Board is hereby irrevocably authorized by such Owner to perform the Required Repair or Required Demolition. All Required Repair performed by Association pursuant to this Section shall be in conformance with the original plans and specifications for the Home. Association shall have the absolute right to perform the Required Demolition to a Home pursuant to this Section if any contractor certifies in writing to Association that such Home cannot be rebuilt or repaired. The Board may levy an Individual Assessment against the Owner in whatever amount sufficient to adequately pay for Required Repair or Required Demolition performed by Association.

15.3.6 Rights of County. In the event that any Home is destroyed by fire or other casualty, County or other authorized governmental agency shall have the right, but not the obligation, to enter such Owner's Lot and/or Home for the purpose of inspecting and assessing the damage to such Home. County shall further have the right to enforce any local laws and/or ordinances with regard to the Required Repair or the Required Demolition of the Home.

15.3.7 Association Has No Liability. Notwithstanding anything to the contrary in this Section, Association, its directors and officers, shall not be liable to any Owner should an Owner fail for any reason whatsoever to obtain insurance coverage on a Home. Moreover, Association, its directors and officers, shall not be liable to any person if Association does not enforce the rights given to Association in this Section.

15.4 Fidelity Bonds. If available, a blanket fidelity bond for all officers, directors, trustees and employees of Association, and all other persons handling or responsible for funds of, or administered by, Association. In the event Association delegates some or all of the responsibility for the handling of the funds to a professional management company or licensed manager, such bonds shall be required for its officers, employees and agents, handling or responsible for funds of, or administered on behalf of Association. The amount of the fidelity bond shall be based upon reasonable business judgment. The fidelity bonds required herein must meet the following requirements (to the extent available at a reasonable premium):

15.4.1 The bonds shall name Association as an obligee.

15.4.2 The bonds shall contain waivers, by the issuers of the bonds, of all defenses based upon the exclusion of persons serving without compensation from the definition of "employee" or similar terms or expressions.

15.4.3 The premiums on the bonds (except for premiums on fidelity bonds maintained by a professional management company, or its officers, employees and agents), shall be paid by Association.

15.4.4 The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to Developer (until the Community Completion Date) and Association.

15.5 Association as Agent. Association is irrevocably appointed agent for each Owner of any interest relating to the Common Areas to adjust all claims arising under insurance policies purchased by Association and to execute and deliver releases upon the payment of claims.

15.6 Casualty to Common Areas. In the event of damage to the Common Areas, or any portion thereof, Association shall be responsible for reconstruction after casualty. In the event of damage to a Home, or any portion thereof, the Owner shall be responsible for reconstruction after casualty.

15.7 Nature of Reconstruction. Any reconstruction of improvements hereunder shall be substantially in accordance with the plans and specifications of the original improvement, or as the improvement was last constructed, subject to modification to conform with the then current governmental regulation(s).

15.8 Additional Insured. Developer and its Lender(s) shall be named as additional insured on all policies obtained by Association, as their interests may appear.

15.9 Cost of Payment of Premiums. The costs of all insurance maintained by Association hereunder, and any other fees or expenses incurred which may be necessary or incidental to carry out the provisions hereof are Operating Costs.

## 16. Property Rights.

16.1 Owners' Easement of Enjoyment. Every Owner, and its immediate family, tenants, guests and invitees, and every owner of an interest in Coastal Bay shall have a non-exclusive right and easement of enjoyment in and to those portions of the Common Areas which it is entitled to use for their intended purpose, subject to the following provisions:

16.1.1 The right of Association to suspend an Owner's rights hereunder or to impose fines in accordance with Section 720.305 of the Florida Statutes, as amended from time to time.

16.1.2 The right to suspend the right to use all (except vehicular and pedestrian ingress and egress and necessary utilities) or a portion of the Common Areas by an Owner, its immediate family, etc. for any period during which any Assessment against that Owner remains unpaid.

16.1.3 The right of Developer and/or Association to dedicate or transfer all or any part of the Common Areas. No such dedication or transfer shall be effective prior to the Community Completion Date without prior written consent of Developer.

16.1.4 The perpetual right of Developer to access and enter the Common Areas at any time, even after the Community Completion Date, for the purposes of inspection and testing of the Common Areas. Association and each Owner shall give Developer unfettered access, ingress and egress to the Common Areas so that Developer and/or its agents can perform all tests and inspections deemed necessary by Developer. Developer shall have the right to make all repairs and replacements deemed necessary by Developer. At no time shall Association and/or an Owner prevent, prohibit and/or interfere with any testing, repair or replacement deemed necessary by Developer relative to any portion of the Common Areas.

16.1.5 The right of Developer and/or Association to modify the Common Areas as set forth in this Declaration.

16.1.6 The rights of Developer and/or Association regarding Coastal Bay as reserved in this Declaration, including the right to utilize the same and to grant use rights, etc. to others.

16.1.7 Rules and Regulations adopted governing use and enjoyment of the Common Areas.

16.1.8 An Owner relinquishes use of the Common Areas at any time that a Home is leased to a Tenant.

16.2 Ingress and Egress. An easement for ingress and egress is hereby created for pedestrian traffic over, and through and across sidewalks, paths, walks, driveways, passageways, and lanes as the same, from time to time, may exist upon, or be designed as part of, the Common Areas, and for vehicular traffic over, through and across such portions of the Common Areas as, from time to time, may be paved and intended for such purposes.

16.3 Development Easement. In addition to the rights reserved elsewhere herein, Developer reserves an easement for itself or its nominees, over, upon, across, and under Coastal Bay as may be required in connection with the development of Coastal Bay, and other lands designated by Developer and to promote or otherwise facilitate the development, construction and sale and/or leasing of Homes, any portion of Coastal Bay, and other lands designated by Developer. Without limiting the foregoing, Developer specifically reserves the right to use all paved roads and rights of way within Coastal Bay for vehicular and pedestrian ingress and egress to and from construction sites and for the construction and maintenance of any Telecommunications Systems provided by Developer. Specifically, each Owner acknowledges that construction vehicles and trucks may use portions of the Common Areas. Developer shall have no liability or obligation to repave, restore, or repair any portion of the Common Areas as a result of the use of the same by construction traffic, and all maintenance and repair of such Common Areas shall be deemed ordinary maintenance of the Association payable by all Owners as part of Operating Costs. Without limiting the foregoing, at no time shall Developer be obligated to pay any amount to Association on account of Developer's use of the Common Areas for construction purposes. Developer intends to use the Common Areas for sales of new and used Homes. Further, Developer may market other residences and commercial properties located outside of Coastal Bay from Developer's sales facilities located within Coastal Bay. Developer has the right to use all portions of the Common Areas in connection with its marketing activities, including, without limitation, allowing members of the general public to inspect model Homes, installing signs and displays, holding promotional parties and picnics, and using the Common Areas for every other type of promotional or sales activity that may be employed in the marketing of new and used residential Homes or the leasing of residential apartments. The easements created by this Section, and the rights reserved herein in favor of Developer, shall be construed as broadly as possible and supplement the rights of Developer set forth in Section 8 and Section 21 of this Declaration. At no time shall Developer incur any expense whatsoever in connection with its use and enjoyment of such rights and easements. Without limiting any other provision of this Declaration, Developer may non-exclusively assign its rights hereunder to each Builder.

16.4 Public Easements. Fire, police, school transportation, health, sanitation and other public service and utility company personnel and vehicles shall have a permanent and perpetual easement for ingress and egress over and across the Common Areas. In addition, Telecommunications Providers shall also have the right to use all paved roadways for ingress and egress to and from Telecommunications Systems within Coastal Bay.

16.5 Delegation of Use. Every Owner shall be deemed to have delegated its right of enjoyment to the Common Areas to occupants or lessees of that Owner's Home subject to the provisions of this Declaration and the Rules and Regulations, as may be promulgated, from time to time. Any such delegation or lease shall not relieve any Owner from its responsibilities and obligations provided herein.

16.6 Easement for Encroachments. In the event that any improvement upon Common Areas, as originally constructed, shall encroach upon any other property or improvements thereon, or for any reason, then an easement appurtenant to the encroachment shall exist for so long as the encroachment shall naturally exist.

16.7 Permits, Licenses and Easements. Prior to the Community Completion Date, Developer, and thereafter Association, shall, in addition to the specific rights reserved to Developer herein, have the right to grant, modify, amend and terminate permits, licenses and easements over, upon, across, under and through Coastal Bay (including Homes) for Telecommunications Systems, utilities, roads and other purposes reasonably necessary or useful as it determines, in its sole discretion. To the extent legally required, each Owner shall be deemed to have



granted to Developer and, thereafter, Association an irrevocable power of attorney, coupled with an interest, for the purposes herein expressed.

16.8 Support Easement and Maintenance Easement. An easement is hereby created for the existence and maintenance of supporting structures (and the replacement thereof) in favor of the entity required to maintain the same. An easement is hereby created for maintenance purposes (including access to perform such maintenance) over and across Coastal Bay (including Homes) for the reasonable and necessary maintenance of Common Areas, utilities, cables, wires and other similar facilities.

16.9 Drainage. A non-exclusive easement shall exist in favor of Developer, Association, their designees, and any applicable water management district, state agency, county agency and/or federal agency having jurisdiction over, across and upon Coastal Bay for drainage, irrigation and water management purposes. A non-exclusive easement for ingress, egress and access shall exist for such parties to enter upon and over any portion of Coastal Bay (including Homes) in order to construct, maintain, inspect, record data on, monitor, test, or repair, as necessary, any water management areas, irrigation systems and facilities thereon and appurtenances thereto. No structure, landscaping, or other material shall be placed or be permitted to remain which may damage or interfere with the drainage or irrigation of Coastal Bay and/or installation or maintenance of utilities or which may obstruct or retard the flow of water through Coastal Bay and/or water management areas and facilities or otherwise interfere with any drainage, irrigation and/or easement provided for in this Section or the use rights set forth elsewhere in this Declaration.

16.10 Easement in favor of Association. Association is hereby granted an easement over all of Coastal Bay, including all Homes and Lots, for the purpose of (a) constructing, maintaining, replacing and operating all Common Areas, including, but not limited to, lakes, perimeter walls and fences, and (b) performing any obligation of an Owner for which Association intends to impose on Individual Assessment.

16.11 Duration. All easements created herein or pursuant to the provisions hereof shall be perpetual unless stated to the contrary.

## 17. Assessments.

17.1 Types of Assessments. Each Owner, by acceptance of a deed or instrument of conveyance for the acquisition of title in any manner (whether or not so expressed in the deed), including any purchaser at a judicial sale, shall hereafter be deemed to have covenanted and agreed to pay to Association at the time and in the manner required by the Board, assessments or charges and any special assessments as are fixed, established and collected from time to time by Association (collectively, the "Assessments"). All Owners and Builders shall pay Assessments. Each Builder shall pay such portion of Operating Costs which benefits any Parcel; owned by such Builder, as determined by Developer, in Developer's sole discretion. By way of example, and not of limitation, Developer may require that each Builder pay some portion of Assessments on a Parcel owned by a Builder which does not contain a Home. As vacant Lots owned by Builders may not receive certain services (e.g., Telecommunications Services), Builders shall not be required to pay for the same.

17.2 Purpose of Assessments. The Assessments levied by Association shall be used for, among other things, the purpose of promoting the recreation, health, safety and welfare of the residents of Coastal Bay, and in particular for the improvement and maintenance of the Common Areas and any easement in favor of the Association, including but not limited to the following categories of Assessments as and when levied and deemed payable by the Board:

17.2.1 Any monthly or quarterly assessment (as determined by the Board) or charge for the purpose of operating the Association and accomplishing any and all of its purposes, as determined in accordance herewith, including, without limitation, payment of Operating Costs and collection of amounts necessary to pay any deficits from prior years' operation (hereinafter "Installment Assessments");

17.2.2 Any special assessments for capital improvements, major repairs, emergencies, the repair or replacement of the Common Areas, or nonrecurring expenses (hereinafter "Special Assessments");

17.2.3 Any specific fees, dues or charges to be paid by Owners for any special services provided to or for the benefit of an Owner or Home, for any special or personal use of the Common Areas, or to reimburse Association for the expenses incurred in connection with that service or use (hereinafter "Use Fees");

17.2.4 Assessments of any kind for the creation of reasonable reserves for any of the aforesaid purposes. At such time as there are improvements in any Common Areas for which Association has a responsibility to maintain, repair, and replace, the Board may, but shall have no obligation to, include a "Reserve for Replacement" in the Installment Assessments in order to establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements comprising a portion of the Common Areas (hereinafter "Reserves"). Assessments pursuant to this Section shall be payable in such manner and at such times as determined by Association, and may be payable in installments extending beyond the fiscal year in which the Reserves are approved. Until the Community Completion Date, Reserves shall be subject to the prior written approval of Developer, which may be withheld for any reason; and

17.2.5 Assessments for which one or more Owners (but less than all Owners) within Coastal Bay is subject ("Individual Assessments") such as costs of special services provided to a Home or Owner or cost relating to enforcement of the provisions of this Declaration or the architectural provisions hereof as it relates to a particular Owner or Home. By way of example, and not of limitation, in the event an Owner fails to maintain the exterior of his Home (other than those portions of a Home maintained by Association) in a manner satisfactory to Association, Association shall have the right, through its agents and employees, to enter upon the Home and to repair, restore, and maintain the Home as required by this Declaration. The cost thereof, plus the reasonable

administrative expenses of Association, shall be an Individual Assessment. The lien for an Individual Assessment may be foreclosed in the same manner as any other Assessment.

17.3 Designation. The designation of Assessment type shall be made by Association. Prior to the Community Completion Date, any such designation must be approved by Developer. Such designation may be made on the budget prepared by Association. The designation shall be binding upon all Owners.

17.4 Allocation of Operating Costs.

17.4.1 For the period until the adoption of the first annual budget, the allocation of Operating Costs shall be as set forth in the initial budget prepared by Developer.

17.4.2 Commencing on the first day of the period covered by the annual budget, and until the adoption of the next annual budget, the Assessments shall be allocated so that each Owner shall pay his pro rata portion of Installment Assessments, Special Assessments, and Reserves based upon a fraction, the numerator of which is one (1) and the denominator of which is the total number of Homes in Coastal Bay conveyed to Owners or any greater number determined by Developer from time to time. Developer, in its sole and absolute discretion, may change such denominator from time to time. Under no circumstances will the denominator be less than the number of Homes owned by Owners other than Developer.

17.4.3 In the event the Operating Costs as estimated in the budget for a particular fiscal year are, after the actual Operating Costs for that period is known, less than the actual costs, then the difference shall, at the election of Association: (i) be added to the calculation of Installment Assessments, as applicable, for the next ensuing fiscal year; or (ii) be immediately collected from the Owners as a Special Assessment. Association shall have the unequivocal right to specially assess Owners retroactively on January 1st of any year for any shortfall in Installment Assessments, which Special Assessment shall relate back to the date that the Installment Assessments could have been made. No vote of the Owners shall be required for such Special Assessment (or for any other Assessment except to the extent specifically provided herein).

17.4.4 Each Owner agrees that so long as it does not pay more than the required amount it shall have no grounds upon which to object to either the method of payment or non-payment by other Owners of any sums due.

17.5 General Assessments Allocation. Except as hereinafter specified to the contrary, Installment Assessments, Special Assessments and Reserves shall be allocated equally to each Owner.

17.6 Use Fees and Individual Assessment. Except as hereinafter specified to the contrary, Use Fees and Individual Assessments shall be made against the Owners benefiting from, or subject to the special service or cost as specified by Association.

17.7 Commencement of First Assessment. Assessments shall commence as to each Owner on the day of the conveyance of title of a Home to an Owner. The applicable portion of Assessments shall commence as to each Builder on the day of conveyance of title of a Parcel to such Builder.

17.8 Shortfalls and Surpluses. Each Owner acknowledges that because Installment Assessments, Special Assessments, and Reserves are allocated based on the formula provided herein, or upon the number of Homes conveyed to Owners on or prior to September 30 of the prior fiscal year, it is possible that Association may collect more or less than the amount budgeted for Operating Costs. Prior to the Turnover Date, Developer shall have the option to (i) fund shortfall in Installment Assessments not raised by virtue of all income received by Association or (ii) to pay Installment Assessments on Homes or Lots owned by Developer. If Developer has cumulatively over funded Operating Costs and/or prepaid expenses of Association which have not been reimbursed to Developer prior to the Turnover Date, Association shall refund such amounts to Developer on or prior to the Turnover Date or as soon as possible thereafter (e.g. once the amount is finally determined). Developer shall never be required to (i) pay Installment Assessments if Developer has elected to fund the deficit instead of paying Installment Assessments on Homes or Lots owned by Developer, or (ii) pay Special Assessments, management fees or Reserves. Any surplus Assessments collected by Association may be allocated (i) towards the next year's Operating Costs, (ii) used to fund Reserves, whether or not budgeted, (iii) retained by Association and/or (iv) used for any other purpose in Association's sole and absolute discretion. Under no circumstances shall Association be required to pay surplus Assessments to Owners.

