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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
CRYSTAL SHORES, A PLANNED UNIT DEVELOPMENT

THIS DECLARATION, made this 23 day of December, 1992, by CRYSTAL BEACH DEVELOPMENT COMPANY OF NORTHWEST FLORIDA, P.O. BOX 1735, Destin, Florida 32540, its successors and assigns, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the owner and developer of certain real property located in Okaloosa County, Florida and is developing the property to include certain improvements; the property and improvements will be known as CRYSTAL SHORES, and the portion thereof developed at the time of the recording of this Declaration (the "Property") is described on Exhibit A attached hereto.

WHEREAS, the Declarant intends to provide for the protection of the value and desirability of the above-described land and improvements and other property and common area property that may later be annexed thereto, and to this end desires to subject the above-described land and improvements to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which are for the benefit of said property and each owner thereof;

NOW THEREFORE, the Declarant hereby declares that all of the property described above in Exhibit A and such land as may later be annexed thereto shall be held, occupied, sold and conveyed subject to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, all of which shall run with the property described above and be binding on all parties having any right, title or interest in the above-described property or any part thereof, their heirs, successors and assigns and which shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. Association. "Association" shall mean and refer to CRYSTAL SHORES OWNER'S ASSOCIATION, INC., a corporation not for profit, organized and existing under the laws of the State of Florida, its successors and assigns.

Section 2. Common Area. "Common Area" shall mean and include the tangible personal property required for the maintenance and operation of the project and any real property or interest therein acquired by the Association for the benefit of the project. The landscaped entrances to CRYSTAL SHORES, the landscaped area along Old Highway 98, Crystal Beach Drive and Hutchinson Street, the mail box facility, the swimming pool and pool area, located on the project site are Common Area as well as such other areas as may be designated from time to time as Common Area by amending this Declaration or the Association's Bylaws. The Common Area entrance way and mail box facility and other landscape areas may be located in the right of way that is dedicated to the City of Destin; notwithstanding such dedication, the Association will maintain, repair and replace the landscaping until such time as the City of Destin may take over the maintenance, upkeep, repair and replacement of such landscaping and shall maintain, repair and replace the mail box facility and the swimming pool so long as it is used by Property Owners.

Section 3. Common Expenses. "Common Expenses" shall include expenses of administration; expenses of insurance; expenses of maintenance, operation, repair, replacement and betterment of the Common Area; including by way of example and not of limitation: water bills, swimming pool and park maintenance; expense to mow grass, painting postal center, and maintaining sprinkler system, and all other expenses declared common by provisions of this Declaration or the Association's Bylaws.

Section 4. Declaration. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions as it may be amended from time to time.

Section 5. Declarant. "Declarant" shall mean and refer to CRYSTAL BEACH DEVELOPMENT COMPANY OF NORTHWEST FLORIDA, a Florida corporation, its successors and assigns, or any subsequent Declarant.

Section 6. Development Period. "Development Period" shall mean that period of time beginning with the recording hereof and ending at such time as Declarant has disposed of all Lots, but in no event shall such period exceed ten (10) years.

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Section 7. Owner. "Owner" or "Lot Owner" shall mean and refer to the holder, whether one or more persons or entities, of record fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. Property. "Property" shall mean and refer to that certain real property described on attached Exhibit A and any additional property later annexed hereto, together with property designated as Common Area.

Section 9. Lot. "Lot" shall mean and refer to the Lots set forth upon Exhibit A and any additional Lots developed on any additional property annexed hereto.

Section 10. Utility Service. "Utility Service" shall mean and refer to all utility services necessary or convenient to the occupancy of each Lot as a single family residence and shall include but not be limited to electric power, water, sewage disposal, whether by septic tank or otherwise, and telephone service.

Section 11. Number and Gender. Number and gender are used herein so that, where the context so permits, the use of the plural shall include the singular and vice versa, and the use of any gender shall be deemed to include all genders.

