

DECLARATION OF EASEMENTS, COVENANTS,
CONDITIONS, RESTRICTIONS AND LIMITATIONS
FOR
PACE ISLAND

THIS DECLARATION, made this 9th day of May, 1988, by Pace Island, Ltd., a Florida limited partnership, hereinafter referred to as "Declarant," recites and provides:

RECITALS

A. Declarant is the owner of that certain real property (the "Property") located in Clay County, Florida, and more particularly described in Exhibit A attached hereto and made a part hereof.

B. It is the intention and desire of Declarant to develop the Property as a residential community with certain recreational facilities. Homes within the Property may be of different styles, including detached residences, homes with one or more common walls, townhouses, condominiums or other types of homes, all of which shall be developed and maintained as part of a residential development of superior quality, architectural design and condition.

C. Declarant desires to maintain the beauty of the Property, to assure high quality standards for the enjoyment of the Property, and to promote the recreational interest, health, safety and social welfare of each Owner of a portion of the Property. To provide for the preservation, enhancement and maintenance of the Property and the improvements thereon, Declarant desires to subject the Property, together with such additions as may hereafter be made thereto, to the covenants, restrictions, easements, charges and liens of this Declaration, each and all of which is and are for the benefit of the Property and each Owner of a portion thereof.

D. To provide for the efficient management of the Property, Declarant deems it desirable to create a non-profit association which shall own, operate, maintain and administer the recreational facilities and the other common properties in the Pace Island community. The Association, as hereinafter defined, shall have the power and duty to administer and enforce the easements, covenants, conditions, restrictions and limitations hereinafter set forth, to maintain and administer the Common Areas, as hereinafter defined, and to collect and disburse the assessments hereinafter created.

Prepared By and Return To:
DOUGLAS A. WARD
Rogers, Towers, Bailey, Jones & Gay
Attorneys at Law
1300 Gulf Life Drive

PACE ISLAND/C&R

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, used, sold, transferred and occupied subject to the following easements, restrictions, covenants, limitations and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof, including Declarant.

ARTICLE I

DEFINITIONS

The following definitions shall apply wherever the capitalized terms appear in this Declaration:

(a) "ADB" shall mean and refer to the Architectural Design Board, as provided in Article VII hereof, which shall consist of at least three (3) members who shall be appointed by the Board of Directors.

(b) "Additional Property" shall mean and refer to that real property described on Exhibit B attached hereto which real property may be added to the Property by Supplemental Declaration, and which Additional Property shall then be included in the term "Property".

(c) "Association" shall mean and refer to The Pace Island Owners Association, Inc., a Florida not-for-profit corporation, its successors and assigns. The Articles of Incorporation and Bylaws for the Association shall be referred to as the "Association Articles of Incorporation" and the "Association Bylaws" respectively. The Association shall own the Common Areas and shall be responsible for the operation and maintenance thereof.

(d) "Association Rules and Regulations" shall mean and refer to the rules, regulations and policies adopted by the Board of Directors as the same may be amended from time to time.

(e) "Board of Directors" shall mean and refer to the Board of Directors of the Association.

(f) "Charges" shall mean and include all General and Special Assessments and Parcel Assessments and fines levied pursuant to this Declaration.

(g) "Common Area" or "Common Areas" shall mean and refer to all real and personal property now or hereafter owned by the

Association which is intended for the common use and enjoyment of the Owners. The Common Areas shall include, without limitation, Common Roads, parking lots, walkways, boardwalks, recreational pier, bike paths, street lighting, signage, lagoons, lakes, ponds, water-courses, fountains, recreational amenities, administrative facilities and community gardens. These terms shall also include access, utility and drainage easements and related facilities.

(h) "Common Roads" shall mean and refer to the roads located within the Common Areas which roads shall not be dedicated to the public except as herein provided. Common Roads shall exclude roadways, parking lots and parking areas located within the legally described boundaries of any condominium or subdivision located within the Property which are maintained by the Owners within such condominium or subdivision pursuant to the terms of the recorded covenants governing such condominium or subdivision.

(i) "Composite Jurisdiction Line" shall mean the most landward extent of any of the jurisdictional lines established by the Florida Department of Environmental Regulation, the St. Johns River Water Management District, and the United States Army Corps of Engineers.

(j) "DCA" shall mean the State of Florida Department of Community Affairs or its successor agency under Chapter 380, Florida Statutes, as the same may be amended.

(k) "Declarant" shall mean and refer to Pace Island, Ltd., a Florida limited partnership, and to any successor or assignee of all or substantially all of its interest in the development of the Property and/or Additional Property which is designated by Pace Island, Ltd. to be its successor as Declarant. The Declarant may be an Owner for so long as the Declarant shall be record owner of any Parcel.

(l) "Declaration" shall mean and refer to this Declaration of Easements, Covenants, Conditions, Restrictions and Limitations applicable to the Property.

(m) "Doctor's Lake Parcel" shall mean any Parcel as to which the Mean High Water Line of Doctor's Lake forms any boundary.

(n) "Family" shall mean and refer to a social unit consisting of parents and the children that they rear.

(o) "General Assessment" shall mean and refer to an assessment required of all Owners, as further provided in Article VI entitled "Covenants for Maintenance Assessments".

(p) "House" shall mean and refer to any residence for one Family constructed or to be constructed on or within any Parcel whether the same be detached or be attached in a townhouse style or be attached in any other manner and whether the same be owned as a condominium or in some other form of ownership.

(q) "Living Space" shall mean and refer to the heated and air conditioned space within a House.

(r) "Master Plan" shall mean and refer to the conceptual plan for the development of the Property and Additional Property as a planned unit development as prepared by Declarant (including all phases of and amendments made to that plan from time to time) and submitted to Clay County, Florida, the DCA, and the Northeast Florida Regional Planning Council, as part of the Declarant's application for designation as a Florida Quality Development pursuant to Chapter 380, Florida Statutes. Declarant reserves the exclusive right to amend the Master Plan without the joinder by any other party.

(s) "Member" shall mean and refer to those persons entitled to membership in the Association as provided in this Declaration and/or the Association Articles of Incorporation and Bylaws.

(t) "Mortgage" shall mean any bona fide first mortgage encumbering a Parcel as security for the performance of an obligation.

(u) "Mortgagee" shall mean and refer to any institutional holder of a Mortgage such as a bank, savings and loan association, insurance company, or any other lender generally recognized as an institutional type lender.

(v) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Parcel. Owners shall not include those having an interest merely as security for the performance of an obligation. In the event that there is a contract for deed covering any Parcel, the Owner of such Parcel shall be the purchaser under said contract and not the fee simple title holder. A contract for deed is defined as an agreement whereby the purchaser is required to make periodic payments toward the purchase of a Parcel for a period extending beyond nine (9) months from the date of the agreement, and where the purchaser does not receive title to such Parcel until all periodic payments are made, but is given the use and possession of the Parcel prior to such acquisition of title.

(w) "Parcel" shall mean and refer to any plot of land intended as a site for a single House, whether or not the same is then shown upon any recorded subdivision plat of the Property, and whether or not the same is a condominium or townhouse unit, so long as the same is included in the Property. Upon construction of a House, the term "Parcel" as used herein shall include the House and Yard. The Master Plan, as currently constituted, contemplates the inclusion of 1,150 Parcels within the Property and Additional Property.

(x) "Parcel Assessment" shall mean and refer to any assessment charged to a particular Owner pursuant to this Declaration and the Association Articles of Incorporation and Bylaws for services and costs which relate specifically to that Owner's Parcel.

(y) "Property" shall mean and refer to that certain real property described in Exhibit A as same may be amended by Supplemental Declaration.

(z) "Shoreline of Doctor's lake" shall mean the approximate mean high water line or shoreline of Doctor's Lake as fixed by a registered land surveyor.

(aa) "Special Assessments" shall mean and refer to those Special Assessments referred to in Article VI hereof.

(bb) "Supplemental Declaration" shall mean any declaration of easements, covenants, conditions, restrictions and limitations which may be recorded by the Declarant pursuant to the terms contained elsewhere herein and which may extend the provisions of this Declaration to additional real property containing complimentary provisions for such real property.

(cc) "Utility System" shall mean and refer to the pipes, sewers, mains, lift stations, collectors, conduits, lines and appurtenant access ways and facilities used in connection with sewage disposal, water supply, gas, electricity, telephone, cable television and all other related and similar services.

(dd) "Yard" shall mean and refer to any and all portions of any Parcel lying outside the exterior walls of any House constructed on such Parcel and shall include all landscaping, improvements and decorative and functional appurtenances thereon.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERETO

Section 1. Property. The real property which is and shall be held, transferred, sold, used and occupied subject to this Declaration consists of that land lying in Clay County, Florida, which is more particularly described in Exhibit A hereto.