17.9 Budget. The initial budget prepared by Developer is adopted as the budget for the period of operation until adoption of the first annual Association budget. Thereafter, the annual budget respecting Operating Costs shall be prepared and adopted by the Board. To the extent Association has commenced or will commence operations prior to the date this Declaration is recorded or the first Home is closed, the Operating Costs may vary in one or more respects from that set forth in the initial Budget. A Builder shall pay Assessments as per the Budget for each Lot owned by such Builder commencing from the date the Builder obtained title to such Lot. Developer shall fund entirely all Operating Costs not covered by Builders' Assessments until the month prior to the closing of the first Home. Thereafter, Assessments shall be payable by each Owner and Builder as provided in this Declaration. THE INITIAL BUDGET OF ASSOCIATION IS PROJECTED (NOT BASED ON HISTORICAL OPERATING FIGURES). THEREFORE, IT IS POSSIBLE THAT ACTUAL ASSESSMENTS MAY BE LESSER OR GREATER THAN PROJECTED.

17.10 Establishment of Assessments. Assessments shall be established in accordance with the following procedures:

17.10.1 Installment Assessments shall be established by the adoption of a twelve (12) month operating budget by the Board. The budget shall be in the form required by Section 720.303(6) of the Florida

Statutes, as amended from time to time. Written notice of the amount and date of commencement thereof shall be given to each Owner not less than ten (10) days in advance of the due date of the first installment thereof. Notwithstanding the foregoing, the budget may cover a period of less than twelve (12) months if the first budget are adopted mid-year or in order to change the fiscal year of the Association.

17.10.2 Special Assessments and Individual Assessments against the Owners may be established by Association, from time to time, and shall be payable at such time or time(s) as determined. Until the Community Completion Date, no Special Assessment shall be imposed without the consent of Developer.

17.10.3 Association may establish, from time to time, by resolution, rule or regulation, or by delegation to an officer or agent, including, a professional management company, Use Fees. The sums established shall be payable by the Owner utilizing the service or facility as determined by Association.

17.11 Initial Capital Contribution. The first purchaser of each Lot, Home or Parcel, at the time of closing of the conveyance from the Developer to the purchaser, shall pay to Developer an initial capital contribution in the amount of two (2) months Assessments ("Initial Capital Contribution"). The funds derived from the Initial Capital Contributions shall be used at the discretion of Developer for any purpose, including but not limited to, future and existing capital improvements, operating expenses, support costs and start-up costs. Developer may waive this requirement for some Lots and Homes, if the first purchaser is a Builder, and the Builder becomes unconditionally obligated to collect and pay the Initial Capital Contribution upon the subsequent sale of each Lot and Home to an end purchaser.

17.12 Resale Capital Contribution. Association may establish a resale capital contribution ("Resale Capital Contribution"). There shall be collected upon every conveyance of an ownership interest in a Home by an Owner other than Developer or Builders an amount payable to Association. The Resale Capital Contribution shall not be applicable to conveyances from Developer or a Builder. After the Home has been conveyed by Developer or a Builder there shall be a recurring assessment payable to Association upon all succeeding conveyances of a Home. The amount of the Resale Capital Contribution and the manner of payment shall be determined by resolution of the Board from time to time; provided, however, all Homes shall be assessed a uniform amount.

17.13 Assessment Estoppel Certificates. No Owner shall sell or convey its interest in a Home unless all sums due the Association have been paid in full and an estoppel certificate in recordable form shall have been received by such Owner. Association shall prepare and maintain a ledger noting Assessments due from each Owner. The ledger shall be kept in the office of Association, or its designees, and shall be open to inspection by any Owner. Within ten (10) days of a written request therefor, there shall be furnished to an Owner an estoppel certificate in writing setting forth whether the Assessments have been paid and/or the amount which is due as of any date. As to parties other than Owners who, without knowledge of error, rely on the certificate, the certificate shall be conclusive evidence of the amount of any Assessment therein stated. The Owner requesting the estoppel certificate shall be required to pay Association a reasonable sum to cover the costs of examining records and preparing such estoppel certificate. Each Owner waives its rights (if any) to an accounting related to Operating Costs or Assessments.

17.14 Payment of Home Real Estate Taxes. Each Owner shall pay all taxes and obligations relating to its Home which, if not paid, could become a lien against the Home which is superior to the lien for Assessments created by this Declaration.

17.15 Creation of the Lien and Personal Obligation. Each Owner, by acceptance of a deed or instrument of conveyance for the acquisition of title to a Home, shall be deemed to have covenanted and agreed that the Assessments, and/or other charges and fees set forth herein, together with interest, late fees, costs and reasonable attorneys' fees and paraprofessional fees at all levels of proceedings including appeals, collections and bankruptcy, shall be a charge and continuing lien in favor of Association encumbering the Home and all personal property located thereon owned by the Owner against whom each such Assessment is made. The lien is effective from and after recording a Claim of Lien in the Public Records stating the legal description of the Home, name of the Owner, and the amounts due as of that date, but shall relate back to the date that this Declaration is recorded. The Claim of Lien shall also cover any additional amounts which accrue thereafter until satisfied. Each Assessment, together with interest, late fees, costs and reasonable attorneys' fees and paraprofessional fees at all levels including appeals, collections and bankruptcy, and other costs and expenses provided for herein, shall be the personal obligation of the person who was the Owner of the Home at the time when the Assessment became due, as well as the Owner's heirs, devisees, personal representatives, successors or assigns.

17.16 Subordination of the Lien to Mortgages. The lien for Assessments shall be subordinate to bona fide first mortgage on any Home, if the mortgage is recorded in the Public Records prior to the Claim of Lien. The lien for Assessments shall not be affected by any sale or transfer of a Home, except in the event of a sale or transfer of a Home pursuant to a foreclosure (or by deed in lieu of foreclosure or otherwise) of a bona fide first mortgage held by a Lender, in which event, the acquirer of title, its successors and assigns, shall not be liable for such sums secured by a lien for Assessments encumbering the Home or chargeable to the former Owner of the Home which became due prior to such sale or transfer. However, any such unpaid Assessments for which such acquirer of title is not liable may be reallocated and assessed to all Owners (including such acquirer of title) as a part of Operating Costs included within Monthly Assessments. Any sale or transfer pursuant to a foreclosure (or by deed in lieu of foreclosure or otherwise) shall not relieve the Owner from liability for, nor the Home from the lien of any Assessments made thereafter. Nothing herein contained shall be construed as releasing the party liable for any delinquent Assessments from the payment thereof, or the enforcement of collection by means other than foreclosure. A Lender shall give written notice to Association if the mortgage held by such Lender is in default. Association shall have the right, but not the obligation, to cure such default within the time periods applicable to Owner. In the event Association makes such payment on behalf of an Owner, Association shall, in addition to all other rights reserved herein, be subrogated to all of the rights of the Lender. All amounts advances on behalf of an Owner pursuant to this Section shall be added to Association payable by such Owner with appropriate interest.

17.17 Acceleration. In the event of a default in the payment of any Assessment, Association may accelerate the Assessments then due for up to the next ensuing twelve (12) month period.

17.18 Non-Payment of Assessments. If any Assessment is not paid within fifteen (15) days (or such other period of time established by the Board) after the due date, a late fee of \$25.00 per month (or such greater amount established by the Board), together with interest in an amount equal to the maximum rate allowable by law (or such lesser rate established by the Board), per annum, beginning from the due date until paid in full, may be levied. The late fee shall compensate Association for administrative costs, loss of use of money, and accounting expenses. Association may, at any time thereafter, bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Home, or both. Association shall not be required to bring such an action if it believes that the best interests of Association would not be served by doing so. There shall be added to the Assessment all costs expended in preserving the priority of the lien and all costs and expenses of collection, including attorneys' fees and paraprofessional fees, at all levels of proceedings, including appeals, collection and bankruptcy. No Owner may waive or otherwise escape liability for Assessments provided for herein by non-use of, or the waiver of the right to use the Common Areas or by abandonment of a Home.

17.19 Exemption. Notwithstanding anything to the contrary herein, the Developer shall not be responsible for any Assessments of any nature or any portion of the Operating Costs. Developer, at Developer's sole option, may pay Assessments on Homes owned by it, or fund the deficit, if any, as set forth in Section 18.8 herein. In addition, the Board shall have the right to exempt any portion of Coastal Bay subject to this Declaration from the Assessments, provided that such portion of Coastal Bay exempted is used (and as long as it is used) for any of the following purposes:

17.19.1 Any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use;

17.19.2 Any real property interest held by a Telecommunications Provider;

17.19.3 Any of Coastal Bay exempted from ad valorem taxation by the laws of the State of Florida; and

17.19.4 Any Facilities.

17.20 Collection by Developer. If for any reason Association shall fail or be unable to levy or collect Assessments, then in that event, Developer shall at all times have the right, but not the obligation: (i) to advance such sums as a loan to Association to bear interest and to be repaid as hereinafter set forth; and/or (ii) to levy and collect such Assessments by using the remedies available as set forth above, which remedies, including, but not limited to, recovery of attorneys' fees and paraprofessional fees at all levels including appeals, collections and bankruptcy, shall be deemed assigned to Developer for such purposes. If Developer advances sums, it shall be entitled to immediate reimbursement, on demand, from Association for such amounts so paid, plus interest thereon at the Wall Street Journal Prime Rate plus two percent (2%), plus any costs of collection including, but not limited to, reasonable attorneys' fees and paraprofessional fees at all levels including appeals, collections and bankruptcy.

17.21 Rights to Pay Assessments and Receive Reimbursement. Association, Developer, and any Lender of a Home shall have the right, but not the obligation, jointly and severally, and at their sole option, to pay any Assessments or other charges which are in default and which may or have become a lien or charge against any Home. If so paid, the party paying the same shall be subrogated to the enforcement rights of Association with regard to the amounts due.

17.22 Mortgagee Right. Each Lender may request in writing that Association notify such Lender of any default of the Owner of the Home subject to the Lender's Mortgage under the Association Documents which default is not cured within thirty (30) days after Association learns of such default. A failure by Association to furnish notice to any Lender shall not result in liability of Association because such notice is given as a courtesy to a Lender and the furnishing of such notice is not an obligation of Association to Lender.

## 18. Information to Lenders and Owners.

18.1 Availability. There shall be available for inspections upon request, during normal business hours or under other reasonable circumstances, to Owners and Lenders current copies of Association Documents.

18.2 Copying. Any Owner and/or Lender shall be entitled, upon written request, and at its cost, to a copy of the documents referred to above.

18.3 Notice. Upon written request by a Lender (identifying the name and address of the Lender and the name and address of the applicable Owner), the Lender will be entitled to timely written notice of:

18.3.1 Any condemnation loss or casualty loss which affects a material portion of a Home to the extent Association is notified of the same;

18.3.2 Any delinquency in the payment of Assessments owed by an Owner of a Home subject to a first mortgage held by the Lender, which remains uncured for a period of sixty (60) days;

18.3.3 Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained hereunder;

18.3.4 Any proposed action (if any) which would require the consent of a specific mortgage holder.

19. Architectural Control. The following provisions govern Coastal Bay.

19.1 Architectural Control Committee. The ACC shall be a permanent committee of Association and shall administer and perform the architectural and landscape review and control functions relating to Coastal Bay. The ACC shall consist of a minimum of three (3) members who shall initially be named by Developer and who shall hold office at the pleasure of Developer. Until the Community Completion Date, Developer shall have the right to change the number of members on the ACC, and to appoint, remove, and replace all members of the ACC. Developer shall determine which members of the ACC shall serve as its chairman and co-chairman. In the event of the failure, refusal, or inability to act of any of the members appointed by Developer, Developer shall have the right to replace any member within thirty (30) days of such occurrence. If Developer fails to replace that member, the remaining members of the ACC shall fill the vacancy by appointment. From and after the Community Completion Date, the Board shall have the same rights as Developer with respect to the ACC. The ACC shall enforce the Master Community Standards as set forth herein.

19.2 Membership. There is no requirement that any member of the ACC be an Owner or a member of the Association.

19.3 General Plan. It is the intent of this Declaration to create a general plan and scheme of development of Coastal Bay. Accordingly, the ACC shall have the right to approve or disapprove all architectural, landscaping, and improvements within Coastal Bay by Owners other than Developer. The ACC shall have the right to evaluate all plans and specifications as to harmony of exterior design, landscaping, location of any proposed improvements, relationship to surrounding structures, topography and conformity with such other reasonable requirements as shall be adopted by ACC. The ACC may impose standards for construction and development which may be greater or more stringent than standards prescribed in applicable building, zoning, or other local governmental codes. Prior to the Community Completion Date, any additional standards or modification of existing standards shall require the consent of Developer, which may be granted or denied in its sole discretion.

19.4 Master Plan. Developer has established an overall Master Plan. However, notwithstanding the above, or any other document, brochures or plans, Developer reserves the right to modify the Master Plan or any site plan at any time as it deems desirable in its sole discretion and in accordance with applicable laws and ordinances. WITHOUT LIMITING THE FOREGOING, DEVELOPER MAY PRESENT TO THE PUBLIC OR TO OWNERS RENDERINGS, PLANS, MODELS, GRAPHICS, TOPOGRAPHICAL TABLES, SALES BROCHURES, OR OTHER PAPERS RESPECTING COASTAL BAY. SUCH RENDERINGS, PLANS, MODELS, GRAPHICS, TOPOGRAPHICAL TABLES, SALES BROCHURES, OR OTHER PAPERS ARE NOT A GUARANTEE OF HOW COASTAL BAY WILL APPEAR UPON COMPLETION AND DEVELOPER RESERVES THE RIGHT TO CHANGE ANY AND ALL OF THE FOREGOING AT ANY TIME AS DEVELOPER DEEMS NECESSARY IN ITS SOLE AND ABSOLUTE DISCRETION.

19.5 Community Standards. Each Owner and its contractors and employees shall observe, and comply with, the Community Standards which now or may hereafter be promulgated by the ACC and approved by the Board of Association from time to time. The Community Standards shall be effective from the date of adoption; shall be specifically enforceable by injunction or otherwise; and shall have the effect of covenants as set forth herein verbatim. The Community Standards shall not require any Owner to alter the improvements previously constructed. Until the Community Completion Date, Developer shall have the right to approve the Community Standards, which approval, may be granted in its sole discretion.

19.6 Quorum. A majority of the ACC shall constitute a quorum to transact business at any meeting. The action of a majority present at a meeting at which a quorum is present shall constitute the action of the ACC. In lieu of a meeting, the ACC may act in writing.

19.7 Power and Duties of the ACC. No improvements shall be constructed on any portion of Coastal Bay, no exterior of a Home shall be repainted, no landscaping, sign, or improvements erected, removed, planted, or maintained on any portion of Coastal Bay, nor shall any material addition to or any change, replacement, or alteration of the improvements as originally constructed by Developer (visible from the exterior of the Home) be made until the plans and specifications showing the nature, kind, shape, height, materials, floor plans, color scheme, and the location of same shall have been submitted to and approved in writing by the ACC.

19.8 Procedure. In order to obtain the approval of the ACC, each Owner shall observe the following:

19.8.1 Each applicant shall submit an application to the ACC with respect to any proposed improvement or material change in an improvement, together with the required application(s) and other fee(s) as established by the ACC. The applications shall include such information as may be required by the application form adopted by the ACC. The ACC may also require submission of samples of building materials and colors proposed to be used. At the time of such submissions, the applicant shall, if requested, submit to the ACC, such site plans, plans and specifications for the proposed improvement, prepared and stamped by a registered Florida architect or residential designer, and landscaping and irrigation plans, prepared by a registered landscape architect or designer showing all existing trees and major vegetation stands and surface water drainage plan showing existing and proposed design grades, contours relating to the predetermined ground floor finish elevation, pool plans and specifications and the times scheduled for completion, all as reasonably specified by the ACC.

19.8.2 In the event the information submitted to the ACC is, in the ACC's opinion, incomplete or insufficient in any manner, the ACC may request and require the submission of additional or supplemental information. The Owner shall, within fifteen (15) days thereafter, comply with the request.

