

DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS
THE SANCTUARY UNIT TWO-A

THIS DECLARATION, made on the date hereinafter set forth by SANCTUARY JOINT VENTURE, INC., a Florida corporation (hereinafter referred to as "Declarant").

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain property in Jacksonville Beach, Duval County, Florida, which is described as all of the land and improvements shown of the plat of The Sanctuary Unit Two-A, according to plat thereof recorded in Plat Book 48, pages 72A, 72B, 72C, and 72D, of the current public records of Duval County, Florida ("Property"), and

WHEREAS, Declarant desires to provide for the orderly development of the Property so as to promote the well being of the residents and the value of the Property, and

WHEREAS that Declarant deems it desirable to create a not-for-profit association to manage the Property. Such Association, as hereinafter defined, shall own, operate, maintain and administer all the Common Area, as hereinafter defined; shall administer and enforce the covenants, conditions, restrictions and limitations set forth herein; shall enforce the easements created herein and shall collect and disburse the assessments hereinafter created, and

NOW, THEREFORE, Declarant hereby declares that all of the Property described herein shall be held, sold and conveyed subject to the following easements, restrictions, covenants, 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. Provided, however, the easements restrictions, covenants and conditions contained herein shall not benefit persons or entities unless they are specifically described herein or own land which constitutes a part of the Property.

ARTICLE I
DEFINITIONS

Section 1. "Additional Property" shall mean and refer to any land which is adjacent or contiguous with the Property including without limitation the land described on Exhibit B attached hereto and made a part hereof or land which is located such that if such land is annexed to the Declaration by the Declarant, or its successors or assigns, it shall form an integrated community with the Property. Declarant, or its successors or assigns, may annex the Additional Property by

RECORD AND RETURN TO:
SMITH HULSEY & BOSEY
1800 FIRST UNION NATIONAL BANK TOWER
225 WATER STREET
JACKSONVILLE, FLORIDA 32202

THIS INSTRUMENT PREPARED BY:
CHARLES GUY BOND
1800 FIRST UNION NATIONAL BANK TOWER
225 WATER STREET
JACKSONVILLE, FLORIDA 32202

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recording in the public records a supplemental declaration subjecting such Additional Property to the covenants and conditions of this Declaration in the manner hereinafter set forth. Provided, however, until the Additional Property is subjected to the Declaration, this Declaration shall not constitute a lien, encumbrance or defect on the title thereof.

Section 2. "Articles" shall mean and refer to the Articles of Incorporation of the Association as amended from time to time.

Section 3. "Association." shall mean and refer to The Sanctuary Unit Two-A Community Association, Inc., a Florida corporation not for profit, and its successors and assigns.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association as amended from time to time.

Section 5. "Common Expenses" shall mean and refer to those items of expense for which the Association is or may be responsible under this Declaration and those additional items of expense approved and adopted in the manner set forth in the Declaration, the Articles or the Bylaws.

Section 6. "Common Area" shall mean and refer to those tracts of land which are deeded to the Association and designated in the deed as "Common Area" and such improvements thereon as are specifically conveyed to the Association. All Common Area, unless specifically designated as a Limited Common Area, is to be designated to and intended for the common use and/or enjoyment of the Owners and their guests, lessees or invitees (to the extent permitted by the Board of Directors of the Association) subject to any operating rules adopted by the Association and subject to any use rights made or reserved by Declarant prior to conveyance of such Common Area or the granting of the easements or the designation for Association maintenance.

Section 7. "Common Roads" shall mean and refer to the roads depicted on any plat of the Property which provide ingress and egress to any portion of the Property and the easements across existing roads shown on the plat of The Sanctuary, Unit One, according to the plat thereof recorded in Plat Book 45, page 58-58A-I of the current public records of Duval County, Florida. The Common Roads shall be conveyed to the Association upon completion, as approved and determined by the City of Jacksonville Beach, and accordingly unless specifically set forth to the contrary, references to Common Area shall mean and include the Common Roads.

Section 8. "County" shall mean and refer to Duval County, Florida.

Section 9. "Declarant" shall mean and refer to (a) SANCTUARY JOINT VENTURE, INC., a Florida corporation ("Sanctuary"), and its successors and assigns if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development and provided that such rights as Declarant are specifically assigned to the successor or assign and such successor or assign shall specifically assume the obligations of Sanctuary Joint Venture, Inc. under the Declaration, Articles and Bylaws; or (b) any developer of Additional Property and who records a plat of property. Any Declarant may assign all or part of its rights in the manner set forth in the Assignment. The rights reserved to any Declarant hereunder shall apply only to the land which is platted by that Declarant and not to any other land.

Section 10. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions, Restrictions and Easements for The Sanctuary Unit Two-A applicable to the Property.

Section 11. "Lot" shall mean and refer to any plot of land together with the improvements thereon shown upon any recorded subdivision plat of the Property or on any preliminary plan for Additional Property which a Declarant intends to plat as a part of the Property.