ARTICLE II

EASEMENTS

Section 1. Types of Easements. The Property is subject to easements, if any, set forth and described in the Plat of CRYSTAL SHORES recorded in Plat Book page and those certain easements set forth and described hereinafter as follows:

- (1) Utility Easement. Easements are reserved through each Lot as may be required for Utility Service to serve any Lot adequately.
- (2) Ingress and Egress Easement. Every Owner shall have an easement of use for purposes of ingress and egress on, over and across those portions of the Property, if any, that may be used from time to time as outdoor walkways and sidewalks and alleys.
- (3) Construction Easement. An exclusive easement is hereby reserved for the benefit of the Declarant, its agents, employees, successors and assigns, for the purpose of completing construction on any existing Lot, and for new construction on any property annexed hereto pursuant to the provisions of Article XI hereof.
- (4) Easement of Enjoyment. Every Owner and his respective licensees, guests, invitees, agents, servants and employees shall have a non-exclusive easement of enjoyment in and to the Common Area.
- (5) Future Easements. Declarant reserves the right to impose further restrictions and to grant or dedicate easements and rights of way on any Lot within the Property owned by Declarant. In addition, Declarant hereby expressly reserves the right to grant easements and rights of way over, under and through the land now or later included in the planned unit development other than Lots, so long as Declarant shall own any portion of the Property. The easements granted by the Declarant shall not materially adversely affect any improvements or unreasonably interfere with the enjoyment of the Property.

Section 2. Easements as Appurtenances. All easements described above or on the plat shall be private easements created solely for the benefit of the Owners, their successors and assigns and all said easements and other rights created herein for an Owner shall be appurtenant to the Lot of that Owner and all conveyances of title to the Lot shall include a conveyance of the easements and rights as are herein provided, even though no specific reference to such easements and rights appear in any such instruments.

ARTICLE III

OWNERS ASSOCIATION

Section 1. Operation of Association. The Association shall be governed by the provisions of its Articles of Incorporation which are attached hereto as Composite Exhibit B, together with the Bylaws of the corporation.

Section 2. Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair, the Association shall not be liable to Owners for injury or damage, other than the cost of maintenance and repair, caused by any latent conditions of the Property to be maintained and repaired by the Association, or caused by the elements or other Owners or persons.

Section 3. Restraint Upon Assignment of Shares in Assets. The shares of members in the funds, assets and property rights of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Lot.

Section 4. Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such Owner if in an Association meeting, unless the joinder of record Owners is specifically required by the Declaration.

Section 5. Membership and Voting Rights.

- (1) Membership. Every Owner of a Lot shall be a member of the Association, including the Declarant. Such membership shall be mandatory membership and all members of the Association shall be governed and controlled by the Articles of Incorporation and Bylaws thereof in addition to this Declaration.
- (2) Voting Rights. At any meeting of the members, each Lot Owner shall be entitled to cast one (1) vote for each lot he owns. When more than one (1) person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they, among themselves, determine but in no event shall more than one (1) vote be cast with respect to any lot.

ARTICLE IV

COMMON AREA AND COMMON EXPENSES

Section 1. Maintenance and Operation. The maintenance and operation of the Common Area shall be a Common Expense.

Section 2. Alteration and Improvement. After the construction of the Common Area is completed, there shall be no material alteration nor future material improvement of the Common Area without prior approval in writing by the Owners of not less than two-thirds (2/3) of the Lots except as provided by the Bylaws. Any such alteration or improvement shall not interfere with the rights of any Owner without his consent. A material alteration or material improvement is defined to mean any alteration or improvement which costs or is reasonably expected to cost more than \$2,500.00. The costs of such work shall not be assessed against an institutional mortgagee that acquires its title as a result of owning a mortgage upon the Lot owned, unless such Owner shall approve the alteration or improvement, and this shall be so whether title is acquired by deed or from mortgagor or through foreclosure proceedings. The share of any cost not so assessed shall be assessed to the other Owners in the share that their shares in the Common Area bear to each other. There shall be no change in the shares or rights of an Owner in the Common Area altered or further improved, whether or not the Owner contributes to the costs of such alteration or improvements.

Section 3. Assessments. The making and collection of assessments against Owners for Common Expenses shall be pursuant to the Bylaws and subject to the following provisions:

- (1) Annual Assessment. Each Owner shall be charged an annual assessment to be used exclusively to promote the recreation, health, safety, and welfare on the property and to maintain and enhance the common areas on the property. Annual assessments shall be based upon a calendar year and shall be due in advance on January 1st of each year. The initial annual assessment amount shall be \$350.00. From and after January 1st of the year immediately following the conveyance of the first lot to an Owner, the Directors may increase or decrease the maximum annual assessment on the lots subject to this Declaration but not by more than 15% above the maximum assessment for the previous year, without the approval of 67% of the Owners of all lots voting in person or by proxy at a meeting duly called for that purpose.
 - (1a) Capital Contribution: At the closing of any lot or house a capital contribution will be made to the Association in the amount of 2/12 of the annual assessment.
- (2) Share of Common Expenses. Each owner shall be liable for an equal proportionate share of the Common Expenses and shall similarly share in the common surplus, such share being the same as the undivided share in the Common Area appurtenant to this Lot.