19.8.3 No later than thirty (30) days after receipt of all information required by the ACC for final review, the ACC shall approve or deny the application in writing. The ACC shall have the right to refuse to approve any plans and specifications which are not suitable or desirable, in the ACC's sole discretion, for aesthetic or any other reasons or to impose qualifications and conditions thereon. In approving or disapproving such plans and specifications, the ACC shall consider the suitability of the proposed improvements, the materials of which the improvements are to be built, the site upon which the improvements are proposed to be erected, the harmony thereof with the surrounding area and the effect thereof on adjacent or neighboring property. In the event the ACC fails to respond within said thirty (30) day period, the plans and specifications shall be deemed disapproved by the ACC.

19.8.4 Construction of all improvements shall be completed within the time period set forth in the application and approved by the ACC.

19.8.5 In the event that the ACC disapproves any plans and specifications, the applicant may request a rehearing by the ACC for additional review of the disapproved plans and specifications. The meeting shall take place no later than thirty (30) days after written request for such meeting is received by the ACC, unless applicant waives this time requirement in writing. The ACC shall make a final written decision no later than thirty (30) days after such meeting. In the event the ACC fails to provide such written decision within said thirty (30) days, the plans and specifications shall be deemed disapproved.

19.8.6 Upon disapproval, the applicant may appeal the decision of the ACC to the Board within thirty (30) days of the ACC's written review and disapproval. Review by the Board shall take place no later than thirty (30) days subsequent to the receipt by the Board of the Owner's request therefor. If the Board fails to hold such a meeting within thirty (30) days after receipt of request for such meeting, then the plans and specifications shall be deemed approved. The decision of the ACC, or if appealed, the Board of Association, shall be final and binding upon the applicant, its heirs, legal representatives, successors and assigns.

19.9 Alterations. Any and all alterations, deletions, additions and changes of any type or nature whatsoever to the existing improvements or the plans or specifications previously approved by the ACC shall be subject to the approval of the ACC in the same manner as required for approval of original plans and specifications.

19.10 Variances. Association or ACC shall have the power to grant variances from any requirements set forth in this Declaration or from the Community Standards, on a case by case basis, provided that the variance sought is reasonable and results from a hardship upon the applicant. The granting of a variance shall not nullify or otherwise affect the right to require strict compliance with the requirements set forth herein or in the Community Standards on any other occasion.

19.11 Permits. The Owner is solely responsible to obtain all required building and other permits from all governmental authorities having jurisdiction.

19.12 Construction by Owners. The following provisions govern construction activities by Owners after consent of the ACC has been obtained:

19.12.1 Each Owner shall deliver to the ACC, if requested, copies of all construction and building permits as and when received by the Owner. Each construction site in Coastal Bay shall be maintained in a neat and orderly condition throughout construction. Construction activities shall be performed on a diligent, workmanlike and continuous basis. Roadways, easements, swales, Common Areas and other such areas in Coastal Bay shall be kept clear of construction vehicles, construction materials and debris at all times. No construction office or trailer shall be kept in Coastal Bay and no construction materials shall be stored in Coastal Bay subject, however, to such conditions and requirements as may be promulgated by the ACC. All refuse and debris shall be removed or deposited in a dumpster on a daily basis. No materials shall be deposited or permitted to be deposited in any canal or waterway or Common Areas or other Homes in Coastal Bay or be placed anywhere outside of the Home upon which the construction is taking place. No hazardous waste or toxic materials shall be stored, handled and used, including, without limitation, gasoline and petroleum products, except in compliance with all applicable federal, state and local statutes, regulations and ordinances, and shall not be deposited in any manner on, in or within the construction or adjacent property or waterways. All construction activities shall comply with the Community Standards. If a contractor or Owner shall fail in any regard to comply with the requirements of this Section, the ACC may require that such Owner or contractor post security with Association in such form and such amount deemed appropriate by the ACC in its sole discretion.

19.12.2 There shall be provided to the ACC, if requested, a list (name, address, telephone number and identity of contact person), of all contractors, subcontractors, materialmen and suppliers (collectively, "Contractors") and changes to the list as they occur relating to construction. Each Builder and all of its employees and Contractors and their employees shall utilize those roadways and entrances into Coastal Bay as are designated by the ACC for construction activities. The ACC shall have the right to require that each Builder's and Contractor's employees check in at the designated construction entrances and to refuse entrance to persons and parties whose names are not registered with the ACC.

19.12.3 Each Owner is responsible for insuring compliance with all terms and conditions of these provisions and of the Community Standards by all of its employees and Contractors. In the event of any violation of any such terms or conditions by any employee or Contractor, or, in the opinion of the ACC, the continued refusal of any employee or Contractor to comply with such terms and conditions, after five (5) days' notice and right to cure, the ACC shall have, in addition to the other rights hereunder, the right to prohibit the violating employee or Contractor from performing any further services in Coastal Bay.

19.12.4 The ACC may, from time to time, adopt standards governing the performance or conduct of Owners, Contractors and their respective employees within Coastal Bay. Each Owner and Contractor shall comply with such standards and cause its respective employees to also comply with same. The ACC may also

promulgate requirements to be inserted in all contracts relating to construction within Coastal Bay and each Owner shall include the same therein.

19.13 Inspection. There is specifically reserved to Association and ACC and to any agent or member of either of them, the right of entry and inspection upon any portion of Coastal Bay at any time within reasonable daytime hours, for the purpose of determination whether there exists any violation of the terms of any approval or the terms of this Declaration or the Community Standards.

19.14 Violation. Without limiting any other provision herein, if any improvement shall be constructed or altered without prior written approval, or in a manner which fails to conform with the approval granted, the Owner shall, upon demand of Association or the ACC, cause such improvement to be removed, or restored until approval is obtained or in order to comply with the plans and specifications originally approved. The Owner shall be liable for the payment of all costs of removal or restoration, including all costs and attorneys' fees and paraprofessional fees, at all levels including appeals, collections and bankruptcy, incurred by Association or ACC. The costs shall be deemed an Individual Assessment and enforceable pursuant to the provisions of this Declaration. The ACC and/or Association is specifically empowered to enforce the architectural and landscaping provisions of this Declaration and the Community Standards, by any legal or equitable remedy.

19.15 Court Costs. In the event that it becomes necessary to resort to litigation to determine the propriety of any constructed improvement or to cause the removal of any unapproved improvement, Association and/or ACC shall be entitled to recover court costs, expenses and attorneys' fees and paraprofessional fees at all levels, including appeals, collections and bankruptcy, in connection therewith.

19.16 Certificate. In the event that any Owner fails to comply with the provisions contained herein, the Community Standards, or other rules and regulations promulgated by the ACC, Association and/or ACC may, in addition to all other remedies contained herein, record a Certificate of Non-Compliance against the Home stating that the improvements on the Home fail to meet the requirements of this Declaration and that the Home is subject to further enforcement remedies.

19.17 Certificate of Compliance. If requested by an Owner, prior to the occupancy of any improvement constructed or erected on any Home by other than Developer, or its designees, the Owner thereof shall obtain a Certificate of Compliance from the ACC, certifying that the Owner has complied with the requirements set forth herein. The ACC may, from time to time, delegate to a member or members of the ACC, the responsibility for issuing the Certificate of Compliance. The issuance of a Certificate of Compliance does not abrogate the ACC's rights set forth in Section 19.13 herein.

19.18 Exemption. Notwithstanding anything to the contrary contained herein, or in the Community Standards, any improvements of any nature made or to be made by Developer, Builder, or their nominees, including, without limitation, improvements made or to be made to the Common Areas or any Home, shall not be subject to the review of the ACC, Association, or the provisions of the Community Standards.

19.19 Exculpation. Developer, Association, the directors or officers of Association, the ACC, the members of the ACC, or any person acting on behalf of any of them, shall not be liable for any cost or damages incurred by any Owner or any other party whatsoever, due to any mistakes in judgment, negligence, or any action of Developer, Association, ACC or their members, officers, or directors in connection with the approval or disapproval of plans and specifications. Each Owner agrees, individually and on behalf of its heirs, successors and assigns by acquiring title to a Home, that it shall not bring any action or suit against Developer, Association or their respective directors or officers, the ACC or the members of the ACC, or their respective agents, in order to recover any damages caused by the actions of Developer, Association, or ACC or their respective members, officers, or directors in connection with the provisions of this Section. Association does hereby indemnify, defend and hold Developer and the ACC, and each of their members, officers, and directors harmless from all costs, expenses, and liabilities, including attorneys' fees and paraprofessional fees at all levels, including appeals, of all nature resulting by virtue of the acts of the Owners, Association, ACC or their members, officers and directors. Developer, Association, its directors or officers, the ACC or its members, or any person acting on behalf of any of them, shall not be responsible for any defects in any plans or specifications or the failure of same, to comply with applicable laws or code nor for any defects in any improvements constructed pursuant thereto. Each party submitting plans and specifications for approval shall be solely responsible for the sufficiency thereof and for the quality of construction performed pursuant thereto.

20. Owners Liability.

20.1 Violations. Should any Owner do any of the following:

20.1.1 Fail to perform its responsibilities as set forth herein or otherwise breach the provisions of the Declaration including, without limitation, any provision herein benefiting SFWMD; or

20.1.2 Cause any damage to any improvement or Common Areas; or

20.1.3 Impede Developer or Association from exercising its rights or performing its responsibilities hereunder; or

20.1.4 Undertake unauthorized improvements or modifications to a Home or the Common Areas; or

20.1.5 Impede Developer from proceeding with or completing the development of Coastal Bay;

Then Developer, Association, where applicable, after reasonable prior written notice, shall have the right, through its agents and employees, to cure the breach, including, but not limited to, the entering upon the Home and causing the default to be remedied and/or the required repairs or maintenance to be performed, or as the case may be, remove unauthorized improvements or modifications. The cost thereof, plus reasonable overhead costs and attorneys' fees and paraprofessional fees at all levels including appeals, collections and bankruptcy, incurred shall be assessed against the Owner as an Individual Assessment.

20.2 Non-Monetary Defaults. In the event of a violation by any Owner, other than the nonpayment of any Assessment or other monies, of any of the provisions of this Declaration, Developer or Association shall notify the Owner of the violation, by written notice. If such violation is not cured as soon as practicable and in any event within seven (7) days after such written notice, the party entitled to enforce same may, at its option:

20.2.1 Commence an action to enforce the performance on the part of the Owner or to enjoin the violation or breach or for equitable relief as may be necessary under the circumstances, including injunctive relief; and/or

20.2.2 Commence an action to recover damages; and/or

20.2.3 Take any and all action reasonably necessary to correct the violation or breach.

20.3 Expenses. All expenses incurred in connection with the violation or breach, or the commencement of any action against any Owner, including reasonable attorneys' fees and paraprofessional fees at all levels including appeals, collections and bankruptcy, shall be assessed against the Owner, as an Individual Assessment, and shall be immediately due and payable without further notice.

20.4 No Waiver. The failure to enforce any right, provision, covenant or condition in this Declaration, shall not constitute a waiver of the right to enforce such right, provision, covenant or condition in the future.

20.5 Rights Cumulative. All rights, remedies, and privileges granted to SFWMD, Developer, Association and/or the ACC pursuant to any terms, provisions, covenants or conditions of this Declaration, or Community Standards, shall be deemed to be cumulative, and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude any of them from pursuing such additional remedies, rights or privileges as may be granted or as it might have by law.

20.6 Enforcement By or Against Other Persons. In addition to the foregoing, this Declaration or Community Standards may be enforced by Developer, Association, and/or Owners, where applicable, by any procedure at law or in equity against any person violating or attempting to violate any provision herein, to restrain such violation, to require compliance with the provisions contained herein, to recover damages, or to enforce any lien created herein. The expense of any litigation to enforce this Declaration or Community Standards shall be borne by the person against whom enforcement is sought, provided such proceeding results in a finding that such person was in violation of this Declaration or the Community Standards.

20.7 Fines. Association may suspend, for reasonable periods of time, the rights of an Owner or an Owner's tenants, guests and invitees, or both, to use the Common Areas and may levy reasonable fines, not to exceed the maximum amounts permitted by Section 720.305(2) of the Florida Statutes, against an Owner, tenant, guest or invitee, for failure to comply with any provision of this Declaration including, without limitation, those provisions benefiting the SFWMD.

20.7.1 A fine may be levied on the basis of each day of continuing violation, with a single notice and opportunity for hearing. Fines in the aggregate are not capped to any amount.

20.7.2 A fine or suspension may not be imposed without notice of at least fourteen (14) days to the person sought to be fined or suspended and an opportunity for a hearing before a committee of at least three (3) persons (the "Violations Committee") appointed by the Board who are not officers, directors or employees of Association, or the spouse, parent, child, brother, sister of an officer, director or employee. If the Violations Committee, does not, by a majority vote, approve a fine or suspension the same may not be imposed. The written notice of violation shall be in writing to the Owner, tenant, guest or invitee and detail the infraction or infractions. Included in the notice shall be the date and time of the hearing of the Violations Committee.

20.7.3 The non-compliance shall be presented to the Violations Committee acting as a tribunal, after which the Violations Committee shall hear reasons why a fine should not be imposed. The hearing shall be conducted in accordance with the procedures adopted by the Violations Committee from time to time. A written decision of the Violations Committee shall be submitted to the Owner, tenant, guest or invitee, as applicable, by not later than twenty-one (21) days after the meeting of the Violations Committee. The Owner, tenant, guest or invitee shall have a right to be represented by counsel and to cross-examine witnesses.

20.7.4 The Violations Committee may impose Individual Assessments against the Owner as follows of \$100 (or any greater amount permitted by law from time to time) for each violation. Each day of non-compliance shall be treated as a separate violation and there is no cap on the aggregate amount the Violations Committee may fine an Owner, tenant, guest or invitee. Individual Assessment fines shall be paid not later than five (5) days after notice of the imposition of the Individual Assessment. All monies received from fines shall be allocated as directed by the Board of Directors.



21. Additional Rights of Developer.

21.1 Sales Office and Administrative Offices. For so long as Developer and its assigns owns any property in Coastal Bay, is affected by this Declaration, or maintains a sales office or administrative office within Coastal Bay, Developer shall have the right to take such action reasonably necessary to transact any business necessary to consummate the development of Coastal Bay and sales and re-sales of Homes and/or other properties owned by Developer or others outside of Coastal Bay. This right shall include, but not be limited to, the right to maintain models, sales offices and parking associated therewith, have signs on any portion of Coastal Bay, including Common Areas, employees in the models and offices, without the payment of rent or any other fee, maintain offices in models, and use of the Common Areas to show Homes. The sales office, models, signs and all items pertaining to development and sales remain the property of Developer. Developer shall have all of the foregoing rights without charge of expense. Without limiting any other provision of this Declaration, Developer may assign its rights hereunder to each Builder. The rights reserved hereunder shall extend beyond the Community Completion Date.

21.2 Modification. The development and marketing of Coastal Bay will continue as deemed appropriate in Developer's sole discretion, and nothing in this Declaration or Community Standards, or otherwise, shall be construed to limit or restrict such development and marketing. It may be necessary or convenient for the development of Coastal Bay to, as an example and not a limitation, amend a Plat and/or the Master Plan, modify the boundary lines of the Common Areas, grant easements, dedications, agreements, licenses, restrictions, reservations, covenants, rights-of-way, and to take such other actions which Developer, or its agents, affiliates, or assignees may deem necessary or appropriate. Association and Owners shall, at the request of Developer, execute and deliver any and all documents and instruments which Developer deems necessary or convenient, in its sole and absolute discretion, to accomplish the same.

21.3 Promotional Events. Developer and its assigns shall have the right, at any time, to hold marketing and promotional events within Coastal Bay and/or on the Common Areas, without any charge for use. Developer, its agents, affiliates, or assignees shall have the right to market Coastal Bay and Homes in advertisements and other media by making reference to Coastal Bay, including, but not limited to, pictures or drawings of Coastal Bay, Common Areas, and Homes constructed in Coastal Bay. All logos, trademarks, and designs used in connection with Coastal Bay are the property of Developer, and the Association shall have no right to use the same after the Community Completion Date except with the express written permission of Developer. Without limiting any other provision of this Declaration, Developer may assign its rights hereunder to each Builder.

21.4 Use by Prospective Purchasers. Developer shall have the right, without charge, to use the Common Areas for the purpose of entertaining prospective purchasers of Homes, or other properties owned by Developer outside of Coastal Bay.

21.5 Franchises. Developer may grant franchises or concessions to commercial concerns on all or part of the Common Areas and shall be entitled to all income derived therefrom.