Section 2. Additional Property. Declarant shall have the right, but not the obligation, for a period of thirty (30) years after the date hereof, from time to time and within its sole discretion, to annex other properties within the Additional Property for the purpose of adding additional Common Areas or Parcels to be subject to the provisions of this Declaration.

Section 3. Other Additions. Declarant shall have the right, but not the obligation, from time to time within its sole discretion, to annex other properties outside the Additional Property for the purpose of adding additional Common Areas or Parcels to be subject to the provisions of this Declaration, so long as the total number of Parcels does not exceed 1150.

Section 4. Supplemental Declaration. Any such additions authorized in Sections 2 or 3 of this Article II shall be made by recording one or more Supplemental Declarations with respect to the land which is annexed. A Supplemental Declaration shall contain the designation of Common Areas within the land which is annexed and any additions to or modifications of the provisions hereof applicable to the land which is annexed as may be necessary to reflect the different character, if any, of the land which is annexed. A Supplemental Declaration shall become effective upon being recorded in the public records of Clay County, Florida.

Section 5. Effect of Annexation. In the event that any land is annexed to the Property pursuant to the provisions of this Article, such land shall be considered within the definition of the Property for all purposes of this Declaration. Upon annexation, all voting of each class of membership of the Association, and all voting by the Owners hereunder shall be aggregated, it being intended that any voting requirements need not be fulfilled separately for the land which is annexed. All Members of the Association shall be obligated to pay a prorata portion of the expenses related to such new Common Areas.

Section 6. Parcel Descriptions; Subdivision. No Parcel shall be further subdivided or separated into smaller parcels by any Owner without the consent of Declarant; provided that this provision shall not prohibit corrective deeds, or similar corrective instruments. Declarant shall have the right to modify subdivision plats of the Property if all Owners who own Parcels on such plat affected by the modification consent to such modification, which consent shall not be unreasonably withheld.

ARTICLE III

OWNERSHIP AND MEMBERSHIP

Section 1. Owners. A Parcel may be owned by one or more natural persons or entities other than a natural person. If the Owner consists of one or more entities, all such entities must be wholly owned by one natural person, a married couple or two persons of the same Family; provided, however, that a Parcel may be owned by a corporation or partnership which is in the business of building homes for resale and purchases the Parcel with such an intent.

Section 2. Association Members. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from title to any Parcel.

Section 3. Voting Rights. The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners with the exception of Declarant while the Declarant is a Class B Member.

Class A Members shall be entitled to one vote for each Parcel owned. The vote for each Parcel shall be exercised as the Owners thereof determine, among themselves, by written designation to the Association. In no event shall more than one vote be cast with respect to any one Parcel. The vote appurtenant to any Parcel shall be suspended in the event that, and for as long as, more than one Owner holding an interest in that Parcel lawfully seeks to exercise it.

(b) Class B. The Class B Member shall be Declarant who shall be entitled to nine (9) votes for each of the planned 1,150 Parcels which remains unconveyed by the Declarant as long as Declarant is a Class B Member. The Class B membership shall cease ninety (90) days after the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, it being intended that Declarant shall have the right to retain control of the Association until it has conveyed ninety (90) percent of the 1,150 Parcels included within the Master Plan (or such other number of Parcels as are in the Master Plan, which may be amended from time to time), unless Declarant shall sooner elect to turn over such control. When Class B membership ceases, Declarant shall become a Class A Member as to the remaining but unconveyed Parcels which it owns.

ARTICLE IV

OWNER'S RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Parcel, subject to the provisions of the Association's Articles of Incorporation, Bylaws, Rules and Regulations and the following provisions:

(a) The right of the Association to charge assessments and other fees for the maintenance of the Common Area and the facilities and services provided Owners as described herein.

(b) The right of the Association to assess fines, suspend voting rights and the right to use of the Common Area of an Owner for any period during which any fine or assessment against his Parcel remains unpaid, without waiver or discharge of the Owner's obligation to pay the amount due, and for any other infraction of this Declaration, of the Association Articles of Incorporation or Bylaws, or of the Association Rules and Regulations for the duration of the infraction and for an additional period not to exceed thirty (30) days; provided, however, that the Association may not deny an Owner's right of ingress and egress to and from his Parcel.

(c) The right of the Association to dedicate or transfer all or any part of the Common Areas, including, but not limited to the Common Roads, to any public agency, authority or utility (public or

private) for such purposes and subject to such conditions as may be agreed upon by the Owners. No such dedication or transfer shall be effective unless approved by the Owners of seventy-five percent (75%) of the Parcels.

(d) The right of the Association (subject to the rights of the Owners set forth herein) to mortgage any or all of the facilities constructed on its property for the purpose of improvements or repairs to such property or facilities upon approval by the Class B Member, if any, and seventy-five percent (75%) of the Class A Members present, in person and by proxy and voting at a regular meeting of the Association or at a special meeting called for that purpose.

(e) The right of Declarant, and the Association to grant and reserve easements and rights-of-way through, under, over and across the Common Areas for the installation, maintenance and inspection of the Utility System, for drainage and for ingress, egress and access.

(f) The right of Declarant or Association to acquire, extend, terminate and abandon easements.

Section 2. Assignment of Rights to Tenant. Any Owner may assign his right of enjoyment to the Common Area and the facilities thereon to his tenant who resides on the Owner's Parcel, subject to the provisions of this Declaration, the Association Articles of Incorporation and Bylaws and the Association Rules and Regulations.

Section 3. Damage or Destruction of Common Areas By Owner. In the event any Common Area, facilities or personal property of the Association or of Declarant are damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents, employees or members of his Family as a result of negligence or intentional acts, such Owner hereby agrees to pay the Association to repair the damage. Such repairs will be performed in a good and workmanlike manner in conformance with the original plans and specifications of the area involved or as the area may have been modified or altered subsequently by the Association. Payment of the amount necessary for such repairs shall be the responsibility of such Owner and shall become a Parcel Assessment against that Owner's Parcel payable promptly upon receipt of the charges from the Association.

Section 4. Title to Common Area. Declarant may retain title to the Common Area, or any portion thereof, until such time as it has completed all improvements thereto. Upon such completion, Declarant hereby covenants that it shall convey the Common Area to the Association subject to easements and restrictions of record and free and clear of all liens and financial encumbrances other than taxes for the year of conveyance. Declarant shall reserve the right, after conveyance to the Association, to enter upon such Common Area for the purpose of construction of additional facilities, alteration of existing facilities, or creation of new easements or modification of pre-existing easements, or to exercise any other rights provided for elsewhere herein. Each Owner's obligation to

pay Association assessments shall commence upon purchase of a Parcel, notwithstanding that the Common Area has not then been conveyed to the Association; provided, however, that the amounts of such Association assessments shall be limited to those amounts and time periods contained in any applicable Property Report, if any, submitted with respect to the affected Parcel, by Declarant to The Office of Interstate Land Sales Registration of The Department of Housing and Urban Development.

ARTICLE V

OWNERS ASSOCIATION

Section 1. Association Duties and Powers. The duties and powers of the Association shall be those provided for by law or set forth in this Declaration, the Association Bylaws and Articles of Incorporation, together with those duties and powers which may be reasonably implied to effect the purposes of the Association. Without limiting the generality of the foregoing, the Association may take such measures and perform such services which in the judgment of the Board of Directors are necessary or desirable to keep the Common Areas in good, clean, attractive and sanitary condition, order and repair, to otherwise operate and maintain the Common Roads, surface water management systems, ditches, culverts, pipes, swales, berms, lakes, lagoons, fountains and other drainage structures and facilities within the Common Areas according to the requirements of law, to eliminate fire, health or safety hazards and to provide such other services or facilities which may be of general benefit to the Members and the Property.

Section 2. No Maintenance of Houses or Yards by Association. The Association is not responsible for any maintenance of Houses or Yards unless specifically provided for in an appropriate supplemental Declaration, and provided that special assessments authority and procedures are included so that the Association has a means of raising the necessary additional revenue from those who will benefit from the special services.

Section 3. Other Maintenance.

(a) Owner's Responsibility. Each Owner shall keep all parts of his Parcel in good order and repair and free of debris. If an Owner fails to maintain the exterior portions of his House and his Yard in a good and attractive manner, the Association, after written notice to the Owner and approval by a 2/3 vote of the Board of Directors, shall have the right to enter upon such Parcel to correct, repair, restore, paint, landscape and maintain any such part of the House and Yard. All costs related to such correction, repair or restoration shall become a Parcel Assessment against that Parcel.

(b) Contract for Maintenance. Upon request of an Owner, the Association may, in its discretion, enter into a contract for the

routine maintenance of those portions of the Parcel not required to be maintained by the Association on terms and conditions satisfactory to the Board of Directors. All costs therefor shall become a Parcel Assessment against that Parcel.