- (3) Interest; Application of Payment. Assessments and installments on such assessments paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid on or before ten (10) days after the date when due shall bear interest at the rate of eighteen percent (18%) per annum from the date when due until paid. All payments upon accounts shall be first applied to interest and then to the assessment payment first due.
- (4) Lien for Assessments. There shall be a lien for unpaid assessments as set forth in Article X.

ARTICLE V

LOTS

Section 1. Maintenance. Each Owner shall perform promptly all maintenance and repair work within his Lot which, if permitted to remain un-repaired, would affect the Property in its entirety or a Lot belonging to another Owner, and each Owner is expressly responsible for damages and liability which result from his failure to promptly perform such maintenance and repair work. Unless otherwise provided in other Articles of this Declaration, each Owner shall be responsible for the cost of performing all such maintenance and repair work. The Association shall be responsible for the maintenance, repair and replacement of the common Areas and each Owner shall be liable for his pro rata share of such costs.

ARTICLE VI

INSURANCE

The Association may purchase public liability insurance in such amounts and with such coverage as shall be considered appropriate by the Board of Directors of the Association and such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable. Premiums shall be a Common Expense.

ARTICLE VII

USE RESTRICTIONS

Section 1. Residential use. The Lots may be used for residential dwelling units and for no other purpose, except that individual residential dwelling units may be used as model homes by the Declarant during the development of the Property.

Section 2. Permitted Structures. No structures of any kind shall be erected, altered, placed or permitted to remain on any of the platted Lots, within the Property, other than: (i) one single family dwelling, which may also include one separate garage or garage apartment, specifically approved in writing by the Declarant, its agents or assigns, and (ii) any other structure specifically approved in writing by the Declarant, its agents or assigns.

Section 3. Re-subdivision. The Declarant may re-subdivide or re-plat the said land in any way it sees fit for any purpose whatsoever consistent with the development of the subject planned unit development. The restrictions herein contained, in case of any such re-platting or re-subdividing, shall apply to each Lot as re-platted or re-subdivided.

Section 4. Noxious or Offensive Activities. No trade or business or noxious or offensive trade or activity, in the sole opinion of the Declarant, shall be carried on or upon the Property nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No mobile homes, tents or shacks shall be placed on any Lot except mobile homes used temporarily as sales offices and construction offices with Declarant's approval. No garage shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

Section 5. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that no more than two (2) dogs, two (2) cats and two (2) other household pets, may be kept, provided they are not kept, bred or maintained for any commercial purposes.

Section 6. Vehicle Parking. No automobile, truck, boat, boat and trailer, trailer, house trailer, mobile home, camper or other similar vehicle shall be parked on any roadway (including the unpaved portion of the right of way thereof) overnight. No boat, boat and trailer, trailer alone, recreational type vehicle, or self-propelled mobile home, shall be parked for any period of time or stored or otherwise be permitted to remain on any Lot except in an approved garage or obscured from public view by either natural or artificial means. No automobile, truck or other commercial vehicle which contains lettering or advertising thereon or which is identified with a business or commercial activity, shall be parked for any period of time, or stored or otherwise permitted to remain on any Lot except in an approved garage.

Section 7. Driveways. No driveway shall be constructed, maintained, altered or permitted to exist on any lot if the driveway obstructs or impedes the flow of surface drainage in the area adjacent to the Lot or in the street right of way or swale area adjoining or abutting the Lot.

Section 8. Swimming Pools. Any swimming pool to be constructed on any Lot shall be subject to the requirements of the Declarant, its agents or assigns, which include, but are not limited to the following:

- (1) Composition to be of material thoroughly tested and accepted by the pool construction industry.
- (2) Pool screening may not be visible from the street in front of the dwelling unless approved by the Declarant, its agents or assigns.
- (3) Any light of a pool or other recreational area shall be designed so as to buffer the surrounding residences from the lighting.

Section 8A. Landscaping. The entire Lot, including that portion of the Lot between the street pavement and the right of way line, shall be landscaped, irrigated, and maintained by each Lot Owner. It shall be the goal of the Declarant, its agents or assigns, in the approval of any landscaping plan, to preserve all existing trees where possible. Trees situated between the building setback lines and the boundary lines of Lots having a diameter of three (3) inches or more (measured four (4) feet from ground level) may not be removed without prior approval of the Declarant, its agents or assigns. All requests for approval of tree removal shall be submitted to the Declarant, its agents or assigns, along with a plan showing generally the location of such tree(s). In reviewing building plans, the Declarant, its agents or assigns, shall take into account the natural landscape such as trees, shrubs and palmettos, and encourage the Owner to incorporate them into his landscaping plan.