21.6 Management. Developer may manage the Common Areas by contract with Association. Developer may contract with a third party ("Manager") for management of Association and the Common Areas. Each Owner acknowledges that Developer may receive lump sum or monthly compensation from any Manager in connection with the costs of services provided by such Manager. Such compensation may be paid on or per Home or other basis. All such compensation shall be the sole property of Developer, who shall have no duty to account for or disclose the amount of such compensation.

21.7 Easements. Until the Community Completion Date, Developer reserves the exclusive right to grant, in its sole discretion, easements, permits and/or licenses for ingress and egress, drainage, utilities service, maintenance, Telecommunications Services; and other purposes over, under, upon and across Coastal Bay so long as any said easements do not materially and adversely interfere with the intended use of Homes previously conveyed to Owners. By way of example, and not of limitation, Developer may be required to take certain action, or make additions or modifications to the Common Areas in connection with an environmental program. All easements necessary for such purposes are reserved in favor of Developer, in perpetuity, for such purposes. Without limiting the foregoing, Developer may relocate any easement affecting a Home, or grant new easements over a Home, after conveyance to an Owner, without the joinder or consent of such Owner, so long as the grant of easement or relocation of easement does not materially and adversely affect the Owner's use of the Home as a residence. As an illustration, Developer may grant as easement for Telecommunications Systems, irrigation, drainage lines or electrical lines over any portion of Coastal Bay so long as such easement is outside the footprint of the foundation of any residential improvement constructed on such portion of Coastal Bay. Developer shall have the sole right to any fees of any nature associated therewith, including, but not limited to, license or similar fees on account thereof. Association and Owners will, without charge, if requested by Developer: (a) join in the creation of such easements, etc. and cooperate in the operation thereof; and (b) collect and remit fees associated therewith, if any, to the appropriate party. Association will not grant any easements, permits or licenses to any other entity providing the same services as those granted by Developer, nor will it grant any such easement, permit or license prior to the Community Completion Date without the prior written consent of Developer which may be granted or denied in its sole discretion.

21.8 Right to Enforce. Developer has the right, but not the obligation, to enforce the provisions of this Declaration and the Community Standards and to recover all costs relating thereto, including attorneys' fees and paraprofessional fees at all levels of proceeding, including appeals, collections and bankruptcy. Such right shall include the right to perform the obligations of Association and to recover all costs incurred in doing so.

21.9 Additional Development. If Developer withdraws portions of Coastal Bay from the operation of this Declaration, Developer may, but is not required to, subject to governmental approvals, create other forms of residential property ownership or other improvements of any nature on the property not subjected to or withdrawn from the operation of this Declaration. Developer shall not be liable or responsible to any person or entity on

account of its decision to do so or to provide, or fail to provide, the amenities and/or facilities which were originally planned to be included in such areas. If so designated by Developer, owners or tenants of such other forms of housing or improvements upon their creation, may share in the use of all or some of the Common Areas and other facilities and/or roadways which remain subject to this Declaration. The expense of the operation of such facilities shall be allocated to the various users thereof, if at all, as determined by Developer.

21.10 Representations. Developer makes no representations concerning development both within and outside the boundaries of Coastal Bay including, but not limited to, the number, design, boundaries, configuration and arrangements, prices of all Homes and buildings in all other proposed forms of ownership and/or other improvements on Coastal Bay or in Coastal Bay or adjacent or near Coastal Bay, including, but not limited to, the size, location, configuration, elevations, design, building materials, height, view, airspace, number of homes, number of buildings, location of easements, parking and landscaped areas, services and amenities offered.

21.11 Non-Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE ASSOCIATION DOCUMENTS, ASSOCIATION SHALL NOT BE LIABLE OR RESPONSIBLE FOR, OR IN ANY MANNER A GUARANTOR OR INSURER OF, THE HEALTH, SAFETY OR WELFARE OF ANY OWNER, OCCUPANT OR USER OF ANY PORTION OF COASTAL BAY INCLUDING, WITHOUT LIMITATION, RESIDENTS AND THEIR FAMILIES, GUESTS, LESSEES, LICENSEES, INVITEES, AGENTS, SERVANTS, CONTRACTORS, AND/OR SUBCONTRACTORS OR FOR ANY PROPERTY OF ANY SUCH PERSONS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING:

21.11.1 IT IS THE EXPRESS INTENT OF ASSOCIATION DOCUMENTS THAT THE VARIOUS PROVISIONS THEREOF WHICH ARE ENFORCEABLE BY ASSOCIATION AND WHICH GOVERN OR REGULATE THE USES OF COASTAL BAY HAVE BEEN WRITTEN, AND ARE TO BE INTERPRETED AND ENFORCED FOR THE SOLE PURPOSE OF ENHANCING AND MAINTAINING THE ENJOYMENT OF COASTAL BAY AND THE VALUE THEREOF; AND

21.11.2 ASSOCIATION IS NOT EMPOWERED, AND HAS NOT BEEN CREATED, TO ACT AS AN AGENCY WHICH ENFORCES OR ENSURES THE COMPLIANCE WITH THE LAWS OF THE STATE OF FLORIDA, THE CITY OF BOYNTON BEACH AND/OR PALM BEACH COUNTY OR PREVENTS TORTIOUS ACTIVITIES; AND

21.11.3 THE PROVISIONS OF THE ASSOCIATION DOCUMENTS SETTING FORTH THE USES OF ASSESSMENTS WHICH RELATE TO HEALTH, SAFETY, AND WELFARE SHALL BE INTERPRETED AND APPLIED ONLY AS LIMITATIONS ON THE USES OF ASSESSMENT FUNDS AND NOT AS CREATING A DUTY OF THE ASSOCIATION TO PROTECT OR FURTHER THE HEALTH, SAFETY, OR WELFARE OF ANY PERSON(S), EVEN IF ASSESSMENT FUNDS ARE CHOSEN TO BE USED FOR ANY SUCH REASON. EACH OWNER (BY VIRTUE OF HIS ACCEPTANCE OF TITLE TO A HOME) AND EACH OTHER PERSON HAVING AN INTEREST IN OR LIEN UPON, OR MAKING A USE OF, ANY PORTION OF COASTAL BAY (BY VIRTUE OF ACCEPTING SUCH INTEREST OR LIEN OR MAKING SUCH USE) SHALL BE BOUND BY THIS SECTION AND SHALL BE DEEMED TO HAVE AUTOMATICALLY WAIVED ANY AND ALL RIGHTS, CLAIMS, DEMANDS AND CAUSES OF ACTION AGAINST ASSOCIATION ARISING FROM OR CONNECTED WITH ANY MATTER FOR WHICH THE LIABILITY OF THE ASSOCIATION HAS BEEN DISCLAIMED IN THIS SECTION OR OTHERWISE. AS USED IN THIS SECTION, "ASSOCIATION" SHALL INCLUDE WITHIN ITS MEANING ALL OF ASSOCIATION'S DIRECTORS, OFFICERS, COMMITTEE AND BOARD MEMBERS, EMPLOYEES, AGENTS, CONTRACTORS (INCLUDING MANAGEMENT COMPANIES, SUBCONTRACTORS, SUCCESSORS AND ASSIGNS).

21.12 Resolution of Disputes. BY ACCEPTANCE OF A DEED, EACH OWNER AGREES THAT ASSOCIATION DOCUMENTS ARE VERY COMPLEX; THEREFORE, ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION, WITH RESPECT TO ANY ACTION, PROCEEDING, CLAIM, COUNTERCLAIM, OR CROSS CLAIM, WHETHER IN CONTRACT AND/OR IN TORT (REGARDLESS IF THE TORT ACTION IS PRESENTLY RECOGNIZED OR NOT), BASED ON, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO ASSOCIATION DOCUMENTS, INCLUDING ANY COURSE OF CONDUCT, COURSE OF DEALING, VERBAL OR WRITTEN STATEMENT, VALIDATION, PROTECTION, ENFORCEMENT ACTION OR OMISSION OF ANY PARTY SHOULD BE HEARD IN A COURT PROCEEDING BY A JUDGE AND NOT A JURY IN ORDER TO BEST SERVE JUSTICE. DEVELOPER HEREBY SUGGESTS THAT EACH OWNER UNDERSTAND THE LEGAL CONSEQUENCES OF ACCEPTING A DEED TO A HOME.

21.13 Venue. EACH OWNER ACKNOWLEDGES REGARDLESS OF WHERE SUCH OWNER (i) EXECUTED A PURCHASE AND SALE AGREEMENT, (ii) RESIDES, (iii) OBTAINS FINANCING OR (iv) CLOSED ON A HOME, THIS DECLARATION LEGALLY AND FACTUALLY WAS EXECUTED IN PALM BEACH COUNTY, FLORIDA. DEVELOPER HAS AN OFFICE IN PALM BEACH COUNTY, FLORIDA AND EACH HOME IS LOCATED IN PALM BEACH COUNTY, FLORIDA. ACCORDINGLY, AN IRREBUTTABLE PRESUMPTION EXISTS THAT THE ONLY APPROPRIATE VENUE FOR THE RESOLUTION OF ANY DISPUTE LIES IN PALM BEACH COUNTY, FLORIDA. IN ADDITION TO THE FOREGOING, EACH OWNER AND DEVELOPER AGREE THAT THE VENUE FOR RESOLUTION OF ANY DISPUTE LIES IN PALM BEACH COUNTY, FLORIDA.

21.14 Reliance. BEFORE ACCEPTING A DEED TO A HOME, EACH OWNER HAS AN OBLIGATION TO RETAIN AN ATTORNEY IN ORDER TO CONFIRM THE VALIDITY OF THIS DECLARATION. BY ACCEPTANCE OF A DEED TO A HOME, EACH OWNER ACKNOWLEDGES THAT HE HAS SOUGHT AND RECEIVED SUCH AN OPINION OR HAS MADE AN AFFIRMATIVE DECISION NOT TO SEEK SUCH AN OPINION. DEVELOPER IS RELYING ON EACH OWNER CONFIRMING IN ADVANCE OF ACQUIRING A HOME THAT THIS DECLARATION IS VALID, FAIR AND ENFORCEABLE.

SUCH RELIANCE IS DETRIMENTAL TO DEVELOPER. ACCORDINGLY, AN ESTOPPEL AND WAIVER EXISTS PROHIBITING EACH OWNER FROM TAKING THE POSITION THAT ANY PROVISION OF THIS DECLARATION IS INVALID IN ANY RESPECT. AS A FURTHER MATERIAL INDUCEMENT FOR DEVELOPER TO SUBJECT COASTAL BAY TO THIS DECLARATION, EACH OWNER DOES HEREBY RELEASE, WAIVE, DISCHARGE, COVENANT NOT TO SUE, ACQUIT, SATISFY AND FOREVER DISCHARGE DEVELOPER, ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS AND ITS AFFILIATES AND ASSIGNS FROM ANY AND ALL LIABILITY, CLAIMS, COUNTERCLAIMS, DEFENSES, ACTIONS, CAUSES OF ACTION, SUITS, CONTROVERSIES, AGREEMENTS, PROMISES AND DEMANDS WHATSOEVER IN LAW OR IN EQUITY WHICH AN OWNER MAY HAVE IN THE FUTURE, OR WHICH ANY PERSONAL REPRESENTATIVE, SUCCESSOR, HEIR OR ASSIGN OF OWNER HEREAFTER CAN, SHALL OR MAY HAVE AGAINST DEVELOPER, ITS OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS, AND ITS AFFILIATES AND ASSIGNS, FOR, UPON OR BY REASON OF ANY MATTER, CAUSE OR THING WHATSOEVER RESPECTING THIS DECLARATION, OR THE EXHIBITS HERETO. THIS RELEASE AND WAIVER IS INTENDED TO BE AS BROAD AND INCLUSIVE AS PERMITTED BY THE LAWS OF THE STATE OF FLORIDA.

22. Monitoring System.

22.1 Right to Install. Association shall have the right, but not the obligation, to contract for the installation of a Monitoring System for each Home within Coastal Bay. Prior to the Community Completion Date, all contracts for Monitoring Systems shall be subject to the prior written approval of Developer. In the event the Monitoring System is installed by a party other than Developer, each Owner acknowledges that Developer may receive lump sum or monthly compensation from such party in connection with the costs of operating and maintaining the Monitoring System. Such compensation may be paid on a per Home or other basis. All such compensation shall be the sole property of Developer, who shall have no duty to account for or disclose the amount of such compensation. Developer or its nominees, successors, assigns, affiliates, and licensees may install such a Monitoring System. Developer reserves the right, at any time and in its sole discretion, to discontinue or terminate any Monitoring System prior to the Community Completion Date. In addition, all Owners specifically acknowledge that Coastal Bay may have a perimeter access control system, such as fences, walls, hedges, or the like on certain perimeter areas. ASSOCIATION, BUILDERS AND DEVELOPER SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE ACCESS CONTROL OR INEFFECTIVENESS OF ACCESS CONTROL MEASURES UNDERTAKEN.

22.2 Components. The Monitoring System, if installed, may include one or more manned gatehouses, one or more electronic gates, and roving attendants using vehicles. Association and Developer do not warrant or guaranty in any manner that the system will include these items, but reserve the right to install or provide the foregoing items, or any other items they deem appropriate in their sole and absolute discretion. After the Community Completion Date, Association may expand the Monitoring System by a vote of the majority of the Board, without the joinder or consent of the Owners or any third parties. Without limiting the foregoing, Developer and Association reserve the right to, at any time, increase, decrease, eliminate, or add manned or unmanned gates houses, information booths, sensors, gates and other access monitoring measures as they deem appropriate in their sole and absolute discretion; provided, however, no changes shall be made prior to the Community Completion Date without the prior written consent of Developer.

22.3 Part of Operating Costs. If furnished and installed within any Home, the cost of operating and monitoring any Monitoring System may be included in Operating Costs of Association and may be payable as a portion of the Assessments against Owners. The purpose of the Monitoring System will be to control access to Coastal Bay. Each Owner understands that the expense of the Monitoring System may not be charged on a bulk basis, but may be charged at the rate equal to any rate paid by individual home owners in Palm Beach County that are not subject to a homeowners association.

22.4 Owners' Responsibility. All Owners and occupants of any Home, and the tenants, guests and invitees of any Owner, as applicable, acknowledge that Association, its Board and officers, Developer, the District, their nominees or assigns, or any successor Developer, and the ACC and its members, do not represent or warrant that (a) any Monitoring System, designated by or installed according to guidelines established, will not be compromised or circumvented, (b) any Monitoring System will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise, and/or the Monitoring System will in all cases provide the detection for which the system is designed or intended. In the event that Developer elects to provide a Monitoring System, Developer shall not be liable to the Owners or Association with respect to such Monitoring System, and the Owners and Association shall not make any claim against Developer for any loss that an Owner or Association may incur by reason of break-ins, burglaries, acts of vandalism, personal injury or death, which are not detected or prevented by the Monitoring System. Each Owner and Association are responsible for protecting and insuring themselves in connection with such acts or incidents. The provision of a Monitoring System (including any type of gatehouse) shall in no manner constitute a warranty or representation as to the provision of or level of security within Islands at Doral or any residential subdivision contained therein. Developer, each Builder, and Association do not guaranty or warrant, expressly or by implication, the merchantability of fitness for use of any Community Monitoring System, or that any such system (or any of its components or related services) will prevent intrusions, fires, or other occurrences, regardless of whether or not the Monitoring Service is designed to monitor the same. Each and every Owner and the occupant of each Home acknowledges that Developer, Builders, and Association, their employees, agents, managers, directors, and officers, are not insurers of Owners or Homes, or the personal property located within Homes. Developer, Builders, and Association will not be responsible or liable for losses, injuries, or deaths resulting from any such events.

23. Telecommunications Services.

23.1 Right to Contract for Telecommunications Services. Association shall have the right, but not the obligation, to enter into one or more contracts for the provision of one or more Telecommunications Services for all

or any portion of Coastal Bay. Prior to the Community Completion Date, all contracts between a Telecommunications Provider and Association shall be subject to the prior written approval of Developer. Developer and/or its nominees, successors, assigns, affiliates, and licensees may contract with Association and act as a Telecommunications Provider for one or more Telecommunications Services, subject only to the requirements of all applicable laws, statutes and regulations. If Developer is not the Telecommunications Provider for any particular Telecommunications Service, Developer shall have the right to receive, on a perpetual basis, all or a portion of access fees and/or the revenues derived from the Telecommunications Service within Coastal Bay as agreed, from time to time, between the Telecommunications Provider and Developer.