(c) Other Homeowners Associations. If for any reason any homeowner association of certain Parcels within the Property refuses to perform the obligations imposed on it by the provisions of the articles of incorporation, bylaws or recorded covenants of such association, this Association shall be authorized to act for and on behalf of such homeowners association to the extent that it has refused or failed to act. A pro rata share of any expenses incurred by the Association in this regard shall be a Parcel Assessment against the Parcel(s) or each Parcel included within such homeowners association, whichever is applicable.

Section 4. Contracts. Subject to the approval of the Class B Member, if any, the Association may employ or contract with one or more third parties for the performance of all or any portion of the Association's management, maintenance and repair activities as the Board of Directors may choose. The Association shall be billed by its independent contractors, and the costs therefor shall be included within the Charges.

Section 5. Security. The Association shall establish security procedures with respect to the Property. Such procedures may be adopted and from time to time changed by the Association as the Board of Directors chooses in its discretion. No representation, guaranty or warranty is made, nor assurance given, that the security systems and procedures for the Property will prevent personal injury or damage to or loss of property. Neither Declarant nor the Association nor its Board of Directors nor any agents of any of the foregoing shall be liable or responsible for any personal injury or for any loss or damage to property which may occur within the Property, whether or not such injury, loss or damage is due to the failure of the security system and procedures adopted from time to time.

ARTICLE VI

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of Lien and Personal Obligations for Assessments. All Charges, together with interest and costs of collection when delinquent, shall be a charge on the land and shall be a continuing lien upon the Parcel against which the Charges are made, and shall also be the personal obligation of the person or entity who was the Owner of such Parcel at the time when the Charges were levied and of each subsequent Owner of that Parcel. Each Owner of a Parcel, by acceptance of a deed or other transfer document therefor, whether or not it shall be so expressed in such deed or transfer document, is deemed to covenant and agree to pay the

Association the Charges established or described in this Declaration and in the Association Articles of Incorporation and Bylaws. No diminution or abatement of any Charges shall be allowed by reason of any alleged failure of the Association to perform some function required of it, or by any alleged negligent or wrongful acts of the Association, or of their officers, agents and employees or by the non-use by an Owner of any or all of the Common Areas, the obligation to pay such Charges being a separate and independent covenant by each Owner.

Section 2. Annual General Assessment. Each Parcel is subject to an Annual General Assessment by the Association for the improvement, maintenance and operation of the Common Areas, including the management and administration of the Association and furnishing of services by the Association as set forth in this Declaration. As further described in this Article, the Board of Directors by majority vote shall set the Annual General Assessment at a level sufficient to meet the Association's obligations, using the method described in the Association's Bylaws. The Board of Directors shall have the right, power and authority, during any fiscal year, to increase the Annual General Assessment as many times as necessary for the purpose of meeting its expenses and operating costs on a current basis. However, if a proposed budget shall require the Parcel Assessment to be increased by more than a fifteen percent (15%) per annum cumulative amount (cumulative from the first initial budget), then ten percent (10%) of the Class A Members subjected to assessment by such budget may petition in writing for a Special Members' Meeting. If more than fifty percent (50%) of those Members subjected to assessment by such budget who are voting in person or by proxy at such Special Meeting shall approve a reduction to such budget (but not below the 15% per annum cumulative amount within the Board's authority), then the Board's proposed Budget shall be so reduced. The Board of Directors shall set the date or dates that assessments shall become due, and may provide for collection of assessments annually or in monthly, quarterly or semi-annual installments; provided however, that upon default in the payment of any one or more installments, the entire balance of the assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 3. Special Assessment.

(a) At Meeting of Members. In addition to the Annual General Assessment authorized above, the Association may levy in any assessment year a Special Assessment applicable to that year and not more than the next ten (10) succeeding years for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto, provided that any such assessment must have the assent of a majority of the votes of those Members voting in person or by proxy at a regular meeting or special meeting called for that purpose.

(b) Emergency Assessment. In addition, the Association may levy an Emergency Assessment at any time by a majority vote of the Board of Directors, for the purpose of defraying, in whole or in part, the cost of any unusual or emergency matters that affect the Common Areas, and shall be due and payable at the time and in the manner specified by the Board of Directors.

Section 4. Parcel Assessments. In addition to the assessments authorized above, the Association may levy in any assessment year a Parcel Assessment against a particular Parcel for the purpose of defraying the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the specific Parcel, or any other maintenance or special services provided to such Parcel or its Owner, the cost of which is not included in the General Assessment.

Section 5. Commencement of Annual Assessments.

The Annual General Assessment provided for herein shall commence on the day of conveyance of the first Parcel to an Owner who is not the Declarant. The initial assessment on any Parcel subject to assessment shall be collected at the time title to such Parcel is conveyed to the Owner. During the initial year of ownership, each Owner shall be responsible for the pro rata share of the General or Special Assessments charged to that Owner's Parcel prorated to the day of closing based upon a 30-day month.

Section 6. Effect of Nonpayment of Assessment; Remedies of the Association.

(a) Late Fees, Interest. Any Charges not paid within fifteen (15) days after the due date shall be subject to a late fee as determined from time to time by the Board of Directors and may, upon resolution of the Directors, bear interest at a lawful percentage rate determined by the Directors.

(b) Lien. All Charges against any Parcel pursuant to this Declaration, together with such late fee, interest and cost of collection thereof (including the Association's reasonable attorney's fees, whether suit is filed or not), shall become a lien on such Parcel. The lien provided for in this Section shall be in favor of the Association. The Association may bring an action at law against the Owner who is personally obligated to pay the same, foreclose the lien against the Parcel, or both. The Association's collection costs and reasonable attorney's fees may be recovered in such action and the aforesaid lien shall secure recovery thereof. The Association, acting on behalf of the Owners, shall have the power to bid for an interest in any Parcel foreclosed at such foreclosure sale and to acquire and hold, lease, mortgage and convey the same.

(c) Owner's Obligations. Each Owner, by acquisition of an interest in a Parcel, hereby expressly vests in the Association the right and power to bring all actions against such Owner personally

for the collection of such Charges as a debt and to enforce the aforesaid by all methods available for the enforcement of such liens, including foreclosures, by an action brought in the name of the Association in a like manner as a mortgage lien on real property, and such Owner hereby expressly grants to the Association a power of sale in connection with such lien. No Owner may waive or otherwise escape liability for the Charges provided for herein by abandonment of his Parcel.

(d) Subordination of the Lien to Mortgages. The lien of the Charges provided for herein (including related interest, late fees, collection costs and attorney's fees) shall be inferior and subordinate to the lien of a mortgage held by a Mortgagee now or hereafter placed upon any Parcel subject to assessment so long as such mortgage lien is recorded prior to any claim of lien filed by the Association. Sale or transfer of any Parcel shall not affect the Charges lien; however, the sale or transfer of any Parcel pursuant to foreclosure of such Mortgage may extinguish the lien of such Charges as to payments which became due prior to such sale or transfer.

Section 7. Certificate of Payment. The Treasurer of the Association, upon demand of any Owner liable for Charges or of a Mortgagee holding a Mortgage against that Parcel, shall furnish to such Owner or Mortgagee a certificate in writing signed by such Treasurer setting forth whether such Charges have been paid.

Section 8. Budget.

(a) Fiscal Year. The fiscal year of the Association shall consist of the twelve month period commencing on January 1 of each year and terminating on December 31 of that year.

(b) Initial Budget. Declarant shall determine the Association budget for the fiscal year in which a Parcel is first conveyed to an Owner who is not Declarant.

(c) Preparation and Approval of Annual Budget. Commencing with December 1 of the year in which a Parcel is first conveyed to an Owner who is not Declarant, and each year thereafter, on or before December 1, the Board of Directors shall adopt all required budgets for the coming year containing an estimate of the total amount which it considers necessary to pay the cost of all expenses to be incurred by the Association to carry out its responsibilities and obligations including, without limitation, the cost of wages, materials, insurance premiums, services, supplies and other expenses needed to render the services specified hereunder. Such budgets shall also include such reasonable amounts as the Board of Directors consider necessary to provide working capital and to provide for a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send each Owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the assessments payable by that Owner, on or before December 20 preceding the fiscal year to which the budget applies.

The budget shall constitute the basis for determining each Owner's Annual General Assessment as provided herein.

(d) Reserves. The Board may build up and maintain a reserve for working capital and contingencies, and a reserve for replacements (which may include but not be limited to reserves for replacement of buildings, roads, sidewalks and personal property) which may be collected as part of the Annual General Assessment as provided herein. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year may be charged first against the appropriate reserves. Reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority of the Members of the Association, or, in the event of an emergency, if directed by the Board of Directors. If the reserves are inadequate for any reason, including nonpayment of any Owner's assessment, a further assessment may be levied in accordance with the provisions of Section 3 of this Article. The further assessment may be payable in a lump sum or in installments, whichever the Board deems appropriate.