Section 9. Solar, Wind and other Energy-Generating Sources. The installation and/or addition of solar panels, windmills, or other forms of energy-generating equipment, are subject to the approval of the Declarant, its agents or assigns, under the procedures established herein. Such equipment shall be installed or constructed in such manner as to conform to the architectural design of the approved dwelling and shall be concealed from view as much as possible, and at the sole discretion of the Declarant, its agents and assigns, and shall conform to the overall development and aesthetic scheme of the planned unit development.

Section 10. Window Air Conditioning Units. No window or wall air conditioning units shall be permitted. All air conditioner compressors shall be screened from view and insulated by a fence, wall or shrubbery so as to minimize noise.

Section 11. Antennas. No aerial masts, towers, satellite dishes, or antennas shall be placed or erected upon any Lot, or affixed in any manner to the exterior of any dwelling or structure.

Section 12. Building Setback Lines. No Owner shall construct any dwelling or other structure which encroaches on the building setback lines identified on the plat by dashed lines labeled "B.S.L." or some variation thereof.

Section 13. Garbage and Trash Containers. No Lot may be used or maintained as a dumping ground for rubbish, trash or other waste. All trash, garbage and other waste shall be kept in sanitary containers within an enclosure constructed as part of each dwelling in a location approved by the Declarant, its agents or assigns. All Lots shall be kept free of the accumulation of rubbish, trash, garbage, other solid waste materials, and all unsightly weeds and underbrush. No incinerators or other fixed equipment shall be used for the collection, storage or disposal of solid waste materials.

Section 14. Lighting. No lighting shall be permitted which alters the residential character of the Property. No lighting of tennis courts or outdoor activity areas shall be permitted without the approval of Declarant, its agents or assigns.

Section 15. Signs. No signs of any kind shall be erected, permitted to remain on, or displayed to public view on or from any Lot, except an approved sign giving the name of the occupant of the residence located on said Lot or an approved sign advertising the premises for sale or rent. All signs shall be approved by the Declarant, its agents or assigns. Any non-approved sign may be removed by Declarant.

Section 16. Utility Connections. Building connections for the utilities, including but not limited to water, electricity, telephone and televisions shall be run underground from the proper connection points to the building structure in such a manner as is acceptable to the governing utility authority.

Section 17. Installation and Maintenance. The Owner or Builder shall assume and pay, as and when the same shall become due, the costs of installation and maintenance of the underground utility system from primary utility lines.

Section 18. Water Service. All water service to the Property shall be supplied by means of the central water supply providing service to the Property. No well of any kind shall be dug or drilled on any Lot to provide potable water for use within any structures to be built. No sewage may be discharged in the open or into the marshlands or lakes. No water from air conditioning systems or swimming pools shall be disposed of into the marshlands or lakes.

Section 19. Construction. During construction of a dwelling or other improvements upon a Lot, the Owner shall be required to maintain the Lot in a clean condition, providing for trash and rubbish receptacles and disposal. Construction debris shall not be permitted to remain upon any Lot. All main structures constructed upon the Property shall be completed within one (1) year after commencement of construction, except where such completion is impossible due to strikes, fires, national emergencies, or natural calamities, or unless waived in writing by the Declarant. The Declarant may, at its option, establish reasonable hours for construction activities so as to result in minimal disturbance to Owners of land adjacent to the Property.

Section 20. Casualty Damage. In the event of damage or destruction by fire or other casualty to any improvements located upon the Property, the Owner of such improvements shall repair or rebuild such damaged or destroyed improvements in a good and workmanlike manner, or shall clear and remove all debris, foundation, and other materials, and return the lot to its natural state, within a reasonable time not to exceed one (1) year and in accordance with the provisions of these covenants.

Section 21. Reconstruction or Renovations. Following completion of construction, an Owner of a Lot may not cause or permit any alteration, modification, renovation or reconstruction to be made to the structural components, roof, or exterior appearance of his dwelling, including driveways and parking areas and including the installation of window air conditioners, nor make any additions to the exterior of his dwelling without the prior written approval of the Declarant, its agents or assigns, except that an Owner shall replace broken windows and doors with windows or doors of the same style and equal or better quality as originally installed as part of the construction. No garage shall be permanently enclosed or converted to another use without written approval of the Declarant, its agents or assigns.