23.2 Easements. Developer (i) reserves unto itself and its nominees, successors, assigns, affiliates, and licensees, and (ii) grants to each Telecommunications Provider providing Telecommunications Services to all or a part of Coastal Bay pursuant to an agreement between Association and such Telecommunications Provider, a perpetual right, privilege, easement and right-of-way across, over, under and upon Coastal Bay for the installation, construction and maintenance of Telecommunications Systems together with a perpetual right, privilege and easement of ingress and egress, access, over and upon Coastal Bay for installing, constructing, inspecting, maintaining, altering, moving, improving and replacing facilities and equipment constituting such systems. If, and to the extent, Telecommunications Services provided by such Telecommunications Systems are to serve all of Coastal Bay, then the cost of the Telecommunications Services may be Operating Costs of Association and shall be assessed as a part of the Assessments.

23.3 Restoration. Upon the completion of any installation, upgrade, maintenance, repair, or removal of the Telecommunications Systems or any part thereof, each Telecommunications Provider shall restore the relevant portion of the Common Areas and/or any Home to as good a condition as that which existed prior to such installation, maintenance, repair or removal. Failure by Telecommunications Provider to complete such restoration within ten (10) days after receiving written notice from Association of such failure shall vest in Association the right (but not the obligation) to restore or cause to be restored such portion of the Common Areas and/or Home disturbed by such work, all at such Telecommunications Provider's sole cost and expense, except for in emergency situations whereby Association may restore or cause to be restored such disturbed portion of the Common Areas and/or Home immediately. In the event that Association exercises the right of self-help, each Telecommunications Provider agrees in advance that Association shall have the sole right to (i) select the contractors to perform such work and (ii) determine the extent of required restoration. This remedy of self-help is in addition to all other remedies of Association hereunder. All reasonable expenses incurred by Association in connection with such restoration shall be paid by Telecommunications Provider within ten (10) days of delivery to Telecommunications Provider of Association's invoice therefor. Any expenses not so paid when due shall bear interest from the due date at the lesser of (i) the publicly announced prime rate (or similar successor reference rate) of Wachovia National Bank or its successor on the date of such invoice, or (ii) the maximum rate of interest allowed by the law of the State of Florida for such obligations, or as may be provided in a contract between Association and a Telecommunications Provider.

23.4 Operating Costs. Each Owner understands that the expense of any Telecommunications Service may not be charged on a bulk basis, but may be charged at the rate equal to any rate paid by individual home owners that are not subject to a homeowners association. Each Owner acknowledges that Developer may receive lump sum or monthly compensation from any Telecommunications Provider in connection with the supply of Telecommunications Services. Such compensation may be paid on a per Home or other basis. All such compensation shall be the sole property of Developer, who shall have no duty to account for or disclose the amount of such compensation.

24. Refund of Taxes and Other Charges. Unless otherwise provided herein, Association agrees that any taxes, fees or other charges paid by Developer to any governmental authority, utility company or any other entity which at a later date are refunded in whole or in part, shall be returned to Developer in the event such refund is received by Association.

25. Assignment of Powers. All or any part of the rights, exemptions and powers and reservations of Developer herein contained may be conveyed or assigned in whole or part to other persons or entities by an instrument in writing duly executed, acknowledged, and at Developer's option, recorded in the Public Records.

26. General Provisions.

26.1 Authority of Board. Except when a vote of the membership of Association is specifically required, all decisions, duties, and obligations of Association hereunder may be made by the Board. Association and Owners shall be bound thereby.

26.2 Severability. Invalidation of any of the provisions of this Declaration by judgment or court order shall in no way affect any other provision, and the remainder of this Declaration shall remain in full force and effect.

26.3 Construction Activities. ALL OWNERS, OCCUPANTS AND USERS OF COASTAL BAY ARE HEREBY PLACED ON NOTICE THAT (1) DEVELOPER AND/OR ITS AGENTS, CONTRACTORS, SUBCONTRACTORS, LICENSEES AND OTHER DESIGNEES AND/OR (2) ANY OTHER PARTIES MAY BE, FROM TIME TO TIME, CONDUCTING BLASTING, EXCAVATION, CONSTRUCTION AND OTHER ACTIVITIES WITHIN OR IN PROXIMITY TO COASTAL BAY. BY THE ACCEPTANCE OF THEIR DEED OR OTHER CONVEYANCE OR MORTGAGE, LEASEHOLD, LICENSE OR OTHER INTEREST, AND BY USING ANY PORTION OF COASTAL BAY, EACH SUCH OWNER, OCCUPANT AND USER AUTOMATICALLY ACKNOWLEDGES, STIPULATES AND AGREES (I) THAT NONE OF THE AFORESAID ACTIVITIES SHALL BE DEEMED NUISANCES OR NOXIOUS OR OFFENSIVE ACTIVITIES, HEREUNDER OR AT LAW GENERALLY, (II) NOT TO ENTER UPON, OR ALLOW THEIR CHILDREN OR OTHER PERSONS UNDER THEIR CONTROL OR DIRECTION TO ENTER UPON (REGARDLESS OF WHETHER SUCH ENTRY IS A TRESPASS OR OTHERWISE) ANY PROPERTY WITHIN OR IN PROXIMITY TO COASTAL BAY WHERE SUCH ACTIVITY IS BEING CONDUCTED (EVEN IF NOT

BEING ACTIVELY CONDUCTED AT THE TIME OF ENTRY, SUCH AS AT NIGHT OR OTHERWISE DURING NON-WORKING HOURS), (III) DEVELOPER AND THE OTHER AFORESAID RELATED PARTIES SHALL NOT BE LIABLE FOR ANY AND ALL LOSSES, DAMAGES (COMPENSATORY, CONSEQUENTIAL, PUNITIVE OR OTHERWISE), INJURIES OR DEATHS ARISING FROM OR RELATING TO THE AFORESAID ACTIVITIES, EXCEPT RESULTING DIRECTLY FROM DEVELOPER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, AND (IV) ANY PURCHASE OR USE OF ANY PORTION OF COASTAL BAY HAS BEEN AND WILL BE MADE WITH FULL KNOWLEDGE OF THE FOREGOING.

26.4 Affirmative Obligation of Association. In the event that Association believes that Developer has failed in any respect to meet Developer's obligations under this Declaration or has failed to comply with any of Developer's obligations under law or the Common Areas are defective in any respect, Association shall give written notice to Developer detailing the alleged failure or defect. Association agrees that once Association has given written notice to Developer pursuant to this Section, Association shall be obligated to permit Developer and its agents to perform inspections of the Common Areas and to perform all tests and make all repairs/replacements deemed necessary by Developer to respond to such notice at all reasonable times. Association agrees that any inspection, test and/or repair/replacement scheduled on a business day between 9 a.m. and 5 p.m. shall be deemed scheduled at a reasonable time. The rights reserved in this Section include the right of Developer to repair or address, in Developer's sole option and expense, any aspect of the Common Areas deemed defective by Developer during its inspections of the Common Areas. Association's failure to give the notice and/or otherwise comply with the provisions of this Section will damage Developer. At this time, it is impossible to determine the actual damages Developer might suffer. Accordingly, if Association fails to comply with its obligations under this Section in any respect, Association shall pay to Developer liquidated damages in the amount of \$250,000.00 which Association and Developer agree is a fair and reasonable remedy.

26.5 Execution of Documents. Developer's plan of development for Coastal Bay (including, without limitation, the creation of one (1) or more special taxing districts) may necessitate from time to time the execution of certain documents as required by governmental agencies. To the extent that said documents require the joinder of Owners other than Developer, Developer, by its duly authorized officers, may, as the agent or the attorney-in-fact for the Owners, execute, acknowledge and deliver such documents (including, without limitation, any consents or other documents required by any governmental agencies in connection with the creation of any special taxing district); and the Owners, by virtue of their acceptance of deeds, irrevocably nominate, constitute and appoint Developer, through its duly authorized officers, as their proper and legal attorneys-in-fact, for such purpose. Said appointment is coupled with an interest and is therefore irrevocable. Any such documents executed pursuant to this Section may recite that it is made pursuant to this Section. Notwithstanding the foregoing, each Owner agrees, by its acceptance of a deed to a Home or any other portion of Coastal Bay, to execute or otherwise join in any petition and/or other documents required in connection with the creation of a special taxing district relating to Coastal Bay or any portion(s) thereof.

26.6 Notices. Any notice required to be sent to any person, firm, or entity under the provisions of this Declaration shall be deemed to have been properly sent when mailed, postpaid, to the last known address at the time of such mailing.

26.7 Florida Statutes. Whenever this Declaration refers to the Florida Statutes, it shall be deemed to refer to the Florida Statutes as they exist on the date this Declaration is recorded except to the extent provided otherwise as to any particular provision of the Florida Statutes.

26.8 Title Documents. Each Owner by acceptance of a deed to a Home acknowledges that such home is subject to certain land use and title documents and all amendments thereto, which include among other items, the following title documents (collectively, the "Title Documents"):

26.8.1 Restrictions, conditions, reservations, easements and other matters contained on the Plat of ROBINSON ADDITION, as recorded in Plat Book 23, at Page 144, recorded in the Public Records of Palm Beach County, Florida.

26.8.2 Easement in favor of City of Boynton Beach, contained in instrument recorded in Official Records Book 2176, Page 430, and in Official Records Book 2176, Page 431, of the Public Records of Palm Beach County, Florida.

26.8.3 Right of way For U.S. No. 1 (State Road No. 5) as now laid out and in use.

Developer's plan of development for Coastal Bay may necessitate from time to time the further amendment, modification and/or termination of the Title Documents. DEVELOPER RESERVES THE UNCONDITIONAL RIGHT TO SEEK AMENDMENTS AND MODIFICATIONS OF THE TITLE DOCUMENTS. It is possible that a governmental subdivision or agency may require the execution of one or more documents in connection with an amendment, modification, and/or termination of the Title Documents. To the extent that such documents require the joinder of Owners other than Developer, Developer, by any one of its duly authorized officers, may, as the agent and/or the attorney-in-fact for the Owners, execute, acknowledge and deliver any documents required by applicable governmental subdivision or agency; and the Owners, by virtue of their acceptance of deeds, irrevocably nominate, constitute and appoint Developer, through any one of its duly authorized officers, as their proper and legal attorney-in-fact for such purpose. This appointment is coupled with an interest and is therefore irrevocable. Any such documents executed pursuant to this Section may recite that it is made pursuant to this Section. Notwithstanding the foregoing, each Owner agrees, by its acceptance of a deed to a Home:

(a) to execute or otherwise join in any documents required in connection with the amendment, modification, or termination of the Title Documents; and

(b) that such Owner has waived its right to object to or comment the form or substance of any amendment, modification, or termination of the Title Documents.

Without limiting the foregoing, upon the Community Completion Date Association shall assume all of the obligations of Developer under the Title Documents unless otherwise provided by Developer by amendment to this Declaration recorded by Developer in the Public Records, from time to time, and in the sole and absolute discretion of Developer.

IN WITNESS WHEREOF, the undersigned, being Developer hereunder, has hereunto set its hand and seal this 30 day of June, 2004.

WITNESSES:

DEVELOPER:

SOUTHERN HOMES OF PALM BEACH II, LLC,  
A Florida Limited Liability Company

BY ITS MANAGER:


SOUTHERN HOMES OF BROWARD, INC.,  
A Florida Corporation

*[Signature]*  
BY: \_\_\_\_\_  
Print Name: Denise DeLaGuera HECTOR GARCIA, President

*[Signature]*  
Print Name: Jerry R. DeLo

STATE OF FLORIDA )  
COUNTY OF MIAMI-DADE )

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of June, 2004 by HECTOR GARCIA, the President of SOUTHERN HOMES OF BROWARD, INC., a Florida Corporation, as the Manager of SOUTHERN HOMES OF PALM BEACH II, LLC, a Florida Limited Liability Company, who is personally known to me or who has produced as identification.

 Denise DeLaGuera  
My Commission # 00302355  
Expires: May 29, 2008  
FL. Notary Discount \_\_\_\_\_  
Notary Public, State of Florida  
*[Signature]*

JOINDER

COASTAL BAY HOMEOWNERS ASSOCIATION, INC.

COASTAL BAY HOMEOWNERS ASSOCIATION, INC. ("Association") does hereby join in the **DECLARATION OF RESTRICTIONS AND COVENANTS FOR COASTAL BAY** ("Declaration"), to which this Joinder is attached, and the terms thereof are and shall be binding upon the undersigned and its successors in title. Association agrees that this joinder is for convenience only and not to the effectiveness of this Declaration as Association has no right to approve this Declaration.

30<sup>th</sup> day of June, 2004.

WITNESSES:

COASTAL BAY HOMEOWNERS ASSOCIATION, INC.,  
A Florida Not-for-Profit Corporation

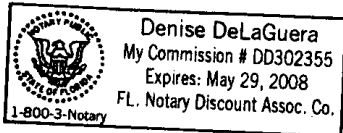
BY: [Signature]  
Print Name: Francisco Perez, President

[Signature]  
Print Name: Sey R. Leon

STATE OF FLORIDA )  
COUNTY OF MIAMI-DADE )

The foregoing instrument was acknowledged before me this 30<sup>th</sup> day of June, 2004, by **Francisco Perez, the President of COASTAL BAY HOMEOWNERS ASSOCIATION, INC., a Florida Not-for-Profit Corporation**, who is personally known to me or who has produced \_\_\_\_\_ as identification.

[Signature]  
Notary Public, State of Florida  
Please print: \_\_\_\_\_



**EXHIBIT 1**

LEGAL DESCRIPTION

*This is not a certified copy*



## EXHIBIT "A"

### PARCEL 1

LOTS 16, 17 AND 18, PLAT OF ROBINSON ADDITION, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 23, AT PAGE 144, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA.

### PARCEL 2

LOTS 14 AND 15, ROBINSON'S ADDITION TO BOYNTON BEACH, FLORIDA, ACCORDING TO THE MAP OR PLAT THEREOF AS RECORDED IN PLAT BOOK 23, AT PAGE 144, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA.

### PARCEL 3

BEGINNING AT A POINT 207.78 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 33, TOWNSHIP 45 SOUTH, RANGE 43 EAST, THENCE EAST PARALLEL TO THE NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  647.07 FEET, MORE OR LESS, TO THE WESTERLY RIGHT OF WAY LINE OF THE DIXIE HIGHWAY; THENCE SOUTHERLY, ALONG SAID WESTERLY RIGHT OF WAY LINE TO A POINT 385.56 FEET SOUTH OF SAID NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$ ; TO A CONCRETE MONUMENT; THENCE WEST 628.11 FEET, MORE OR LESS, AND PARALLEL TO THE SAID NORTH LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  TO THE WEST LINE OF SAID NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$ ; THENCE NORTH 177.78 FEET, MORE OR LESS, TO THE POINT OF BEGINNING. LESS THAT PORTION DEEDED TO THE STATE OF FLORIDA, BY INSTRUMENT DATED JANUARY 24, 1958, FILED JANUARY 27, 1958 AND RECORDED IN OFFICIAL RECORDS BOOK 150, AT PAGE 370, OF THE PUBLIC RECORDS OF PALM BEACH COUNTY, FLORIDA, FOR ROAD RIGHT OF WAY PURPOSES.

### PARCEL 4

ALL THAT PART OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 33, TOWNSHIP 45 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A CONCRETE MONUMENT IN THE WEST LINE OF THE RIGHT OF WAY OF U.S. HIGHWAY NO. 1, WHICH IS 385.56 FEET SOUTH OF THE NORTH LINE OF SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33; AND RUNNING THENCE SOUTH ALONG THE WEST LINE OF THE RIGHT OF WAY OF SAID U.S. HIGHWAY NO. 1, A DISTANCE OF 100 FEET; THENCE WEST ON A LINE PARALLEL WITH THE SAID NORTH LINE OF SAID SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33, A DISTANCE OF 350.0 FEET; THENCE NORTH ON A LINE PARALLEL WITH THE WEST LINE OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33, TO A POINT WHICH IS 385.56 FEET SOUTH OF THE NORTH LINE OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33; THENCE EAST ON A LINE PARALLEL WITH THE SAID NORTH LINE OF SAID SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33 TO THE POINT OF BEGINNING. LESS THE RIGHT OF WAY FOR U.S. NO. 1 (STATE ROAD NO. 5)

**EXHIBIT 2**

ARTICLES OF INCORPORATION

*This is not a certified copy*

**Electronic Articles of Incorporation  
For**

N0300009837  
FILED  
November 12, 2003  
Sec. Of State

COASTAL COLONY HOMEOWNERS' ASSOCIATION, INC.

The undersigned incorporator, for the purpose of forming a Florida not-for-profit corporation, hereby adopts the following Articles of Incorporation:

**Article I**

The name of the corporation is:

COASTAL COLONY HOMEOWNERS' ASSOCIATION, INC.