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt the annual budget or adjusted budget for any fiscal year shall not constitute a waiver or release in any manner of any Owner's obligation to pay his assessment as herein provided, whenever the same shall be determined. In the absence of an annual budget or adjusted budget, each Owner shall continue to pay the assessment at the then existing rate established for the previous fiscal period in the manner such payment was previously due until notified otherwise.

(f) Accounts. Except as otherwise provided herein, all sums collected by the Association with respect to assessments against the Owners may be commingled in a single fund.

Section 8. Exempt Property. The following properties subject to this Declaration shall be exempted from the assessments and liens created herein: (a) all properties dedicated or donated to and accepted by a governmental body, agency or authority; (b) all Common Areas; (c) all properties owned by any charitable or nonprofit organization exempt from taxation under the laws of the State of Florida, except any such property occupied as a residence; (d) all properties owned by Declarant; provided, however, that Declarant shall be required to pay ten percent (10%) of the Assessment amount for each platted parcel owned by Declarant; (e) all properties owned by a builder for the purpose of building a house thereon shall pay fifty percent (50%) of the Assessment amount for a period of twelve (12) months from and after acquisition of the Parcel, after which twelve (12) month period the said Parcel shall be subject to a full Assessment; and (f) all properties owned by a public or private utility or governmental agency.

Section 9. Real Estate Taxes. In the event the Common Areas and facilities owned by the Association are taxed separately from the Parcels deeded to Owners, the Association shall include such

taxes as part of the budget. In the event the Common Areas owned by the Association are taxed as a component of the value of the Parcel owned by each Owner, it shall be the obligation of each Owner to pay such taxes before same become delinquent.

ARTICLE VII

ARCHITECTURAL CONTROL

Section 1. Purpose. In order to preserve the natural beauty and aesthetic design of the Pace Island community, and to promote the value of the Pace Island community, the Property is hereby made subject to the following restrictions in this Article VII and every Parcel Owner agrees to be bound hereby.

Section 2. Architectural Design Board. The Board of Directors shall establish the Architectural Design Board ("ADB"), which shall consist of at least three (3) individuals who may or may not be members of the Board of Directors; provided, however, prior to the termination of Declarant's right to appoint and remove officers and directors of the Association, Declarant shall have the right to appoint members of the ADB and ADB members so appointed do not have to be Members. Each ADB member shall be appointed for a one (1) year term commencing with the fiscal year of the Association and may be removed with or without cause by the Board of Directors at any time by written notice, with successors appointed to fill such vacancy for the remainder of the term of the former member, provided that only Declarant shall have the right to remove ADB members which Declarant has appointed. The ADB shall meet at least monthly at such places as may be designated by the chairman. Three (3) members shall constitute a quorum for the transaction of business and the affirmative vote of the majority of those present in person or by proxy shall constitute the action of the ADB on any matter before it. The ADB is authorized to retain the services of consulting architects, landscape architects, urban designers, engineers, inspectors, contractors and/or attorneys in order to advise and assist the ADB in performing its functions as set forth herein.

Section 3. Construction Subject to Architectural Control. No construction, modification, alteration or other improvement of any nature whatsoever, except for interior alterations not affecting the external structure or appearance of any House, shall be undertaken on any Parcel unless and until the plans of such construction or alteration shall have been approved in writing by the ADB. Modifications subject to ADB approval specifically include, but are not limited to the following: painting or other alteration of a House (including doors, windows and roof); installation of solar panels or other devices; construction of fountains, swimming pools, whirlpools, or other pools; construction of privacy walls or other fences; addition of awnings, shutters, gates, flower boxes, shelves, statues, or other outdoor ornamentation; installation of patterned or brightly colored internal window treatment; any alteration of the

landscaping or topography of the Parcel, including without limitation any cutting or removal of trees in excess of three inches in diameter at breast height; planting or removal of plants; creation or alteration of lakes, marshes, hammocks, lagoons or similar features of the Property; construction of docks; and all other modifications, alterations or improvements visible from Common Areas or other Parcels. This Article shall not apply to any portion of the Property while it is being utilized by a governmental entity or developed by Declarant in accordance with the Master Plan.

Section 4. Architectural Review Procedures.

(a) Design and Construction Standards and Uniform Procedures.

The ADB shall establish design and construction standards for all construction, other improvements and landscaping to which this Article applies, and uniform procedures for the review of the applications submitted to it. These standards and procedures shall be published in the ADB's Site Planning and Architectural Guidelines and Policies and Architectural Design Board Policies. It shall be the responsibility of each Owner to obtain a copy of this manual prior to commencement of the design process of the House or other improvement on that Owner's Parcel and to deliver a copy thereof to the Owner's building architect and landscape designer.

(b) Application. The plans to be submitted to the ADB for approval for any House or other improvement shall conform to the Architectural Design Board Policies and shall include:

(i) Two copies of the construction plans and specifications, including all proposed landscaping, containing the seal of an architect licensed to do business in the State of Florida where required by the ADB;

(ii) An elevation or rendering of all proposed improvements;

(iii) A survey showing the following:

(A) Any area(s) within the Parcel and below the Composite Jurisdiction Line;

(B) If required by the ADB, the locations of trees in excess of three inches (3") in diameter at breast height;

(C) Such other items as the ADB may deem appropriate.

One copy of such plans, specifications and related data so submitted shall be retained in the records of the ADB, and the other copy shall be returned to the Owner marked "approved" or "disapproved."

(c) Basis for Decision. Approval shall be granted or denied by the ADB based upon compliance with the provisions of this

Declaration, the ADB's Site Planning and Architectural Guidelines and Policies, the quality of workmanship and materials, harmony of external design with surrounding structures, the effect of the improvements on the appearance from surrounding areas, and all other factors, including purely aesthetic considerations which, in the sole opinion of the ADB, will affect the desirability or suitability of the construction. The ADB shall have the sole discretion to determine whether plans and specifications submitted for approval are acceptable. In connection with approval rights and to prevent excessive drainage or surface water run-off, the ADB shall have the right to establish a maximum percentage of a Parcel which may be covered by Dwellings, buildings, structures, or other improvements, which standards shall be promulgated on the basis of topography, percolation rate of the soil, soil types and conditions, vegetation cover, and other environmental factors. Following approval of any plans and specifications by the ADB, representatives of the ADB shall have the right during reasonable hours to enter upon and inspect any Parcel and House, or other improvements with respect to which construction is underway to determine whether or not the plans and specifications therefor have been approved and are being complied with. In the event the ADB shall determine that such plans and specifications have not been approved or are not being complied with, the ADB in its own name, or in the name of the Association, or any Owner, shall be entitled to enjoin further construction and to require the removal or correction of any work in place which does not comply with approved plans and specifications.

(d) Notification. Approval or disapproval of applications shall be given to the applicant in writing by the ADB in accordance with the Architectural Design Board Policies. In the event that the approval or disapproval is not forthcoming within thirty (30) days after a complete submittal has been made to the ADB fully in accord with its published procedures or specific requests, 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, in conformance with the inspection schedule set forth in the Architectural Design Board Policies, provided that all such construction is in accordance with the submitted plans, and provided further that such plans conform in all respects to the other terms and provisions of this Declaration and the ADB's Site Planning and Architectural Guidelines and Policies.

(e) Construction. After approval by the ADB and the requisite inspections, the proposed improvements must be substantially commenced within six months, or approval must once again be obtained from the ADB as provided herein. Once commenced, the construction must proceed diligently. The exterior of any House, and the accompanying landscaping, shall be completed within nine (9) months from commencement unless the ADB allows an extension of time.

(f) Fee. The ADB shall establish a fee sufficient to cover the expense of reviewing plans and related data and to compensate any consulting architects, landscape architects, urban designers, inspectors, or attorneys retained in accordance with the terms

hereof. The fee established for such review shall be contained in the ADB Architectural Guidelines and Architectural Design Board Policies Manual and the ADB or Board of Directors shall have the right to increase this amount from time to time.

Section 5. Appeal. Any Owner may appeal an adverse decision of the ADB to the Board of Directors who may reverse or modify the decision of the ADB pursuant to procedures set forth in the Association's By-Laws or Articles of Incorporation.

Section 6. Approval Not a Guarantee. No approval of plans and specifications and no publication of architectural standards shall be construed as representing or implying that such plans, specifications, or standards will, if followed, result in properly designed improvements. Such approvals and standards shall in no event be construed as representing, warranting, or guaranteeing that any House or other improvement built in accordance therewith will be built in accordance with applicable building codes or other governmental requirements or in a good and workmanlike manner. Neither Declarant, the Association, nor the ADB shall be responsible or liable for any defects in any plans or specifications submitted, revised, or approved pursuant to the terms of this Article, nor any defects in construction undertaken pursuant to such plans and specifications.