Section 22. Construction Requirements and Architectural Control. No construction, modification, alteration or improvement of any nature whatsoever, except for interior alterations not affecting the external structure or appearance of any House, shall be undertaken on or adjacent to any lot unless and until a plan of such construction or alteration shall have been approved in writing by Declarant or its Agents or Assigns, including an architectural review board if one is in existence. Modifications subject to Declarant approval specifically include, but are not limited to, painting or other alteration of the exterior appearance of a House (including doors, windows and roof), installation of antennas, satellite dishes or receivers, solar panels or other devices, construction of fountains, swimming pools, whirlpools or other pools, construction of privacy walls or other fences, addition of awnings, gates, flower boxes, shelves, statues, or other outdoor ornamentation, patterned or brightly colored window coverings, any alteration of the landscaping or topography of the Property, including without limitation any cutting or removal of trees, planting or removal of plants and creation or alteration of lakes or similar features of the Property and all other modifications, alterations or improvements visible from the Common Roads or other Parcels.

Section 23. Architectural Building and Planning Criteria. The Declarant has created A set of Architectural Planning Criteria with respect to the construction, modification and alteration of any improvements on the Property. All construction, modification, alteration and improvement of any nature whatsoever conducted on any lot must be in accordance with the Architectural Planning Criteria. Until Declarant no longer owns any portion of the Property, the Architectural Planning Criteria can be modified only by the Declarant. Any modification or amendment to the Architectural Planning Criteria shall be consistent with the provisions of this Declaration. Notice of any modification or amendment to the Architectural Planning Criteria including a verbatim copy of such change or modification shall be delivered to each Owner. However, a receipt of a copy of a modification or amendment to the Architectural Planning Criteria shall not constitute a condition precedent to its effectiveness.

Section 24. Procedures.

- (a) Application. The items to be submitted to the Declarant before approval shall include (i) the construction plans and specifications, including all proposed landscaping, (ii) an elevation or rendering of all proposed improvements, and (iii) such

other items as the Declarant may deem appropriate. No construction on any Lot or the Property shall be commenced and no Parcel shall be modified except in accordance with such plan or modification thereof until an Architectural Planning Criteria permit has been issued by Declarant.

- (b) Basis for Decision. Approval shall be granted or denied by the Declarant based upon compliance with the provisions of this Declaration and the Architectural Planning Criteria, the quality of workmanship and materials, the harmony of external design with its surrounds and other standards or guidelines promulgated from time to time, the effect of the construction on the appearance from surrounding lots, and all other factors, including purely aesthetic considerations, which in the sole opinion of the Declarant will affect the desirability or suitability of the construction.
- (c) Uniform Procedures. The Declarant may establish uniform procedures for the review of applications, including the assessment of review costs and fees, if any, to be paid by the applicant, and the requirement of a security deposit or compliance bond to ensure the full and timely compliance by the applicant with the conditions imposed by Declarant.
- (d) Notification. Approval or disapproval of applications to the Declarant shall be given to the applicant in writing within thirty (30) days of receipt by the Declarant in accordance with the procedures adopted by the Declarant. In the event approval or disapproval is not forthcoming within thirty (30) days, unless an extension is agreed to by the applicant, the application shall be deemed approved and the construction of the improvements applied for may be commenced provided that all such construction is in accordance with the submitted plans and provided further that such plans conform in all respect to the other terms and provisions of this Declaration.
- (e) Liability. Approval by the Declarant of an application by an Owner shall not constitute a basis for any liability of the members, the Association, or Declarant for any reason including, without limitation, (i) failure of the plans to conform to any applicable building codes, or (ii) inadequacy or deficiency in the plans resulting in defects in the improvements.
- (f) Limitations. Nothing shall be erected, constructed, planted, or otherwise placed in such a position (subsequent to the initial construction of improvements on the Property by Declarant) so as to create a hazard or block the vision of motorists upon any of the common Roads, which are part of, adjacent to or near the Property. No modification, alteration or improvement shall interfere with those easements or other rights set forth in this Declaration.

Section 25. Sidewalks. Each Owner of a Lot subject to these covenants, conditions and restrictions covenants and agrees to construct simultaneously with construction of a dwelling a sidewalk having a width of four (4) feet, which sidewalk shall be located within the confines of the street right of way and immediately adjacent to the front boundary line or lines of the Lot upon which such dwelling is being constructed and shall comply with the Architectural Planning Criteria and the City of Destin sidewalk requirements.