**Article II**

The principal place of business address:

12900 SW 128 STREET  
SUITE 100  
MIAMI, FL. 33186

The mailing address of the corporation is:

12900 SW 128 STREET  
SUITE 100  
MIAMI, FL. 33186

**Article III**

The specific purpose for which this corporation is organized is:

MANAGEMENT OF A HOMEOWNERS ASSOCIATION

**Article IV**

The manner in which directors are elected or appointed is:

ELECTED BY BOARD OF DIRECTORS

**Article V**

The name and Florida street address of the registered agent is:

GARCIA WILLIAM  
201 ALHAMBRA CIRCLE  
SUITE 500  
CORAL GABLES, FL. 33134

I certify that I am familiar with and accept the responsibilities of registered agent.

N0300009837  
FILED  
November 12, 2003  
Sec. Of State

Registered Agent Signature: WILLIAM GARCIA

### Article VI

The name and address of the incorporator is:

FRANCISCO PEREZ  
12900 SW 128 STREET  
SUITE 100  
MIAMI, FLORIDA 33186

Incorporator Signature: FRANCISCO PEREZ

### Article VII

The initial officer(s) and/or director(s) of the corporation is/are:

Title: P  
PEREZ FRANCISCO  
12900 SW 128 STREET, SUITE 100  
MIAMI, FL. 33186

Title: S  
DECICCO ANN  
12900 SW 128 STREET, SUITE 100  
MIAMI, FL. 33186

Title: T  
PEREDO MICHAEL  
12900 SW 128 STREET, SUITE 100  
MIAMI, FL. 33186

### Article VIII

The effective date for this corporation shall be:

11/11/2003

Certified copy

ARTICLES OF AMENDMENT

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ARTICLES OF INCORPORATION

CLERK OF STATE  
TALLAHASSEE, FLORIDA

*This is*  
of  
**COASTAL CONOMY HOMEOWNERS ASSOCIATION**  
(present name)  
**NO3000009837**  
(Document Number of Corporation (if known))

Pursuant to the provisions of section 617.1006, Florida Statutes, the undersigned Florida nonprofit corporation adopts the following articles of amendment to its articles of incorporation.

FIRST: Amendment(s) adopted: (INDICATE ARTICLE NUMBER (S) BEING AMENDED, ADDED OR DELETED.)

*and*  
**COASTAL BAY HOMEOWNERS ASSOCIATION**

SECOND: The date of adoption of the amendment(s) was: **12/1/03**

THIRD: Adoption of Amendment (CHECK ONE)

- The amendment(s) was(were) adopted by the members and the number of votes cast for the amendment was sufficient for approval.
- There are no members or members entitled to vote on the amendment. The amendment(s) was(were) adopted by the board of directors.

*and*  
  
\_\_\_\_\_  
Signature of Chairman, Vice Chairman, President or other officer

**Francisca Perez**  
\_\_\_\_\_  
Typed or printed name

**President**  
\_\_\_\_\_  
Title

**12/1/03**  
\_\_\_\_\_  
Date

**EXHIBIT 3**

BY-LAWS

*This is not a certified copy*

**BYLAWS OF  
COASTAL BAY  
HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I - IDENTITY**

Section 1. **Name.** The following Bylaws shall govern the operation of **Coastal Bay Homeowners' Association, Inc.**, a not for profit corporation formed pursuant to Chapter 617 of the Florida Statutes. The Association was formed for the purposes stated in the Articles of Incorporation and shall have all the powers provided therein and in these Bylaws.

Section 2. **Principal Office.** The principal office of the corporation shall be located at 12900 SW 128<sup>th</sup> Street, Suite 100, Miami, Florida 33186, but the Association may maintain offices, transact business and hold meetings of members and directors at such places within the State of Florida as may be designated by the Board of Directors.

Section 3. **Seal.** The seal of the corporation shall be in circular form bearing within its circumference the name of the corporation, the words "a Florida corporation not for profit", and the year of incorporation.

Section 4. **Definitions.** As used herein, the word "Corporation" shall be the equivalent of "Association", as defined in the Declaration of Covenants and Restrictions for Coastal Bay recorded or to be recorded in the Public Records of Palm Beach County, Florida, against the Property. All references to "Declaration of Covenants and Restrictions" or "Declaration", as used herein, shall mean the above-described Declaration of Covenants and Restrictions. All other words and phrases, as used herein, shall have the same definitions as attributed to them in the aforesaid Declaration of Covenants and Restrictions.

**ARTICLE II - MEMBERSHIP AND VOTING PROVISIONS**

Section 1. **Membership.** Membership in the Association shall be limited to Unit Owner as defined in the Declaration. Transfer of a Unit Owner(s) ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and said membership is to become automatically vested in the transferee upon the recordation in the Public Records of Palm Beach County, Florida, of the deed or other instrument establishing the acquisition of title to and designating the Unit Owners affected thereby. If a Unit Owner(s) ownership is vested in more than one (1) person, then only one person so owning said Unit shall be a member eligible to hold office, attend meetings, etc, but, as hereinafter indicated, the vote of Unit Owner shall be cast by the "voting member". If a Unit Owner(s) ownership is vested in a corporation, or other legal entity said corporation or other legal entity may designate an individual officer, employee or other representative of the corporation or other legal entity as its "voting member".

Section 2. **Voting.** The membership of the Association shall have voting rights, in relation to the class of membership as follows:

- (i) All Unit Owner(s) shall be entitled to one (1) vote for each lot owned.

The Declarant shall relinquish control of the Association upon the conveyance of 90% of the unit/lots contained on the plat.

A majority of the voting members' total votes shall decide any question, unless the Declaration, Articles of Incorporation of these Bylaws of the Association provide otherwise, in which event the voting percentage required in the said Declaration, Bylaws or Articles of Incorporation shall control.

Section 3. **Quorum.** Unless otherwise provided by these Bylaws, the Declaration of the Articles of Incorporation, the presence in person or by proxy of a majority of the voting members' total votes shall constitute a quorum. The joinder of a voting member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such member for the purpose of determining a quorum. If voting rights of a Unit Owner is suspended, pursuant to the

Declaration or these Bylaws, the vote(s) of such Unit Owner shall not be counted for the purpose of determining of quorum and the total number of authorized votes shall be reduced accordingly.

Section 4. **Proxies.** Votes may be cast in person or by proxy. The person holding the proxy does not have to be a member of the Association. All proxies shall be in writing and signed by the person entitled to vote (as set forth below in Section 5), and shall be filed with the Secretary of the Association at or prior to the time designated in the order of business for delivering proxies. Any proxy shall be valid for the particular meeting designated therein, and any lawfully adjourned meetings thereof. Where a Unit is owned jointly by a husband and wife, and if they have not designated one (1) of them as a voting member, a proxy must be signed by both husband and wife wherein a third person is designated. Holders of proxies need not to be Unit Owner(s), but no person other than a designee of the Declarant may hold more than five (5) proxies.

Section 5. **Designation of Voting Member.** If a Unit is owned by one (1) person, his/her right to vote shall be established by the recorded deed or other instrument establishing title to the Unit Owner. If a Unit is owned by more than one (1) person the person entitled to cast the vote for the Unit Owner shall be designated in a certificate signed by all of the record Unit Owner(s) and filed with the Secretary of the Association. If a Unit is owned by a corporation or other legal entity, the officer, employee or other representative thereof entitled to cast the vote of the Unit Owner for the corporation or other legal entity shall be designated in a certificate for this purpose signed by the President, Vice-President, or other authorized signatory and filed with the Secretary of the Association. The person designated in such certificate who is entitled to cast the vote for a Unit Owner shall be known as the "voting member". If such a certificate is not on file with the Secretary of the Association for a Unit owned by more than one (1) person, by a corporation or other legal entity, the vote of the Unit Owner concerned shall not be considered in determining the requirement for a quorum, or for any purpose requiring the approval of a person entitled to cast the vote for the Unit Owner, except if said Unit Owner is owned by a husband and wife. Such certificates shall be valid until revoked, superseded by subsequent certificate, or a change in the ownership of the Unit Owner concerned takes place. If a Unit Owner is owned jointly by a husband and wife, the following three (3) provisions are applicable thereto:

- (a) They may, but they shall not be required to, designate a voting member.
- (b) If they do not designate a voting member, and if both are present at a meeting and are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting. (As previously provided, the vote of a Unit Owner is not divisible).
- (c) Where they do not designate a voting member and only one (1) is present at a meeting, the person present may cast the Lot vote just as though he or she owned the Unit Owner individually and without establishing the concurrence of the absent person.

### **ARTICLE III – MEETING OF THE MEMBERSHIP**

Section 1. **Who May Attend.** In the event any Lot or Unit is owned by more than one person, all co-owners of the Unit Owner may attend any meeting of the members. In the event any Unit Owner is owned by a corporation, any director or officer of the corporation may attend any meeting of the members. In the event any Unit Owner is owned by a partnership, any partner of the partnership may attend any meeting of the members. In the event any Unit Owner is owned by a trustee or trust, any trustee may attend any meeting of the members. However, the vote of any Unit Owner shall be cast in accordance with the provisions of Article II, Section 5, above. The person designated to cast the vote for a Unit Owner either in a valid certificate or proxy is entitled to attend meetings of the members. All members may attend meeting notwithstanding that a proxy for said member's vote has been given to a third party.

Section 2. **Notices.** It shall be the duty of the Secretary to mail or deliver a notice of each annual or special meeting, stating the time and place thereof to each Unit Owner of record. All notices shall be mailed to or served at the address of the Unit Owner as it appears on the books of the Association as hereinafter set forth. Notices of annual meeting shall be furnished to each voting member, and, except in the event of an emergency, notices of special meetings shall be furnished to



each voting member at least ten (10) days prior to the date of such meeting. The attendance of any meeting (or person authorized to vote for a member) shall constitute such member's waiver of notice of such meeting, except when the members attendance (or the representative) is for the express purpose of objecting at the beginning of the meeting to the transaction of business because the meeting is not lawfully called. A copy of the notice shall be posted at a conspicuous place within the project. Notice of a special meeting may be waived either before or after the meeting, in writing.

Section 3. **Annual Meeting.** The annual meeting for the purposes of electing director and transacting any other business authorized to be transacted by the members shall be held once in each calendar year at such time and on such date in each calendar year as the Board of Directors shall determine, and no later than twelve (12) months after the last preceding annual meeting. At the annual meeting, the members shall elect by majority vote (cumulative voting prohibited), a Board of Directors and shall transact such other business as may properly be brought before the meeting.

Section 4. **Special Meeting.** Special meetings of the members for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President, and shall be called by the President or Secretary at the request in writing of a majority of the Board of Directors, or the majority of the voting members of the association, which request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be matters stated in the notice thereof.

Section 5. **Action Without Meeting.** Whenever the vote of members at a meeting is required or permitted by any provision of these Bylaws or the Articles to be taken in connection with any action of the Association, the meeting and vote of members may be dispensed with if members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted, shall consent in writing to such action being taken within ten (10) days after obtaining such authorization by written consent, notice of such action shall be given to all members who have not consented in writing.

Section 6. **Waiver of Notice.** Whenever any notice is required to be given to any member under the provision of the Articles of these Bylaws, or as otherwise provided by law, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice. Attendance of a member at a meeting shall constitute a waiver of notice of such meeting, except when the member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 7. **Adjourned Meetings.** If any proposed meeting of members cannot be organized because a quorum has not been attained, either in person or by proxy, the meeting may be adjourned from time to time until a quorum is present, provided notice of the newly scheduled meeting is given in the manner required for the giving of notice of a meeting.

#### **ARTICLE IV - DIRECTORS**

Section 1. **Number.** The affairs of the Association shall be managed and governed by a Board of Directors composed of not less than three (3) nor more than nine (9) persons who shall be members of the Association, except that directors elected or appointed by the Declarant need not be members of the Association. There shall always be an odd number of directors on the Board. The number of directors may be changed at any meeting where the members are to elect any directors (i) by the then existing Board, if prior to such meeting of the members, the Board votes to change the number of directors and such change is indicated in the notice of the meeting sent to the members, or (ii) by the members at the meeting prior to the election of directors.

Section 2. **Term of Office.** At the first annual meeting following the cessation of the Declarant, and at annual meetings thereafter, the members shall elect not less than three (3) nor more than (9) directors who shall each serve for a term of one (1) year, unless he shall earlier resign, or shall be removed, or otherwise be disqualified to serve.

Section 3. **First Board of Directors.** The first Board of Directors of the Association who shall hold office and serve for a period of three (3) years and shall consist of the following:

Francisco Perez	12900 SW 128 <sup>th</sup> Street, Suite 100, Miami, Florida 33186
Ann Decicco	12900 SW 128 <sup>th</sup> Street, Suite 100, Miami, Florida 33186
Michael Peredo	12900 SW 128 <sup>th</sup> Street, Suite 100, Miami, Florida 33186

Section 4. **Appointment of Directors by Declarant.**

A. As provided in the Articles, until the Declarant ceases to maintain control of the Association, the Declarant shall have the right to appoint all the directors of the Association. Thereafter, the Declarant shall have the right to appoint five (5) directors for so long as the Declarant owns any Lots and/or Units in the Coastal Bay project. The Declarant may waive its rights to appoint one or more directors by written notice to the Association, and thereafter directors shall be elected by the members.

B. While the Declarant is entitled to representation on the Board, whether the Declarant exercises that right or not, the Board or the Association shall have no authority to, and shall not, without the consent of the Declarant, (which may be withheld for any reasons in Declarant's sole discretion), undertake any action which shall:

(i) except for the signage restrictions provided in the Declaration, prohibit or restrict in any manner the sales and marketing program of the Declarant.

(ii) decrease the level of maintenance services of the Association performed by the initial Board;

(iii) make any special or individual assessment against or impose any fine upon the Declarant's Lots or upon the Declarant;

(iv) authorize or undertake any litigation against the Declarant;

(v) alter or amend the Declaration, any subsequent amendment thereto, the Articles or these Bylaws of the Association;

(vi) terminate or cancel any contracts of the Association entered into while the initial Board was in office;

(vii) terminate or waive any rights of the Declarant under the Declaration;

(viii) convey, lease, mortgage, alienate or pledge any easements or Common Area of the Association;

(ix) accept the conveyance, lease, mortgage, alienation or pledge of any real or personal property to the Association;

(x) terminate or impair in any fashion any easements, powers or rights of the Declarant set forth in the Declaration;

(xi) restrict the Declarant's right to refuse, access and enjoyment of any of the property comprising the Coastal Bay Ranches project, or

(xii) cause the Association to default on any obligation of it under any contract or the Declaration, unless the Declarant consents in writing to the prohibited action. The Declarant's consent shall be exercised by its appointee on the Board or other person designated to so act by the Declarant.

Section 5. **Election of Directors by Members.** Election of directors to be elected by the members of the Association shall be conducted in the following manner:

A. Within sixty (60) days after the members other than the Declarant are entitled to elect any directors as provided in the Articles and in these Bylaws, or within sixty (60) days after the Declarant notifies the Association that it waives its right to appoint one or more directors, the Association shall call and give not less than fourteen (14) days nor more than sixty (60) days' notice of, a special meeting of the members to elect any directors previously appointed by the Declarant. Such special meeting may be called and the notice given by any member if the Association fails to do so. At such special meeting the members shall be required to elect any directors which they are entitled to elect, and if they fail to do so any directors appointed by Declarant which would have been replaced by any directors elected by the members may resign without further liability or obligation to the Association. If such special meeting is within four (4) months of the next annual meeting, such special meeting may at the option of the Board be deemed to be the next annual meeting if the notice of the special meeting states it will be considered to be the annual meeting and if all of the provisions of these Bylaws relating to annual meetings are complied with.

B. Except as provided above, the members shall elect directors at the annual meetings of the members.

Section 6. **Organizational Meeting.** The organizational meeting of a newly elected Board of Directors of the Association shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

Section 7. **Nomination.** Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made for the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to any annual or special meeting of the members at which directors are to be elected to serve from the close of such annual or special meeting until the close of the next annual meeting and such appointment shall be announced at any such annual or special meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 8. **Election.** Election of the Board of Directors shall be by secret written ballot. At such election the members or their proxies may be cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 9. **Removal.** Any director may be removed from the Board, with or without cause, by a vote of a majority of the members entitled to vote.

Section 10. **Vacancies.** If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors, though less than a quorum, shall choose a successor or successors who shall hold office for the balance of the unexpired term in respect to which such vacancy occurred. The election held for the purpose of filling said vacancy may be held at any regular or special meeting of the Board of Directors.