ARTICLE VIII

USE OF PROPERTY

Section 1. Protective Covenants. In order to preserve the Property as a desirable place to live for all Owners, the following protective covenants are made a part of this Declaration and shall be considered as the initial Association Rules and Regulations:

(a) Limitations. Nothing shall be erected, constructed, planted or otherwise placed on a Parcel in such a position (subsequent to the initial construction of improvements on the Property by Declarant) so as to create a hazard upon or block the vision of motorists upon any of the Common Roads. No improvement or modification or alteration of an improvement shall interfere with those easements or other rights which are set forth in this Declaration.

(b) Building Restrictions. No House shall be constructed which has a height exceeding thirty five (35) feet above the elevation of the finished surface of the first floor of such House. All single family detached houses located within the following "Units" as designated on the recorded plats shall have the following minimum Living Space requirements (the particular Living Space requirements for Parcels in the Additional Property shall be as stated in the Supplemental Declaration annexing said property):

- (i) Houses in Unit III -- 1.800 square feet

- (ii) Houses in Unit IV -- 1,400 square feet.
- (iii) Houses within Unit V -- 2,000 square feet.

Each single family detached House shall be located on its Parcel in the following manner (Supplemental Declarations annexing portions of the Additional Property shall contain building setback lines applicable to such annexed property):

- (i) Parcels in Unit III:
 - (1) Twenty-five (25) feet from the front Parcel line.
 - (2) Ten (10) feet from the side Parcel line.
 - (3) Twenty (20) feet from the rear Parcel line.
- (ii) All Houses shall be set back from all streets bounding said Parcel a distance of at least twenty five feet (25').

The ADB has the right to approve minor deviations to these setback requirements.

The location of each House on a Doctor's Lake Parcel is also subject to the restrictions set forth in Article VIII, Section 2(b) of this Declaration.

Each single family detached House shall be designed in such a way that the garage doors do not face the street in front of the House, except that Houses in Unit IV may be designed so that garage doors face the street in front of the House with the consent of the ADB.

(c) Service Yards. All garbage receptacles, fuel tanks, gas and electric meters, air conditioning equipment, and materials, supplies, and equipment which are placed or stored outside must be placed or stored in such a way to conceal them from view from roads and adjacent properties. Any such visual barrier shall be at least forty inches (40") high and may consist of either fencing or landscaping and planting which is approved by the ADB in accordance with the terms of this Article.

(d) Residential Use. Each Parcel not owned by Declarant shall be used, improved and devoted exclusively to residential use by one Family. No use of Parcels which would require any occupational license shall be permitted.

(e) Nuisances. No nuisance shall be permitted to exist or operate on any Parcel or Common Area so as to be detrimental to any other Parcel in the vicinity thereof, or to its occupants, or to the Common Areas.

(f) Unlawful or Offensive Use. No immoral, improper, offensive or unlawful use shall be made of the Property or any part thereof. All laws, zoning ordinances, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof, relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property. No waste will be committed in the Common Areas.

(g) Insurance. Nothing shall be done or kept on any Parcel or in the Common Areas which will increase the rate of insurance for the Property or any other tract of real property. No Owner shall permit anything to be done or kept on his Parcel or in the Common Areas which will result in the cancellation of insurance on the Common Areas or any other Parcel, or the contents thereof, or which would be in violation of any law.

(h) Access. Owners shall allow the Board of Directors or the agents and employees of the Association to enter any Parcel for the purpose of maintenance, inspection, repair, replacement of the improvements within the Parcel, or in case of emergency for any purpose, or to determine compliance with this Declaration.

(i) Pets. Pets of the customary household variety such as cats, dogs, pet birds and fish may be kept by an Owner on his Parcel but only if such pets do not cause a disturbance or annoyance on the Property. All pets must be held or kept leashed at all times that they are off Owner's Parcel including in the Common Areas and pet owners shall immediately collect and properly dispose of the wastes and litter of their pets. The Association reserves the right to limit those parts of the Common Areas where pets may be walked and to make reasonable rules and regulations restricting the number and type of pets that may be kept on any Parcel. The Association further reserves the right to demand that an Owner remove such pet from the Property if such pet is found to be a nuisance or is in violation of this Declaration.

(j) Signs. Except as may be required by legal proceedings and except for standard size real estate sale signs, no sign, advertisement or notice of any type or nature whatsoever may be erected or displayed upon any Parcel, House, Common Area or Yard or from any window, unless express prior written approval of the size, shape, content and location has been obtained from the Board of Directors, which approval may be withheld in their discretion. Notwithstanding the foregoing, the Declarant shall be permitted to post and display advertising signs on the Property and the Board of Directors may erect reasonable and appropriate signs on any portion of the Common Areas.

(k) Motorcycles, Etc. No motorcycles, mopeds, or go-carts shall be allowed on the Common Roads or anywhere within the Property except as approved by the Board of Directors in their discretion.

(l) Visibility at Street Intersections. No obstruction to visibility at street intersections shall be permitted. The ADB shall have the right to adopt additional restrictions concerning the height and type of trees and shrubs within any of the Parcels.

(m) Clotheslines. No clothesline, or other clothes-drying facility shall be permitted in the Common Area, Yards, or any area of the Property wherein the same may be visible from any Common Road or any other Parcel.

(n) Garbage and Trash Containers. All garbage and trash containers must be placed and maintained in accordance with the Association Rules and Regulations. No garbage or trash shall be placed anywhere except as aforesaid and no portion of the Property shall be used for dumping refuse.

(o) Antennas, Other Devices. No exterior radio or television antenna, satellite dish or other receiver or transmitting device or any similar exterior structure or apparatus may be erected or maintained on any Parcel except pursuant to generally applied standards adopted by the ADB.

(p) Air Conditioners. Air conditioning units shall be shielded and hidden so that they are not readily visible from the Common Areas or adjacent Parcels. No window air-conditioning units shall be installed in any House.

(q) Temporary Structures and Outbuildings. No structure of a temporary character, trailer, tent, shack, barn, shed, or other outbuilding shall be permitted on any Parcel at any time, other than:

- (i) Cabanas appurtenant to a swimming pool, detached garages and gazebos as approved by the ADB;
- (ii) Temporary structures on any Parcel during the period of actual construction on that Parcel. Such structures shall be reasonably neat in appearance, no larger than eight feet by ten feet and shall be placed on the Parcel no farther forward than the main residential building; and
- (iii) Tents or other temporary structures for use during social functions.

(r) Sewage. No permanent septic tanks shall be permitted on any Parcel within the Property.

(s) Fuel Storage Tanks. No visible fuel or gas storage tanks may be affixed on any Parcel. Notwithstanding this, an Owner may keep and maintain a small gas tank for gas barbecues and fireplaces in an area on his Parcel with the approval of the ADB.

(t) Garages. Garage doors shall be kept closed except when automobiles are entering or leaving the garage. All vehicles shall

be kept inside garages, except that they may be parked temporarily on the driveway.

(u) Soliciting. No soliciting will be allowed at any time within the Property without express prior written approval of the Board of Directors, which approval may be withheld in their discretion.

(v) Maintenance. The portions of the House visible from other Parcels and the Common Areas, and all Yards and entrances must be kept in an orderly condition so as not to detract from the neat appearance of the Property. The Board of Directors, in its sole discretion, may determine whether or not the visible portions of the Houses and Yards are orderly. The Association may have any objectionable items removed from any Yard so as to restore its orderly appearance, without liability therefor, and charge the Owner for any costs incurred in the process, all as more particularly set forth in Article VI, Section 4 hereof.

(w) Trees. No trees greater than three inches in diameter at breast height shall be cut or removed without approval of the ADB.

(x) Mailboxes. The Association shall provide and install all mailboxes and standards, brackets and name signs for such boxes at the Owners' expense in such location and of such size, color and design as it deems appropriate.

(y) Watercraft. No watercraft powered by internal combustion engines may be used on any body of water on the Property except Doctors Lake without the prior approval of the Board of Directors. An Owner may store or park a boat, other watercraft or boat trailer within his Parcel only inside a fully enclosed garage.

(z) Fences and Walls. No chain link fences or other metal fences of any kind shall be permitted. No fences or walls shall be erected without approval by the ADB.

(aa) Motor Vehicles, Trailers, Etc. Each Owner shall provide for parking of automobiles off of the streets and roads within the Property prior to occupancy of the Owner's House. Subject to the terms of this Section, there shall be no storage or parking within any Parcel or within any portion of the Common Areas (other than inside a fully enclosed garage or within areas provided for that specific purpose within the Common Areas, if any) of any mobile home, trailer (either with or without wheels), motor home, tractor, truck (other than pickup-trucks), commercial vehicles of any type, camper, motorized camper or trailer, motorcycle, motorized bicycle, motorized go-cart, or any other related forms of transportation devices. No Owner or other occupant of any portion of the Property shall repair or restore any vehicle of any kind upon or within any Parcel or within any portion of the Common Areas, except (i) within enclosed garages or workshops or (ii) for emergency repairs, and then only to the extent necessary to enable the movement thereof to a proper repair facility.