Section 26. Declarant's Rights of Modification/Variations/Additions. Declarant, or its agents or assigns, reserves the right to hereafter modify, amend or grant variances to any of the foregoing covenants, conditions and restrictions when, in the sole discretion of Declarant or its agents or assigns, such modification, amendment or variance is deemed useful or proper. Declarant or its agent or assigns may also make other restrictions applicable to each Lot by appropriate provision in the Contract for Deed or in any Deed, without otherwise modifying the general plan herein outlined, and such other restrictions shall inure to the benefit of other Owners of Lots in the Planned unit development and shall bind the grantees and their respective heirs, successors or transferees in the same manner as though they had been expressed herein.

ARTICLE VIII

COMMON TAXES

In the event that any taxing authority having jurisdiction over the Property shall levy or assess any tax or special assessment against the Common Area, then such tax or special assessment shall be separately levied and collected as a special assessment by the Association against all of the Owners. Such special assessment by the Association shall be separately identified by the Association and unless otherwise expressly stated, shall be due, payable and collectible as provided for assessments in Article X.

ARTICLE IX

APPURTENANCES TO LOTS

The Owner of each Lot shall own a share and certain interest in CRYSTAL SHORES, which share and interest are appurtenant to the several Lots and subject to adjustments by the addition of Lots or subsequent phases as follows:

- (1) Share of Association. Each Owner shall own an undivided share and interest in the assets of the Association, including the Common Area, equal to a fraction, the numerator of which is one (1) and the denominator of which is 69.
- (2) Easements. Each Owner shall be entitled to the use, benefit and enjoyment of the various easements described in Article II hereof.

ARTICLE X

ASSESSMENT LIENS

Section 1. Lien for Assessment. Each Owner of a Lot, by acceptance of a deed therefor, whether expressly so stated in such deed, is deemed to covenant and agree to pay the various costs, charges and assessments set forth in this Declaration when due. Unless otherwise expressly stated, the date that said costs, charges and assessments are due shall be ten (10) days after demand for payment is made by the Association. If said costs, charges and assessments are not paid when due, the Association may pay same and, upon payment, the Owner who failed to pay said costs, charges and assessments shall be liable to the Association for the amount paid plus interest at eighteen percent (18%), which amount shall be secured by a lien against the Lot of the defaulting Owner. Said lien shall attach from and after the recording of a claim of lien in the public records of Okaloosa County, stating the description of the Lot, the name of the record Owner, the amount due and due date and the provision of this Declaration upon which the claim is based. The lien, which shall also secure reasonable attorney's fees and court costs, may thereafter be foreclosed in the manner provided by law. Upon payment, the holder of the lien shall deliver a satisfaction of the lien.

Section 2. Subordination of the Lien to Mortgages. The assessment lien provided for herein shall be subordinate to the lien of any prior recorded mortgage. Sale or transfer of any lot shall not affect the assessment lien; except that the sale or transfer of any Lot pursuant to the foreclosure of a prior recorded mortgage or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such foreclosure or proceeding, unless the assessment lien was recorded prior to the recording of such mortgage. Any assessments not paid by such mortgagee shall thereafter be assessed against the Owners as a Common Expense.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Violations of any Covenants, Conditions and Restrictions. In the event of any violation of any of the covenants, conditions or restrictions contained herein, Declarant shall give the Owner notice in writing of such violation. Owner shall have thirty (30) days from the date of mailing by Declarant of such notice to cure the violation. Continued violation after such thirty (30) day period:

- (1) Shall give the Declarant, or its agents or assigns, the right to enter upon the Property where such violation exists and summarily abate or remove the same at the expense of the Owner, and such entry and abatement or removal shall not be deemed as trespass.
- (2) If any Owner, tenant or occupant of any lot shall violate or attempt to violate any of these covenants, conditions or restrictions while in force and effect, it shall be lawful for the Declarant, its agents or assigns, to prosecute any proceeding at law or in equity against any person violating or attempting to violate such covenants, conditions or restrictions and either to prevent them from doing so or to recover damages for such violation. In the event Declarant or its agents or assigns shall commence any proceeding to enforce these covenants, conditions and restrictions or be required to defend any such suit regarding such covenants, conditions and restrictions and prevail in any such obligation regarding the enforcement or upholding of such covenants, conditions and restrictions, then, in such event, the party against whom such action has been brought or defended shall be responsible to pay Declarant a reasonable attorney's fee for the bringing or defending of such action.