Section 11. **Directors Appointed by the Declarant.** Notwithstanding anything contained herein to the contrary, the Declarant shall have the right to appoint the maximum number of directors in accordance with the privileges granted to the Declarant pursuant to the Articles of Incorporation of the Association. All directors appointed by the Declarant shall serve at the pleasure of the Declarant, and the Declarant shall have the absolute right at any time and in its sole discretion to remove any director appointed by it and to replace such director with another person to serve on the Board. Replacement of any director appointed by the Declarant shall be made by written instrument delivered to any officer or any other director, which instrument shall specify the name of the person designated as successor director. The removal of a director and the designation of his successor by the Declarant shall become effective immediately upon delivery of such written instrument by the Declarant.

Section 12. **Disqualification and Resignation.** Any director may resign at any time by sending a written notice of such resignation to the office of the Corporation, delivered to the Secretary. Unless otherwise specified therein, such resignation shall take effect upon receipt thereof by the Secretary. Commencing with the organizational meeting of a newly elected Board of Directors following the first annual meeting of the members of the Association, more than three (3) consecutive absences from regular meetings of the Board of Directors, unless excused by resolution of the Board of Directors, shall automatically constitute a resignation effective when such resignation is accepted by the Board of Directors. Commencing with the directors elected at such first annual meeting of the membership, the transfer of title of all Lots and/or Unit Owners owned by a director shall automatically constitute a resignation, effective upon the recordation in the Public Records of Palm Beach County, Florida, of the deed or other instrument establishing the transfer. No member shall continue to serve on the Board should he be more than thirty (30) days delinquent in the payment of any assessment, and said delinquency shall automatically constitute a resignation, effective when such resignation is accepted by the Board of Directors.

Section 13. **Compensation.** No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimburse for his actual expenses incurred in the performance of his duties.

Section 14. **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegraph, and shall be transmitted at least three (3) days prior to the meeting. Regular meetings of the Board shall be open to all Unit Owners and notice of such meetings shall be posted conspicuously in the Project at least forty eight (48) hours in advance for the attention of the members of the Association, except in the event of an emergency, provided that Unit Owners shall not be permitted to participate, and need not be recognized at any such meeting.

Section 15. **Special Meetings.** Special meetings of the Directors may be called by the President, and must be called by the President or Secretary at the written request of two thirds (2/3) of the Directors. Notice of the meeting shall be given personally by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting, and shall be transmitted not less than three (3) days prior to the meeting. Special meetings of the Board shall be open to all Unit Owners and notice of a special meeting shall be posted conspicuously in the Project at least forty eight (48) hours in advance for the attention of the Members of the Association, except in the event of an emergency, provided that Unit Owners shall not be permitted to participate, and need not be recognized.

Section 16. **Action Taken Without a Meeting** The directors shall have the right to take any action in the absence of a meeting they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 17. **Directors' Waiver of Notice.** Before or at any meeting of the Board of Directors, any director may waive notice of such meeting and such waiver shall be deemed equivalent to the giving of notice. Attendance by a director at any meeting of the Board shall be waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 18. **Quorum.** At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at such meetings at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At each such adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the Minutes thereof shall constitute the presence of such director for the purpose of determining a quorum.

Section 19. **Minutes of Meeting.** The minutes of all meetings of the Board shall be kept in a book available for inspection by Unit Owners, or their authorized representatives, and Board members at any reasonable time. The Association shall retain these minutes for a period of not less than seven years.

Section 20. **Powers.** The Board of Directors of the Corporation shall have the powers necessary for the administration of the affairs of the Association. The powers shall specifically include, but shall not be limited to, the following:

(a) To adopt and amend rules and regulations governing the use of the Common Area and Facilities, and the personal conduct of the members or their guests thereon, and to establish penalties for the infraction thereof.

(b) To suspend the voting rights and right to sue of the recreational facilities of a member during any period in which such member shall be in default for more than thirty (30) days after notice in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations.

(c) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) To declare the office of member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) To employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;

(f) To further improve the Common Area and, where applicable, the Unit Owners or Lots, both real and personal, subject to the provisions of these Bylaws, the Articles of Incorporation, and the Declaration; and

(g) To further designate one (1) or more committees which, to the extent provided in the resolution designating said committee, shall have the powers of the Board of Directors in the management, affairs and business of the Association. The committees shall have such name or names as may be determined from time to time by the Board of Directors, and said committee(s) shall keep regular. Minutes of their proceedings and report the same to the Board of Directors, as required. The foregoing powers shall be exercised by the Board of Directors or its contractor or employees, subject only to approval by members when such is specifically required.

Section 21. **Duties.** It shall be the duty of the Board of Directors as follows.

(a) Operating and maintaining the Common Properties and other property owned by the Association.

(b) Determining the expenses required for the operation of the Association.

(c) Collecting the Assessments for Common Expenses of the Association from Lot Owner.

(d) Employing and dismissing the personnel necessary for the maintenance and operation of the Common Properties and other property owned by the Association.

(e) Adopting and amending rules and regulations concerning the details of the operation and use of the Project and any property owned by the Association.

(f) Maintaining bank accounts on behalf of the Association and designating the signatories required thereof.

- (g) Purchasing, leasing or otherwise acquiring Lots or other property in the name of the Association, or its designee.
- (h) Purchasing Lots at foreclosure or other judicial sales, in the name of the Association, or its designee.
- (i) Selling, leasing, mortgaging or otherwise dealing with Lots acquired by the Association.
- (j) Settling or compromising claims of or against the Association in which all Unit Owners have a common interest.
- (k) Obtaining and reviewing insurance for the Common Properties and other property owned by the Association.
- (l) Making repairs, additions and improvements to, or alterations of, the Common Properties, in accordance with the provisions of the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings or otherwise.
- (m) Enforcing obligations of the Unit Owners, allocating proof of its expenses and taking such other actions as shall be deemed necessary and proper for the sound management of the Project.
- (n) Levying fines against appropriate Unit Owner(s) for violations of the Declaration or rules and regulations established by the Association to govern the conduct of such Unit Owners.
- (o) Borrowing money on behalf of the Association when required in connection with the operation, care, upkeep and maintenance of the common areas or the acquisition of property, and granting mortgages on and/or security interests in Association owned property; provided, however, that the consent of the holders of at least two thirds (2/3) of the votes of the Memberships represented at a meeting of Members at which a quorum has been attained in accordance with the provisions of these Bylaws shall be required for the borrowing of any sum in excess of \$100,000.00. If any sum borrowed by the Board on behalf of the Association pursuant to the authority contained in this subparagraph (o) is not repaid by the Association, Unit Owner who pays to the creditor such portion thereof as his interest in the property owned by the Association bears to the interest of all the Unit Owners in the property owned by the Association shall be entitled to obtain from the creditor a release of any judgment or other lien with said creditor shall have filed or shall have the right to file against, or which will affect, such Unit Owner(s) Lot. The Association shall take no action authorized in this paragraph without the prior written consent of the Declarant as long as the Declarant owns any Lot.
- (p) Contracting for the management and maintenance of the common areas or other property owned by the Association and authorizing a management agent (who may be an affiliate of the Declarant) to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of the Common Properties or other Association property with funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the Declaration, including, but not limited to, the making of Assessments, promulgation of rules and execution of contracts on behalf of the Association.
- (q) At its discretion, authorizing a Unit Owner or other persons to use portions of the Common Properties or other property owned by the Association for private parties and gatherings and imposing reasonable charges for such private use.

- (r) Exercising (i) all powers specifically set forth in the Declaration, the Articles, and these Bylaws, and (ii) all powers incidental thereto, and all other powers of a Florida corporation not for profit.
- (s) Imposing a lawful fee in connection with the approval of the transfer, lease or sale of Lots, not to exceed the maximum amount permitted by law in any one case.
- (t) Contracting with any creating special taxing districts. Anything herein, in the Declaration, or elsewhere to the contrary notwithstanding, no general funds of the Association shall be utilized for bringing, supporting, investigating, or otherwise abetting any legal action, claim, or extra judicial action against the Declarant, and such purposes shall not be generally deemed Common Expenses. Funds of the Association may only be spent for such purposes to the extent they are specifically approved for such purposes by 85% of the votes of the Members of the Association. This provision may not be amended.

## ARTICLE V - OFFICERS

Section 1. **Enumeration of Officers.** The officers of the Association shall be a President, Vice-President, who shall at all times be members of the Board of Directors, and a Secretary and a Treasurer, and such other officers as the Board may, from time to time, be resolution create, who shall be from among the members, except that officers selected or appointed by the Declarant need to be members of the Association.

Section 2. **Election.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. **Term.** The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall earlier resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

Section 6. **Vacancies.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. **Multiple Offices.** Any officer may hold two or more offices except that the President shall not also be the Secretary.

Section 8. **Duties.** The duties of the officers are as follows:

(a) **President.** The President shall be the chief executive officer of the Association; shall preside at all meeting of the members and of the Board of Directors; shall have executive powers and general supervision over the affairs of the Association and other officers; shall sign all written contracts to perform all o the duties incident to his office and which may be delegated to him from time to time by the Board of Directors.

(b) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; shall have charge of all of the Association's books, records and papers, except those kept by the Treasurer, and shall perform such other duties as required by the Board. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account in accordance with generally accepted accounting principles, which, together with substantiating papers, shall be made available to the Board for examination at reasonable times, shall prepare an annual budget and a statement of income and expenditures to be presented to the members at the regular annual meeting, and deliver a copy of each to the members and shall collect the assessments and promptly report to the Board of Directors the status of collections and of all delinquencies.

## **ARTICLE VI - BOOKS AND RECORDS**

Section 1. **Unit Owner Register.** The Association shall maintain a register of the name and mailing address of all Unit Owners. In the event the Association has not been provided with the address of an Unit Owner, the Unit Owner(s) address shall be deemed to be same, and any notice sent to the said Unit Owner address shall comply with the requirements of these Bylaws, the Declaration, and the Articles of Incorporation. If a Unit Owner is owned by more than one (1) person, they shall provide the Association with one (1) mailing address for said Unit Owner, and, in the event same is not provided to the Association, it shall be deemed to be the Unit Owner address. Any change of address shall be effective only as to future notices, and shall not affect any notices previously provided to the members, even in the event that the meeting or other occurrence in the said notice has not occurred as of the time of giving of said address change.

Section 2. **Inspection by Members.** The books, records and papers of the Association shall, during reasonable business hours, be subject to inspection, upon written request, by any member or his agent or attorney. Such records shall include the Declaration, the Articles of Incorporation, and the Bylaws of the Association and shall be available at the principal office of the Association, where copies may be purchased at a reasonable cost.

Section 3. **Minutes of Meeting.** The minutes of all meetings of Unit Owners shall be kept in a book available for inspection by Unit Owners or their authorized representatives or Board Members at any reasonable time. The Association shall retain these minutes for a period of not less than five (5) years.

Section 4. **Delinquent Unit Owners.** If any assessment or portion thereof imposed against an Unit Owner remains unpaid for thirty (30) days following its due date, such Unit Owners's voting rights in the Association shall be automatically suspended until all past due assessments and other fees then due are paid.

## **ARTICLE VII - FINANCES AND ASSESSMENTS**

Section 1. **Depositories.** The funds of the Association shall be deposited in such bands and depositories as may be determined by the Board of Directors from time to time upon resolutions approved by the Board, and shall be withdrawn only upon checks and demands for money signed by such officer or officers of the Association as may be designated by the Board of Directors. Obligations of the Association shall be signed by at least two (2) officers of the Association, one of which must be the Treasurer.

Section 2. **Taxable Year.** The taxable year of the Association shall begin on the first day of January and end on the 31<sup>st</sup> day of December of every year, except that the first taxable year shall begin on the date of Incorporation.



Section 3. **Budget.**

(a) **Adoption by Board: Items.** The Board shall from time to time, and at least annually, prepare a budget for the Association, determine the amount of Assessments payable by the Unit Owners to meet the expenses for the Association, and allocate and assess such expenses among the Unit Owners in accordance with the provisions of the Declaration.

The adoption of a budget for the Association by the Board shall comply with the requirements hereinafter set forth:

(i) **Notice of Meeting.** A copy of the proposed budget shall be mailed to each Unit Owner not less than fourteen (14) days prior to the meeting of the Board at which the budget will be considered, together with a notice of that meeting indicating the time and place of such meeting. The meeting shall be open to the Unit Owners, provided that Unit Owners shall not have the right to participate, and need not be recognized, at such meeting.

(ii) **Special Membership Meeting.** If a budget is adopted by the Board which requires Assessments against Unit Owners in any year exceeding one hundred fifteen percent (115%) of such Assessments for the preceding year, as hereinafter defined, upon written application of ten percent (10%) of the Unit Owners, a special meeting of the Unit Owners shall be held within thirty (30) days of delivery of such application to the Board. Each Unit Owner shall be given at least ten (10) days notice of said meeting. At the special meeting, Unit Owners shall consider and adopt a budget. The adoption of such budget shall require a vote of Unit Owners of not less than a majority of all the Lots (including Lots owned by the Declarant), which are present at such meeting (in person or by proxy) at which a quorum is attained.

(iii) **Determination of Budget Amount.** In determining whether a budget requires assessments against Unit Owners in any year exceeding one hundred fifteen percent (115%) of assessments for the preceding year, there shall be excluded in the computations any authorized provisions for reasonable reserves made by the Board in respect of repair or replacement of the Common Properties or in respect of anticipated expenses of the Association which are not anticipated to be incurred on a regular or annual basis, and there shall be excluded from such computation assessments for improvements to the Common Properties and all special assessments, including surcharges against specific Unit Owner(s).

(iv) **Proviso.** Anything herein to the contrary notwithstanding, prior to the date on which the Declarant turns over control of the Association, the budget may be set by the Board without holding any meeting, giving notice thereof, or being subject to the 115% limitation set forth in (ii) above.

(b) **Adoption by Membership.** In the event that the Board shall be unable to adopt a budget in accordance with the requirements above, the Board may call a special meeting of Unit Owner(s) for the purpose of considering and adopting such budget, which meeting shall be called and held in the manner provided for such meetings in said subsection. Alternatively, the Board may propose a budget in writing to all Members of the Association. If either such budget is adopted by a majority of the votes of Members present at such meeting, or receiving such written budget, upon ratification by a majority of the Board, it shall become the budget for such year.

Section 2. **Common Assessments.** Assessments against the Unit Owners for their share of the items of the budget shall be made for the applicable fiscal year annually, if possible at least ten (10) days preceding the year for which the Assessments are made. Such assessments shall be due in equal installments, payable in advance on the first day of each quarter (or other period at the election of the Board) of the year for which the Assessment shall be presumed to have been made in the amount of the last prior Assessment, and quarterly installments on such Assessment shall be due upon each installment payment date until changed by an amended Assessment.

Section 3. **Individual Assessments.** Charges by the Association against less than all Members for other than routine Common Expenses, shall be payable in advance. These charges may be collected by Individual Assessment. Individual Assessments may be made only when expressly provided for in the Declaration or the exhibits annexed thereto, as the same may be amended from

time to time, which charges may include, without limitations, charges for the use of portions of the Common Properties or other Association property, maintenance services furnished at the expense of Unit Owners, other services furnished for the benefit of Unit Owners and fines and damages and other sums due from such Unit Owner.

Section 4. **Special Assessments.** In the event the annual Common Assessment proves to be insufficient, the Board may adopt a Special Assessment to cover any shortfall in the manner otherwise set forth for the adoption of regular annual Common Assessments and as further provided in the Declaration. Special Assessments shall be made in the manner and for the purposes otherwise provided in the Declaration.

Section 5. **Depository.** The depository of the Association shall be such bank(s) or savings and loan associations in the State as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from those accounts shall be made only by checks signed by such person or persons as are authorized by the Directors. All sums collected by the Association from Assessments or contributions to working capital or otherwise may be commingled in a single fund or divided into more than one fund, as determined by the Board.

Section 6. **Acceleration of Assessment Installments upon Default.** Unit Owners shall be in default in the payment of an installment upon an Assessment for more than thirty (30) days, the Board or its agent may accelerate the remaining installments of the annual Assessment upon written notice to such Unit Owner, and the then unpaid balance of the Assessment shall be due upon the date stated in the notice, but not less than five (5) days after delivery of the notice or ten (10) days after mailing of the notice, whichever shall first occur.