(bb) Declarant's Sales and Construction Activities. Notwithstanding any provisions or restrictions contained in this Declaration to the contrary, it shall be expressly permissible for Declarant and its agents, employees, successors, and assigns to maintain and carry on such activities as may be reasonably required, convenient, or incidental to the completion, improvement, and sale or the developing of Parcels, including, without limitation, the installation and operation of sales and construction trailers and offices, signs and model dwellings. The location of any construction trailers by Declarant or builders selected by Declarant shall be subject to Declarant's control. The right to maintain and carry on such facilities and activities shall include specifically the right to use Houses as model residences, and to use any House as an office for the sale of Parcels and/or Houses on the Property and for related activities. The Declarant's right of use, as described hereinabove, shall continue even after conveyance of any or all of the Common Areas to the Association.

(cc) Delivery and Construction Hours. No construction activity, other than work to be performed on the inside of a House which is closed in, nor delivery of construction materials shall be permitted between the hours of 6 p.m. and 7 a.m. of the following day.

(dd) Interior Lakes. The following restrictions apply to all lakes (other than Doctors Lake) within the Property and the lots which border these lakes:

a. Each lot owner shall maintain the bank down to the water level in an attractive manner.

b. No owner shall bulkhead or build any structure including, without limitation, docks, berms, decks, etc. within the lake boundary or along the rear of the lot without the consent of and pursuant to the guidelines and procedure of the Architectural Design Board.

c. No owner shall deposit any trash, debris, chemical or other polluting substance into the lake.

d. Each owner grants the Association an easement along the lake bank sufficient for access necessary to the maintenance of the lake. Therefore, all landscaping along lake boundaries must first be approved by the Architectural Design Board to insure this continued means of access.

Section 2. Protection of Shoreline of Doctor's Lake.

(a) Erosion Protection Measures. Each Doctor's Lake Parcel, and any improvements thereon or appurtenant thereto, may be protected from erosion only by means of nonvertical erosion protection measures, such as rip-rap. No vertical bulkhead shall be constructed on or appurtenant to any Doctor's Lake Parcel.

(b) Set-backs, Storm Water Facilities and Related Restrictions.

Within each Doctor's Lake Parcel:

(i) No impervious structures or surfaces shall be placed nearer than seventy-five feet (75') to the Doctor's Lake Shoreline. Pervious structures or surfaces may be placed within such area, including wood decking or viewing areas, paths (dirt or gravel), and boardwalks.

(ii) As part of its preparation of each Doctor's Lake Parcel, Declarant shall construct a berm and/or swale for storm water retention purposes as near to the Doctor's Lake Shoreline as is practicable, taking into consideration existing vegetation and topography. Such berm and/or swale shall meet the requirements of Chapter 17-25, Florida Administration Code, as the same may be amended. The Owner shall maintain, and shall not remove or alter, the swale and/or berm within the Owner's Doctor's Lake Parcel.

(iii) Within the area located between the Doctor's Lake Shoreline and the berm and/or swale referenced in Subsection (ii) above:

(A) The use of fertilizers, pesticides, or herbicides is prohibited.

(B) Sodding and the planting of non-native vegetation is prohibited.

(C) Existing vegetation may be removed and/or replaced with native vegetation, subject to the restrictions in Subsections (iv) and (v) below.

(iv) No trees measuring greater than six inches (6") in diameter at breast height and located nearer than seventy-five feet (75') to the Doctor's Lake Shoreline shall be removed.

(v) No vegetation existing within the littoral zone of Doctor's Lake, defined as the area between the approximate mean low and mean high water lines of Doctor's Lake, may be removed.

(c) Docks. A dock shall be constructed appurtenant to any Doctor's Lake Parcel(s), subject to the following restrictions:

(i) Each dock shall serve a minimum of two (2) adjacent Doctor's Lake Parcels as designated by the ADB. These two parcels shall be known as the "Adjoining Parcels".

(ii) No dock shall be constructed without ADB approval of the location and specifications of the dock, including the length, width and elevation of the dock, the materials used in its construction, and the specifications of any accessories to the dock including, without limitation, boat storage

facilities, mooring devices, roofs, railings, storage bins, seating, lighting and plumbing; provided, however, that no boat houses shall be permitted.

(iii) Unless waived in writing by the ADB, the Owners of the two Adjoining Parcels served by a dock shall complete construction of a dock within twelve (12) months from the date that the latter of the two Adjoining Parcels was conveyed by Declarant, and shall share the expenses arising from the construction, operation and maintenance of the dock. The Owners, prior to the construction of the dock, shall (A) enter into a written agreement in the form provided by the ADB setting forth the extent to which each Owner will share in the construction, operation, and maintenance expenses, which agreement may be amended by the Owners or their successors in writing, and (B) deliver a copy of the agreement and any subsequent amendments to the ADB prior to commencement of construction of said dock. If, at any time, any dispute should arise between the Owners as to any of the terms and conditions of the Agreement, any of the Owner(s) who is (are) a party(ies) to the Agreement, may request the Board of Directors to hear the dispute and render a decision pursuant to the procedures set forth in the Association's By-Laws, Articles of Incorporation or rules adopted by the Board of Directors, which decision shall be binding upon the Owners. If any of the Owners fails to pay the share of expenses as set forth in the Agreement or as determined by the Board of Directors, such share, together with interest and costs of collection (including reasonable attorneys' fees, whether suit is filed or not), shall become a lien on the defaulting Owner's Doctor's Lake Parcel. The lien shall be in favor of the remaining Owner(s) who is (are) party(ies) to the Agreement. Such Owner(s) shall have the same right(s) and remedy(ies) in relation to the lien as does the Association under Article VI, Section 6 of this Declaration.

(v) The Owners of each Adjoining Parcel shall have free and unobstructed access to the dock and, if the dock is located appurtenant to only one of the Doctor's Lake Parcels served by the dock, such Owners shall have a right of access to the dock over the appurtenant Doctor's Lake Parcel.

(vi) No dock shall be used either for boat fueling or for extensive boat repairs or remodeling.

Section 3. Jurisdictional Areas

(a) Within any Parcel which contains an area below the Composite Jurisdictional Line, no development activity, as defined below, may occur in such area; however, as to each Doctor's Lake Parcel, a path (dirt or gravel) or boardwalk, each with a maximum width of six feet (6'), may be located in such area for the purpose of access to Doctor's Lake.

(b) As used in this Section, "development activity" includes construction of improvements, placement of pervious or impervious surfaces and landscaping.

Section 4. Amendments and Modifications. The Board of Directors may, from time to time, adopt rules or amend previously adopted rules and regulations governing the details of the operation, use, maintenance and control of the Parcels and Common Areas, and any facilities or services made available to the Owners. A copy of all such rules and regulations adopted from time to time as herein provided shall be posted in a conspicuous place on the Property, or furnished to each Owner, or kept at the offices of the Association.

Section 5. Compliance.

(a) Owner's Responsibility. It shall be the responsibility of each Owner to conform and abide by the Association Rules and Regulations in regard to the use of the Parcels, Common Areas which may be adopted in writing from time to time by the Board of Directors or the ADB, and to see that his Family members, guests, tenants, employees, agents and contractors do likewise.

(b) Violation. Upon violation of any of the Rules or Regulations of the Association adopted as herein provided, or upon violations of any of the provisions of this Declaration by an Owner, or his Family members, tenants, or guests, the Association may levy fines against the Owner and his Parcel as determined by the Board of Directors, suspend the use of Common Areas by the Owner, his guests and tenants to the extent permitted by this Declaration, or suspend the voting rights of the Member. To enforce the Rules and Regulations or provisions of this Declaration, the Association, or any Owner, may bring an action for specific performance, declaratory decree, injunction or damages. The prevailing party in that action may recover costs and attorney's fees in such suit.

Section 6. Personal Services. Employees, agents, and workers of the Association shall not be required to attend to any personal matters or business of Owners, nor shall they be permitted to leave the Property on any private business of Owners. The uses and functions of the employees shall be governed by the Board of Directors. In the event personal services are provided to Owners by any of the employees, agents or workers of the Association, it assumes no responsibility or liability in any manner for the quality of such services or work. In addition, the Association shall not be liable for any injury to persons or damage to property resulting from any act or omission by those performing such personal work or services for any Owner.