- (3) In no event and under no circumstances shall a violation of any covenants, conditions or restrictions herein contained work a forfeiture or reverter of title.
- (4) Invalidation of any of these covenants, conditions and restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 2. Compliance and Default. Each Owner shall be governed by and shall comply with the terms of this Declaration, the Articles of Incorporation and Bylaws of the association and the regulations adopted pursuant to those documents, and all of such as they may be amended from time to time. Failure of an Owner to comply with such documents and regulations shall entitle the Association or other Owners to the following relief in addition to the remedies provided by the law:

- (1) Negligence. An Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guest, employees, agents or lessees.
- (2) Fines. The Board of Directors of the Association may, upon notice and hearing before said Board, fine, assess and charge any offending member a sum not to exceed \$150.00 for each infraction of the provisions of this Declaration, the Articles, Bylaws or rules and regulations of the Association. Any such fines shall constitute a lien against the Lot owned or occupied by the violator as set forth in Article X hereof unless paid within forty-five (45) days of the date assessed.
- (3) Costs and Attorney's Fees. In any proceeding arising because of an alleged failure of an Owner or the Association to comply with the terms of the Declaration, Articles of Incorporation of the Association, the Bylaws or the regulations adopted pursuant to them, and the documents and regulations as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the Court.
- (4) No Waiver of Rights. The failure of the Association or any Owner to enforce any covenant, restriction or other provision of this Declaration, the Common Area, the Articles of Incorporation of the Association, or the Bylaws shall not constitute a waiver of the right to do so thereafter.

Section 3. Term of Declaration. The covenants, conditions and restrictions and other matters set forth in this Declaration shall run with and bind the Property from time to time submitted to this Declaration and shall inure to the benefit of and be enforceable by any Owner so long as any building in useful condition exists upon such Property.

Section 4. Amendment. Except as otherwise provided herein, the covenants, conditions, restrictions and other provisions of this Declaration may be amended at any time by the vote or consent of 3/4 of the members of the Association entitled to vote. During the Development Period, the Declarant may amend the covenants, conditions and restrictions and other matters set forth in this Declaration and any and all such amendments need be signed and acknowledged only by the Declarant and need not be approved by the Association, its members, the Owners or by any lienors or mortgagees of any of the Lots or the Common Area, whether or not elsewhere required for an amendment. Any such amendment shall be evidenced by a written instrument recorded in the public records of Okaloosa County, Florida.

Section 5. Termination of Covenants, Conditions and Restrictions. These covenants, conditions and restrictions are to run with the land, and shall be part of all deeds and contracts or conveyances of any and all Lots and shall be binding on all parties and all persons claiming under them until January 1, 2012, at which time said covenants, conditions and restrictions shall terminate. They may be extended for additional successive periods of ten years by written and recorded agreement of a majority of the record Owners on January 1, 2012, and each successive ten-year anniversary date thereafter.

Section 6. Severability. Invalidation of any one of the covenants, conditions, restrictions or other provisions of this Declaration by judgement or court order shall in no wise affect any other provisions which shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand and seal this 23 day of December, 1992.

"DECLARANT"
By: Jay A. Odom
JAY A. ODOM, PRESIDENT

Signed, Sealed and delivered
in the presence of:

Glenda Kay Legg
Glenda Kay Legg
Mary K. Kraemer
Mary K. Kraemer

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgements, personally appeared JAY A. ODOM as President of CRYSTAL BEACH DEVELOPMENT COMPANY OF NORTHWEST FLORIDA, a Florida corporation, personally known to me to be the person described in an who executed the foregoing instrument and acknowledged before me that he executed the same and he did not take an oath.

SWORN TO AND SUBSCRIBED before me this 23rd day of December, 1992.

Karen S. Greybill
Karen S. Greybill Notary Public
My Commission expires: _____

(SEAL)