Section 7. **Delinquent Assessments.** As more fully provided in the Declaration, each member, regardless of how title is acquired, including a purchaser at a judicial sale (other than by foreclosure a deed in lieu thereof of a first mortgage encumbering the Unit Owner), is obligated to pay to the Association annual, special and individual assessments which are secured by a continuing lien upon the property against which the assessment is made. In a voluntary conveyance, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of conveyance. Any assessment which is not paid within ten (10) days of its due date shall be delinquent, and the Unit Owners owing said assessment shall pay to the Association a late fee of ten percent (10%) of the amount of the assessment, or Fifty Dollar (\$50.00), whichever is greater, plus interest at the then highest rate of interest allowable by law from the due date until paid. Following delinquency of any assessment, the Association may bring an action at law against the Unit Owners personally obligated to pay the same, may foreclose the lien against the Unit Owners or may bring any other action at law or equity, and interest, costs and reasonable attorneys' fees, including all appellate levels, of any such action shall be added to the amount of such assessment. No Unit Owners may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his/her Unit Owner or Lot.

Section 8. **Fidelity Bonds.** Fidelity Bonds may be required by the Board for all persons handling or responsible for Association funds in such amount as shall be determined by a majority of the Board, but not less than \$10,000.00 for each such person so bonded, if any. The premiums on such bonds shall be paid by the Association as a Common Expense.

Section 9. **Accounting Records and Reports.** The Association shall maintain accounting records in the State of Florida, according to accounting practices normally used by similar associations or the manager under any applicable management contract. The records shall be open to inspection by Unit Owners of their authorized representatives at reasonable times and written summaries of them shall be applied at least annually. The records shall include, but not be limited to, (a) a record of all receipts and expenditures, and (b) an account for each Lot designating the name and current mailing address for the Unit Owner, the amount of each Assessment, the dates and amounts in which the Assessment come due, the amount paid upon the account and the dates so paid, and the balance due. Within sixty (60) days following the end of the fiscal year, the Board may mail, or furnish by personal delivery, to each Unit Owner a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report, if sent, may show the amounts of receipts by accounts and receipt classifications and may show the amounts of expenses

by accounts and expense classifications, including, if applicable, but not limited to, the following.

- (a) Cost for security;
- (b) Professional and management fees and expenses;
- (c) Taxes;
- (d) Cost for recreation facilities;
- (e) Expenses for refuse collection and utility services;
- (f) Expenses for lawn care;
- (g) Cost for building maintenance and repair;
- (h) Insurance costs;
- (i) Administrative and salary expenses; and
- (j) General reserves, maintenance reserves and depreciation reserves.

Section 10. **Application of Payment.** All payments made by Unit Owners shall be applied as provided in these Bylaws and in the Declaration or as determined by the Board.

Section 11. **Notice of Meetings.** Notice of any meeting where Assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that Assessments will be considered and the nature of any such assessments.

Section 12. **Declarant Exemption from Assessments for Lawsuits.** The Declarant shall not be liable for the payment of any Assessments applicable to Lots it owns which relate in any way to the payment of legal or other fees to persons or entities engaged for the purpose of suing, or making, preparing or investigating possible claims against the Declarant.

#### **ARTICLE VIII - AMENDMENTS**

Section 1. **Amendments.** These Bylaws may be amended, at a regular or special meeting of the members, by the affirmative vote of seventy-five percent (75%) of the members of the Association entitled to vote. Notwithstanding anything contained herein to the contrary, any amendment to these Bylaws made by the Declarant, or made by the members prior to Declarant relinquishing control, must be approved by the Federal Housing Administration or by the Veterans Administration, FNMA or FHLMC if any mortgage encumbering any Unit Owner is guaranteed or insured by either such agency, and if such amendment materially and adversely affects the Unit Owner or the general scheme of development created by the Declaration. Such approval shall specifically not be required where the amendment is made to correct errors or omissions or is required to comply with the requirements of any lender holding a mortgage encumbering any Lot so that such lender will make, insure or guaranty mortgage loans for the Unit Owners, or is required by any governmental authority. Such approval shall be deemed given if either agency fails to deliver written notice of its disapproval of any amendment to Declarant or to the Association within twenty (20) days after a request for such approval is delivered to the agency by certified mail, return receipt requested or equivalent delivery, and such approval shall be conclusively evidenced by a certificate of Declarant or the Association that the approval was given or deemed given.

Notwithstanding anything herein to the contrary, approval of the FHA/VA/FNMA or FHLMC shall only be required if any mortgage encumbering a Lot within the Property is guaranteed or insured by either of such agencies.

Section 2. **Recordation.** Any amendment to these Bylaws shall be certified and recorded in Public Records of Palm Beach County, Florida.

Section 3. **Conflicts.** In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall prevail.

If any conflict should exist or hereafter arise with respect to the interpretation of these Bylaws as between these Bylaws and the Declaration, the Declaration shall prevail. No amendment of these Bylaws shall change the rights and privileges of the Declarant without the Declarant's prior written approval.

## ARTICLE IX - ACQUISITION OF UNIT OWNERS

Section 1. **Acquisition of Foreclosure.** At any foreclosure sale of a Unit Owner, the Board of Directors may, with the authorization and approval by the affirmative vote of a majority of the total voting members' votes present at any regular or special meeting of the members wherein said matter is voted upon, acquire in the name of the Association, or its designee, a Unit Owner being foreclosed. The term "foreclosure", as used in this section, shall mean and include and foreclosure of any lien, excluding the Association's lien for assessments. The power of the Board of Directors to acquire a Unit Owner at any foreclosure sale shall never be interpreted as any requirement or obligation on the part of the said Board of Directors or of the Association to do so at any foreclosure sale, the provisions hereof being permissive in nature and for the purposes of setting forth the power in the Board of Directors shall not be required to obtain the approval at the foreclosure sale of a Unit Owner due to the foreclosure of the Association's lien for assessments under the provisions of the Declaration, notwithstanding the sum the Board of Directors determines to bid at such foreclosure sale.

## ARTICLE X - PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the Association's Meetings when not in conflict with the Declaration, or these Bylaws.

## ARTICLE XI - PARAMOUNT RIGHTS OF DECLARANT

All of the applicable terms and provisions of all of the Articles (and the sections thereunder) of these Bylaws shall be subject to the Declaration of Covenants and Restrictions as to the rights and powers of the Declarant, which rights and powers shall be deemed paramount to the applicable provisions of the Articles (and the sections thereunder) of these Bylaws.

## ARTICLE XII - RULES AND REGULATIONS

Section 1. **Adoption and Amendments of Rules.** The Board of Directors may, from time to time, adopt or amend previously adopted administrative rules and regulations governing the details of the operation, use, maintenance, management and control of the Unit Owners, Lots and Common Areas and any facilities or services made available to the Unit Owners. A copy of the rules and regulations adopted from time to time as herein provided shall, from time to time, be posted in a conspicuous place and/or copies of same shall be furnished to each Unit Owner.

Section 2. **As to Unit Owner's and Lots.** The Board of Directors may, from time to time, adopt or amend previously rules and regulations governing and restricting the maintenance of the Unit Owners and Lots and the use and maintenance of the Common Area, provided, however, that copies of such rules and regulations, prior to the time the same become affective, shall be furnished to each Unit Owner.

Section 3. **Conflict.** In the event of any conflict between the rules and regulations adopted, or from time to time amended, and the Declaration, the Declaration shall prevail.

Section 4. **Construction.** Wherever the context so permits, the singular shall include the plural, shall include the singular, and the use of any gender shall be deemed to include all genders. If any portion hereof shall be found by competent judicial authority to be unenforceable, then only that portion shall be deemed and the remainder shall be given its nearest permissible meaning and effect.

Section 5. **Captions.** The captions herein are inserted only as a matter of convenience and for reference, and in no way define or limit the scope of these Bylaws or the intent of any provision hereof.

Section 6. **Conflict.** In the event there should be found any irreconcilable conflict among or between the Declaration, the Articles and/or these Bylaws and in the absence of any express language indicating which document controls the particular subject matter, then the provisions of the Declaration shall be paramount, the Articles next paramount and these Bylaws subordinate.

Section 7. **Indemnification of Officers and Directors.** Subject to the further provisions of this paragraph, the Association shall indemnify and hold harmless all officers and Directors, past or incumbent, from and against all costs, claims, damages, expenses and liabilities of any kind whatsoever, including attorney's fees, and costs at all tribunal levels, arising out of the performance of such person's duties hereunder. Such indemnification and hold harmless provision shall (i) exist regardless of whether the Association itself is named as a party defendant or alleged to have any liability, (ii) include the payment of any settlements upon approval by the Board, and (iii) include indemnification of the estate and heirs of the indemnified party. Such indemnification and hold harmless provision shall not be applicable (i) to the extent the claim or liability is covered by insurance, or (ii) in the event a court of competent jurisdiction finally determines, after all appeals have been exhausted or not timely pursued, that the indemnified party did not act in good faith within what he reasonably believed to be the scope of his duty and/or authority and for purposes which he reasonably believed to be in the best interests of the Association or its Members generally and such court further specifically determines that indemnification should be denied. The provision of this paragraph may not be amended to terminate the effect hereof as to any persons who became officers or Directors while this paragraph was effective.

Section 8. **Suspension of Privileges; Fines.** In the event of an alleged violation of the Declaration, the Articles, the Bylaws or the rules and regulations adopted hereunder, and after written notice of such alleged failure is given to the Unit Owners in the manner herein provided, the Board shall have the right, after the alleged violator has been given an opportunity for an appropriate hearing and upon an affirmative vote of the Board, to suspend or condition said Unit Owner and his/her family, guests and tenant's rights to the use of the Common Properties (except for the portions thereof which are necessary as a means of ingress and egress) and to fine such Unit Owner. Any such suspension shall be for a period of not more than thirty (30) days for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any Assessment after the same becomes delinquent) the suspension may be imposed for so long as the violation continues. No fine shall exceed the sum of \$1,000.00 per violation. Repair or replacement costs shall not be deemed fines subject to the foregoing limitation. Any continuing violation shall be a separate violation for each day it continues. No fine under this section shall be assessable for delinquent assessments. The failure of the Board to enforce the rules and regulations, these Bylaws, the Articles or the Declaration shall not constitute a waiver of the right to enforce the same thereafter. The remedies set forth above and otherwise provided by these Bylaws or by law shall be cumulative and none shall be exclusive. However, any individual Unit Owner must exhaust all available internal remedies of the Association prescribed by these Bylaws, or by any rules and regulations adopted by the Association, before that Unit Owner may resort to a court of law for relief from any provision of the Declaration, the Articles, these Bylaws or the rules and regulations. The rights of the association to suspend voting rights, to impose interest charges, accelerate assessment payments, or to otherwise enforce the payment of assessments, as elsewhere provided in the Declaration and these Bylaws, shall not be subject to the provisions of this paragraph or require the notice and hearing provided for herein.

Section 9. **Written Complaint.** A hearing to determine whether a right or privilege of an Unit Owner or any of his/her family or tenants ("Respondent") under the Declaration or these Bylaws should be suspended or conditioned or a fine imposed shall be initiated by the filing of a written complaint by any Unit Owner or by any officer or Director with the President or Secretary of the Association. The complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the Respondent is charged, to the end that the Respondent will be able to prepare his defense. The complaint shall specify the specific provisions of the Declaration, the Articles, these Bylaws or the rules and regulations which the Respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

Section 10. **Discovery.** After initiation of a proceeding in which the Respondent is entitled to a hearing, the Respondent and the individual filing of the complaint, upon written request made to the other party, prior to the hearing and within fifteen (15) days after service by the Board of Directors of the complaint or within ten (10) days after service of any amended or supplemental complaint, is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party, and (2) inspect and make a copy of any statements, writings and investigate reports relevant to the subject matter of the hearing. Nothing in this section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise

confidential or protected as work product.

Section 11. **Tribunal.** The President shall appoint Tribunal of three Unit Owners upon receipt of a written complaint. No member of the Tribunal shall be a director of the Association, nor shall any member of the Tribunal be involved in any prior investigation of the matter on behalf of the Board nor related by blood or marriage to either the complaining party or the Respondent. In appointing the members of the Tribunal, the President should make a good faith effort to avoid appointing any Unit Owners who are witnesses to the alleged violation giving rise to the Complaint or otherwise biased. The decision of the President shall be final, except that the Respondent may challenge any member of the Tribunal for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence of the hearing. In the event of such a challenge, the Board shall meet to determine the sufficiency of the challenge, without the President voting. If such challenge is sustained, the President shall appoint another Unit Owner to replace the challenged member of the Tribunal. All decisions of the Board in this regard shall be final. The Tribunal shall elect a Chairman. The Tribunal shall exercise all other powers relating to the conduct of the hearing.

Section 12. **Notice of Hearing.** The Tribunal shall serve a notice of hearing as provided herein, on all parties at least ten (10) days prior to the hearing.

Section 13. **Hearings.**

(a) Whenever the Tribunal has commenced to hear the matter and a member of the Tribunal is forced to withdrawal prior to a final determination by the Tribunal, the remaining members shall continue to hear and decide the case. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Association. The use of affidavits and written interrogatories in lieu of oral testimony shall be encouraged by the Tribunal. Each party shall have the right to be represented by counsel; to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If the Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(b) Each party shall have the right to be represented by counsel; to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses on any matter relevant to the issues even though that matter was not covered in the direct examination; to impeach any witness regardless of which party first called him to testify; and to rebut the evidence against him. If the Respondent does not testify in his own behalf, he may be called and examined as if under cross-examination.

(c) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible personas are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding, unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.

(d) Neither the accusing Unit Owner nor the allegedly defaulting Unit Owner must be in attendance at the hearing. The hearing shall be open to attendance by all Unit Owners. In rendering a decision, official notice may be taken at any time of any generally accepted matter within the Declaration, the Articles, these Bylaws, the rules and regulations or the workings of the Association.

Section 14. **Decision.** The Tribunal will prepare written findings of fact and recommendations for consideration by the Board of Directors. The Tribunal shall make its determination only in accordance with the evidence presented to it and in accordance with these Bylaws. After all testimony and documentary evidence has been presented to the Tribunal, the Tribunal shall vote by secret written ballot upon the matter, with a majority of the entire Tribunal controlling. A copy of the findings and recommendations of the Tribunal shall be posted by the

Board at a conspicuous place on the Common Properties, and a copy shall be served by the President on each party in the matter and his attorney, if any. Disciplinary action and fines under the Declaration, these Bylaws or the rules and regulations shall be imposed only by the Board, and based upon the findings and recommendations of the Tribunal. The Board may adopt the recommendations of the Tribunal in their entirety, or the Board may reduce the proposed penalty and adopt the balance of the recommendations. In no event shall the Board impose more stringent disciplinary action than recommended by the Tribunal. The decision of the Board shall become effective ten (10) days after it is served upon the Respondent, unless otherwise ordered in writing by the Board. The Board may order a reconsideration at any time within fifteen (15) days following service of its decision on the parties on its own motion or upon petition by a party.

The foregoing was adopted as the Bylaws of **COASTAL BAY HOMEOWNERS' ASSOCIATION, INC.**, a Florida corporation not for profit, under the laws of the State of Florida, at its first meeting of the Board of Directors on the 30<sup>th</sup> day of June, 2004.

**COASTAL BAY HOMEOWNERS' ASSOCIATION, INC.**  
a Florida corporation not for profit

By:   
**FRANCISCO PEREZ, PRESIDENT**

Witness 

Witness Jesey R. Leon

*certified copy*

**CONSENT OF MORTGAGEE**

**KNOWN ALL MEN BY THESE PRESENTS:**

**WHEREAS**, UNION PLANTERS BANK, N.A., (hereinafter called the "**Mortgagee**") is the owner and holder of that certain Florida Real Estate Mortgage, Assignment of Leases and Rents and Security Agreement ("**Mortgage**"), dated February 28, 2003, recorded April 2, 2003, in Official Records Book 15008 at Page 0970; and UCC-1 Financing Statement, recorded on April 2, 2003, in Official Records Book 15008, at Page 0991; all of the above recorded in the Public Records of Palm Beach County, Florida.

**WHEREAS**, the Mortgage as amended and modified encumbers all or a portion of the Property encumbered by that certain Declaration of Covenants, Conditions and Restrictions for Grove Creek Ranches ("**Declaration**") recorded herewith;

**WHEREAS**, the Mortgagee agrees that the lien and effect of the Mortgage and other loan documents shall be subject to the terms of said Declaration.

**NOW, THEREFORE**, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration received, the Mortgagee hereby consents to the Declaration.

**WITNESS**, the execution hereof this 30 day of June, 2004, to be effective as of the date of recording the Declaration.

Signed/sealed and delivered  
in the presence of:

Loreal R. Ruiz  
Witness

Quardanaue  
Witness

UNION PLANTERS BANK, N.A.

By: [Signature]  
Name: Mariana E. Perez  
Title: Senior Vice President

Original Copy