ARTICLE IX

UTILITY EASEMENTS AND OTHER EASEMENTS

Section 1. Utility Easements. Declarant hereby reserves for itself, for the Association and their designees a five (5) foot easement for the benefit of the Property upon, across, over, through, under, along and parallel to each Parcel boundary line, except for Parcels designed for use by townhomes, for ingress, egress, installation, replacement, repair and maintenance of the Utility System, for drainage, for police powers and for services supplied by either Declarant or the Association or their designees. By virtue of this easement it shall be expressly permissible for Declarant and the Association or their designees to install and maintain facilities and equipment on the Property, to excavate for such purposes and to affix and maintain wires, circuits, pipes and conduits on and under the Parcels. This easement shall be in addition to, rather than in place of, any other recorded easements on the Property.

Section 2. Easement to Correct Drainage. Declarant reserves for itself, for the Association and their designees a blanket easement and right on, over and under the ground within the Property to maintain and to correct drainage of surface water and other erosion controls in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, take up pavement, or to take any other similar action reasonably necessary, but not to disturb any dwelling or other structure upon a Parcel, following which Declarant or the Association, as applicable, shall restore the affected Property to its original condition as nearly as practicable. Declarant or the Association shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of Declarant or the Association an emergency exists which precludes such notice. The right granted hereunder may be exercised at the sole option of Declarant or the Association and shall not be construed to obligate Declarant or the Association to take any affirmative action in connection therewith.

Section 3. Encroachment by Declarant. To the extent that any improvements constructed by Declarant on or in any Parcel encroaches on any other Parcel or Common Area, whether by reason of any deviation from the subdivision plat(s) of the Property or by reason of the settling or shifting of any land or improvements, a valid easement for such encroachment and the maintenance thereof shall exist.

Section 4. Common Walls. Each Owner grants to the Owner of each adjacent Parcel the right and easement to maintain and to utilize any exterior wall of his House which forms a party wall between them for support of such adjacent Parcel Owner's shelves and

structures approved by the ADB provided that such items do not structurally damage the supporting wall. Maintenance of any such adjacent exterior facing wall, and any structure affixed thereto, shall be the sole responsibility of the Owner who erects the exterior wall. Such Owner shall also be liable and responsible for any damage to the adjacent Parcel caused by his use of the party wall.

Section 5. Maintenance. There is hereby reserved to the Association the right, which shall also be its duty and responsibility, to maintain the Common Area and in accordance with this Declaration, the Association Articles of Incorporation, Bylaws, and Rules and Regulations.

Section 6. Adjacent Parcels. Each Owner of a Parcel hereby grants to the Owner of each Adjacent Parcel such easement over the Yard of his Parcel as may be reasonably necessary to maintain the adjoining Parcel. The rights granted hereunder may only be exercised during reasonable hours and only when necessary to permit the maintenance and repair of such adjoining Parcel and the improvements thereon.

Section 7. Declarant's Easement. There is hereby reserved to Declarant a perpetual non-exclusive easement over all roadways and other common areas for access, ingress, egress, utilities, drainage and support.

Section 8. Duration of Easement. All easements reserved herein to the Declarant shall be perpetual in duration.

ARTICLE X

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions contained in this Declaration, as the same may be amended from time to time, shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Declarant, the Association, the Owners, and their respective legal representatives, heirs, successors or assigns, for a term of thirty (30) years after the date upon which this Declaration is recorded in the Public Records of Clay County, Florida, after which time all of said provisions shall be extended automatically for successive periods of ten (10) years each unless an instrument signed by the then Owners holding 75% of the total voting power in the Association shall have been recorded, agreeing to terminate the Declaration. Unless this Declaration is terminated in accordance with this Section, the Association shall rerecord this Declaration or other notice of its terms at intervals necessary under Florida law to preserve its effect.

Section 2. Condemnation of Common Area. In the event all or part of the Common Area owned by the Association shall be taken or condemned by any authority having the power of eminent domain, all

compensation and damages shall be paid to the Association. The Board of Directors of the Association shall have the sole and exclusive right to act on behalf of the Association with respect to the negotiation and litigation of the taking or condemnation affecting such property. The Owners may, by a vote of 80% of the total voting power hereunder, agree to distribute the proceeds from any condemnation or taking by eminent domain, but if the Owners shall not so agree, such proceeds shall be added to the funds of the Association.

Section 3. Notices. Any notice required to be sent to the Owner of any Parcel under the provisions of this Declaration shall be deemed to have been properly sent when mailed, first-class postage prepaid, or hand delivered to the last known address of the person who appears as Owner of such Parcel on the records of the Association at the time of such mailing.

Section 4. Enforcement. In addition to the enforcement provisions previously set forth in this Declaration, the Provisions of this Declaration may be enforced by any Owner, the Association, or Declarant (as long as it holds any interest in the Property) by a proceeding at law or in equity against any person or entity violating or attempting to violate the same, either to restrain violation or to recover damages, or both, and against his or its property to enforce any lien created by this Declaration. Failure to so enforce any of these protective covenants and restrictions shall in no event be deemed a waiver of the right to do so at any time thereafter.

Section 5. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform consistent plan for the development and use of the Property.

Section 6. Invalidity. The invalidity of any part of this Declaration shall not impair or affect in any manner the validity and enforceability of the balance of the Declaration which shall remain in full force and effect.

Section 7. Gender and Number. The use of the masculine gender herein shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 8. Amendment.

(a) Subject to the provisions of Article XI, Section 9, Declarant specifically reserves the absolute and unconditional right, so long as it owns any of the Property, to amend this Declaration without the consent or joinder of any party to (i) conform to the requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association or any other generally recognized institution involved in the purchase and sale of home loan mortgages or (ii) to conform to the requirements of institutional mortgage lender(s) or title insurance company(s) or (iii) to conform

to the requirements of the Veterans Administration or the Federal Housing Authority or The Department of Housing and Urban Development (iv) to perfect, clarify or make internally consistent the provisions herein; or (v) to comply with the requirements of the Development Order or zoning ordinance applicable to the Property.

Section 9. Consent of Mortgagees. This Declaration contains provisions concerning various rights, priorities, remedies and interests of the Mortgagees. Such provisions are to be construed as covenants for the protection of the Mortgagees on which they may rely in making loans secured by mortgages on the Parcels. Accordingly, no amendment or modification of this Declaration impairing such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of all Mortgagees holding liens on eighty percent (80%) or more of the Parcels encumbered by Mortgages. Any such consent requested by Declarant of Mortgagees shall be given prompt consideration and shall not be unreasonably withheld. This Section shall not apply or be construed as a limitation upon those rights of Declarant, the Association or the Owners under this Declaration to make amendments which do not adversely affect the Mortgagees.

Section 10. Approval of DCA. The following provisions of this Declaration may be amended or modified only with the prior written approval of the DCA: Article VIII, Sections 2 and 3; Article X, Section 1; and this Article X, Section 10. Any proposed amendment or modification to such provisions shall be delivered by certified mail to the DCA prior to recordation. Within thirty (30) days after its receipt of the proposed amendment or modification, the DCA shall inform in writing by certified mail the Declarant, the Association or the Owners, whichever has proposed the amendment or modification, of the DCA's approval or disapproval, or the DCA may request further information. Failure of the DCA to respond to a proposed amendment or modification within thirty (30) days shall be deemed an approval by the DCA. If, after a disapproval or request for further information by the DCA, the DCA and the entity proposing the amendment or modification are unable to agree upon the terms of an amendment or modification, such entity may make such submittals or applications as are necessary under Chapter 380, Florida Statutes, to obtain approval of a proposed change to a previously approved development order. This Section shall not apply or be construed as a limitation upon those rights of the Declarant, the Association or the Owners under this Declaration to make amendments or modifications to provisions not enumerated in this Section.

Section 11. Legal Fees. Any and all legal fees, including but not limited to attorney's fees and court costs, including any appeals, which may be incurred by this Association in the lawful enforcement of any of the provisions of this Declaration, regardless of whether such enforcement requires judicial action, shall be assessed against and collectible from the unsuccessful party to the action, and if an Owner, shall be a lien against such Owner's Parcel in favor of the Association.

Section 12. Action Without Meeting.

(a) Any action required to be taken hereunder by vote or assent of the Members may be taken in the absence of a meeting by obtaining the written approval of the requisite number of Members. Any action so approved shall have the same effect as though taken at a meeting of the Members, and such approval shall be duly filed in the minute book of the Association.

(b) Subject to the provisions of Article X, Section 9, Declarant reserves the right to amend this Declaration in any other manner without the joinder of any party until the termination of Class B membership so long as (i) the voting power of existing Members is not diluted thereby, (ii) the assessments of existing Owners are not increased except as may be expressly provided for herein, and (iii) no Owner's right to the use and enjoyment of his Parcel or the Common Areas is materially altered thereby.