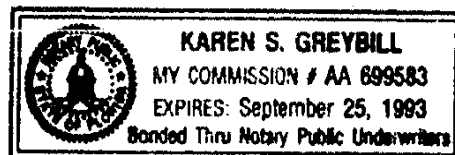
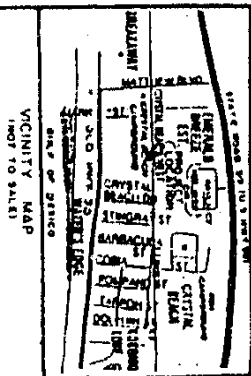
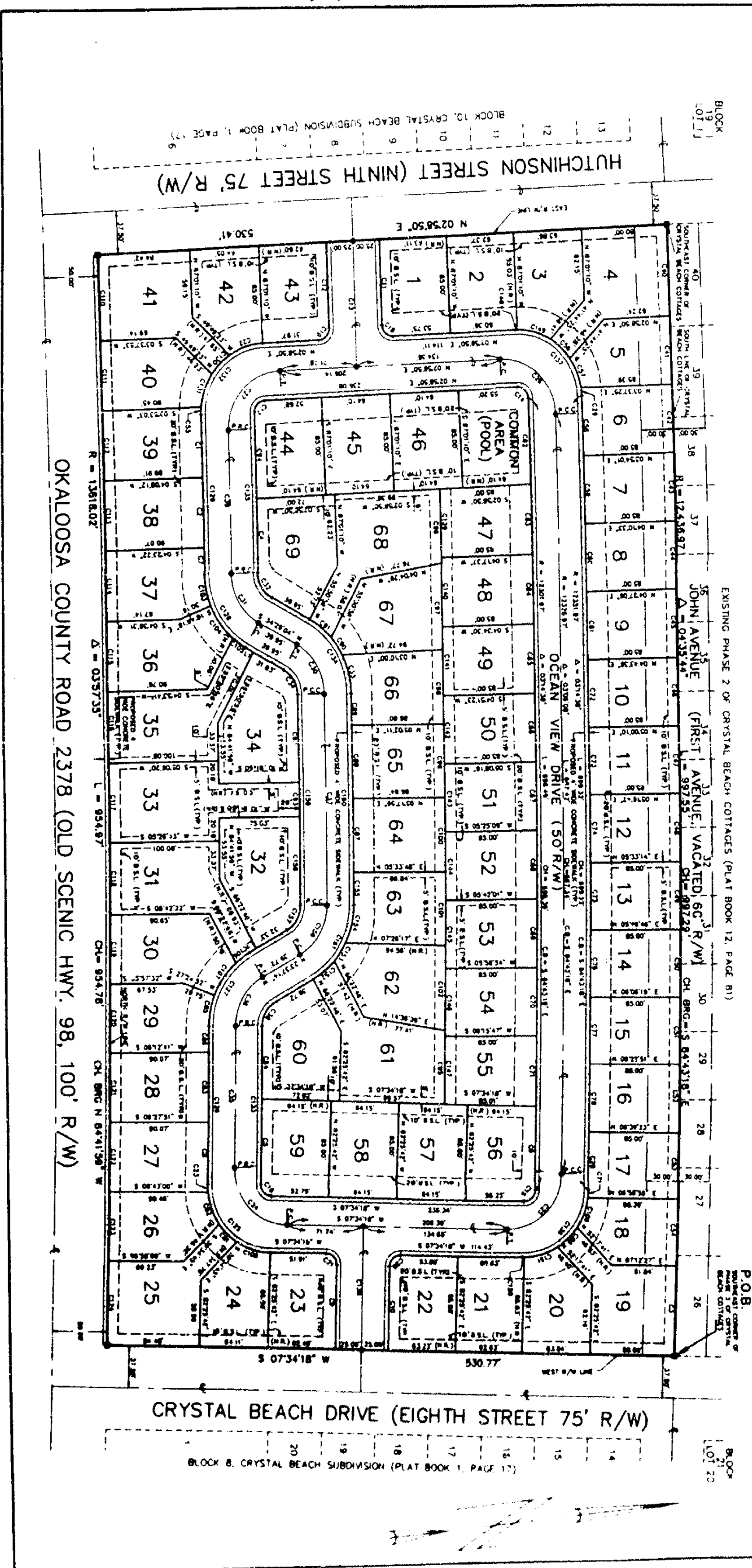


EXHIBIT "A"



CRYSTAL SHORES
A PLANNED UNIT DEVELOPMENT
IN TOWNSHIP 2 SOUTH, RANGE 22 WEST, AND
A RESUBDIVISION OF BLOCK 9, CRYSTAL BEACH SUBDIVISION
CITY OF DESTIN, OKALOOSA COUNTY, FLORIDA

SEPTEMBER, 1992



BLOCK 10, CRYSTAL BEACH SUBDIVISION (PLAT BOOK 1, PAGE 12)

BLOCK 8, CRYSTAL BEACH SUBDIVISION (PLAT BOOK 1, PAGE 12)

P.O.B.
SUBDIVISION CORNER OF
BLOCK 9, CRYSTAL BEACH
COTTAGES

GRAPHIC SCALE
1" = 50'