(c) ~~This~~ Declaration may be amended at a duly called meeting of the Association whereat a quorum is present if the amendment resolution is adopted by a majority of all Class A Members and the Class B Member, if any. An amendment so adopted shall be effective upon the recordation in the public records of Clay County of a copy of the amendment resolution, signed by the President of the Association and certified by the Secretary of the Association.

Section 13. Law to Govern. This Declaration shall be construed in accordance with the laws of the State of Florida, both substantive and remedial.

Section 14. Use of Name. Declarant, for itself, and those of its successors and assigns as are so designated by Declarant, hereby reserves the right to use the name "Pace Island" or any combination of such words in the promotion, marketing, development and sale of other properties. No proprietary right to such name is hereby granted to any Owner or to the Association hereby.

Section 15. Successors and Assigns of Declarant. All rights and privileges herein conferred upon the Declarant shall be exercisable by Declarant's successor in title as is specifically designated in writing by Declarant as its successor under this Article X, Section 15. First Union National Bank, as the holder of a mortgage given to secure the development loan shall have all of the rights of Declarant hereunder in the event it shall succeed to the title of Declarant. In addition, all rights and privileges herein contained shall be assignable by Declarant.

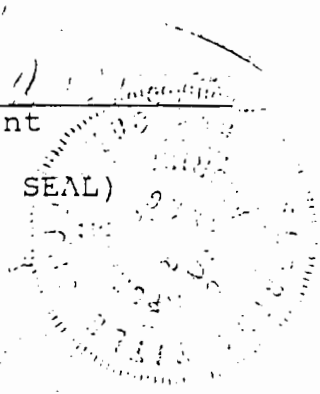
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, does hereby make this Declaration of Easements, Covenants, Conditions, Restrictions and Limitations for and has caused this Declaration to be executed in its name on the day and year first above written.

PACE ISLAND, LTD.,
a Florida limited partnership, by
and through its managing general
partner, Florida Title Group, Inc.

in Plat Book 22, pages 4
County, Florida.

By: [Signature]
Its: Vice President

(CORPORATE SEAL)

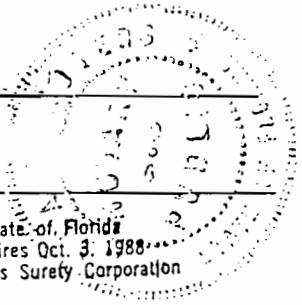


pledged before me this _____ day of May,
e _____ of FLORIDA TITLE GROUP,
as Managing General Partner for PACE
the Limited Partnership.

[Signature]
ary Public

My Commission Expires: _____

Notary Public, State of Florida
My Commission Expires Oct. 3, 1988
Bonded through Lawyers Surety Corporation



First Union National Bank of Florida, a national banking association (hereinafter referred to as the "Mortgagee") is the Mortgagee under that certain Mortgage recorded in Official Records Book 984, page 640 as modified by Note and Mortgage Modification Agreement recorded in Official Records Book 1017, page 505, as modified further by Mortgage Modification recorded in Official Records Book 1101, page 145 and again modified by Mortgage Modification recorded in Official Records Book 1129, page 298, public records of Clay County, Florida. Mortgagee joins in this Declaration of Easements, Covenants, Conditions, Restrictions and Limitations to evidence its consent and joinder in the provisions hereof and its intent that the lien of the Mortgage be subordinated hereto.

Signed, sealed and delivered
in the presence of :

[Handwritten Signature]
[Handwritten Signature]

FIRST UNION NATIONAL BANK OF
FLORIDA

By:

[Handwritten Signature]
Its: *[Handwritten Signature]*

A portion of Sections 20, 28, 29, 33, 43, 44, and a portion of Section 45, all lying in Township 4 South, Range 26 East, Clay County, Florida, being more particularly described as follows: BEGIN at the Southeast corner of Lot 28, Creighton Forest Unit Two as recorded in Plat Book 4, Pages 35 and 36 of the Public Records of said County; thence South $89^{\circ}28'49''$ West along the Southerly line of said Lot 28, Creighton Forest Unit Two, a distance of 1006.13 feet to the Southwest corner of said Lot 28; thence South $76^{\circ}00'18''$ East, along a traverse line (not a boundary) 1230.99 feet to the Northerly boundary of those lands described and recorded in Official Records Book 528, Page 640 of said Public Records, said point hereinafter referred to as Reference Point "A"; thence return to the Point of Beginning; thence North $89^{\circ}28'49''$ East along the Southerly boundary of said Creighton Forest Unit Two, 2427.65 feet to the Westerly right of way line of U.S. Highway 17 (State Road No. 15, as per S.R.D. Right of Way Map Section 71020-2505, and 2509, dated 5/10/65); thence Southerly along the Westerly right of way line of said U.S. Highway No. 17, run the following nine courses and distances: Course No. 1: South $06^{\circ}28'52''$ West, 314.42 feet to the point of curvature of a curve to the left; Course No. 2: Southerly along and around the arc of a curve concave Easterly and having a radius of 5629.58 feet, an arc distance of 243.32 feet, said arc being subtended by a chord bearing and distance of South $07^{\circ}43'09''$ West, 243.30 feet to the point of tangency of said curve; Course No. 3: South $08^{\circ}57'27''$ West, 2199.87 feet to an intersection with the Southerly line of aforesaid Section 44; Course No. 4: South $70^{\circ}36'04''$ West, along last said line and the Westerly right of way line of said U.S. Highway No. 17, a distance of 17.05 feet; Course No. 5: South $08^{\circ}57'27''$ West, 2149.30 feet to the point of curvature of a curve to the left; Course No. 6: Southerly along and around the arc of a curve concave Easterly and having a radius of 23,033.30 feet, an arc distance of 634.97 feet, said arc being subtended by a chord bearing and distance of South $08^{\circ}10'04''$ West, 634.95 feet; Course No. 7: South $75^{\circ}16'26''$ East, on a line radial to last said curve, 15.12 feet to an intersection with the arc of a curve leading Southerly; Course No. 8: Southerly along and around the arc of a curve concave Easterly and having a radius of 23,018.30 feet, an arc distance of 1831.96 feet, said arc being subtended by a chord bearing and distance of South $05^{\circ}05'35''$ West, 1831.47 feet to the point of tangency of said curve;

EXHIBIT "B"

Case No. 9: South $02^{\circ}48'47''$ West, 3647.22 feet to the South line of the Southwest 1/4 of aforesaid Section 33; thence South $89^{\circ}28'19''$ West, along said line, 2164.15 feet to the West line of said Section 33; thence North $00^{\circ}40'44''$ West, along last said line, 2768.98 feet to the Northwest corner of said Section 33 and also being the Southwest corner of said Section 28; thence North $00^{\circ}43'17''$ West on the West line of said Section 28, a distance of 1330.93 feet to the Southeast corner of Government Lot 3, aforesaid Section 29; thence North $44^{\circ}42'47''$ West, along the Southwesterly line of those lands described and recorded in Official Records Book 327, Page 118 of said Public Records, 1585 feet, more or less, to the Mean High Water Line of Doctors Lake; thence Northeasterly, Northwesterly and Northeasterly along the Mean High Water Line of Doctors Lake, 6900 feet, more or less, to an intersection with the Southwesterly boundary of those lands described and recorded in Official Records Book 528, Page 640 of said Current Public Records; thence South $64^{\circ}32'03''$ East, along last said line, 285 feet, more or less, to the Easterly boundary of said lands; thence North $39^{\circ}18'22''$ East, along said Easterly boundary, 169.10 feet; thence North $85^{\circ}10'42''$ East, continuing along said Easterly boundary of those lands described in Official Records Book 528, Page 640, a distance of 227.02 feet; thence North $50^{\circ}48'16''$ East continuing along said Easterly boundary, 226.02 feet; thence North $38^{\circ}27'13''$ East, continuing along said Easterly boundary, 163.90 feet to the Northerly boundary of said lands described in Official Records Book 528, Page 640; thence North $16^{\circ}45'38''$ West, along last said line, 308.98 feet to aforesaid Reference Point "A"; thence continue North $16^{\circ}45'38''$ West, along the Northerly boundary of said lands described in Official Records Book 528, Page 640, a distance of 10 feet, more or less, to the Mean High Water Line of said Doctors Lake; thence Northeasterly along said Mean High Water Line of Doctors Lake, 1350 feet, more or less, to an intersection with the West line of aforesaid Lot 28, Creighton Forest Unit Two; thence South $00^{\circ}30'11''$ East, along last said line, 160 feet, more or less, to the Southwest corner of said Lot 28; thence North $89^{\circ}28'49''$ East, along the South line of said Lot 28, a distance of 1006.13 feet to the POINT OF BEGINNING.

Containing 970 acres, more or less.

FILE NO. 88-10660
OFFICIAL RECORDS NO. 1144
P. 2

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EXHIBIT "B"