Section 12. "Member" shall mean and refer to those persons entitled to Class "A" or "B" Membership in the Association as provided in the Declaration and Articles.

Section 13. "Mortgagee" shall mean and refer to any institutional holder of a first mortgage encumbering a portion of the Property as security for the performance of an obligation; an insurer or guarantor of such mortgage, including without limitation, the Veterans Administration ("VA") or Federal Housing Administration ("FHA") and/or a purchaser or guarantor of such mortgages in the secondary market including without limitation, Federal National Mortgage Association ("FNMA") and Governmental National Mortgage Association ("GNMA"); and the Declarant, if it is holding a first mortgage on any portion of the Property.

Section 14. "Neighborhood" shall mean and refer to a specified group of Lots and the Owners thereof which constitute a separately developed or designated residential area. Neighborhoods shall be designated in the Supplemental Declaration subjecting the specified Lots to the Declaration. Owners within a Neighborhood shall have certain voting rights as more fully set forth in the Bylaws and may have the exclusive use rights of a Common Area.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot, which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 16. "Property" or "Properties" shall mean and refer to that certain real Property described in the plat of The Sanctuary Unit Two-A together with improvements thereon, (except such improvements the title of which are reserved by the Declarant or its assignees), and such portions of the Additional Property as may hereafter be brought within the jurisdiction of the Declaration by annexation.

Section 17. "Voting Member" shall mean and refer to the person elected from each Neighborhood who shall vote as a representative of that Neighborhood, all as more fully described in the Bylaws.

Section 18. "Surface Water or "Stormwater Management System" shall mean a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from the system, as permitted pursuant to Chapters 40C-4, 40C-40, or 40C-42, F.A.C.

ARTICLE II

COMMON AREA RIGHTS

Section 1. Owners' Common Area Easements. Subject to the provisions of the Declaration, the rules and regulations of the Association, and any prior use rights granted by the Declarant in the Common Area, every Owner, its successors and assigns and families and every guest, tenant, and invitee of such Owner is hereby granted a right and easement of ingress and egress over the Common Roads and enjoyment in and to Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to suspend the voting rights by an Owner for any period during which any Assessment against his Lot remains unpaid; and for a period, not to exceed sixty (60) days, for any infraction of its published rules and regulations.

(b) The right of the Board of Directors, without further consent from Owners or their Mortgagees, to dedicate, transfer or grant permits, licenses and easements over all or any part of the Common Area to any public agency, authority or utility company for the purpose of providing utility or cable television service to the Property and the right of the Board to acquire, extend, terminate or abandon such easement.

(c) The right of the Association to sell, convey or transfer the Common Area or any portion thereof to any third party other than those described in Subsection (b) for such purposes and subject to such conditions as may be approved by two-thirds of the votes of the Voting Members.

(d) The right of the Board of Directors to adopt rules and regulations pertaining to the use of the Common Area or to limit use of a Common Area by designating such Common Area as a Limited Common Area.

(e) The right of the Declarant or the Board to authorize other persons to enter upon or use the Common Area and/or Limited Common Area for uses not inconsistent with the Owners' rights therein.

(f) The right of the Board to mortgage any or all of the Common Area for the purpose of improvement or repair of the Common Area subject to the approval of two-thirds of the votes of the Voting Members.

Section 2. Delegation of Use. Any Owner may delegate his right of use and enjoyment of the Common Area or appurtenant Limited Common Area to the members of his family, his tenants, or contract purchasers who occupy the Lot within the Property.

Section 3. Owners' Common Road Easements. It is specifically acknowledged that the Common Roads which constitute a part of the Common Area, will be conveyed by the Declarant to the Association free and clear of all liens and encumbrances, except taxes and except Declarant's reserved right to install, repair, restore and maintain all utility installations, street lighting and signage, including without limitation, cable television in the road right of way. Each Owner of a Lot, his successors and assigns, Mortgagees, domestic help, delivery, pickup and fire protection services, police and other authorities of the law, United States mail carriers, representatives of utilities serving the Property, and such other persons as the Declarant and/or the Association

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shall designate, are hereby granted a perpetual non-exclusive easement for ingress and egress over the Common Roads.

The Declarant and the Association shall have the unrestricted and absolute right to deny ingress to any person who, in the opinion of the Declarant or the Association, may create or participate in a disturbance or nuisance on any part of the Property; provided that, the Declarant or Association shall not deny an Owner or Mortgagee the right of ingress and egress to any portion of the Property owned by such Owner or Mortgagee in favor of such Mortgagee. The Declarant and the Association shall have (a) the right to adopt rules and regulations pertaining to the use of the Common Roads, (b) the right, but no obligation, from time to time, to control and regulate all types of traffic on the Common Roads, including the installation of gatehouses and gate systems, if the Declarant or Association so elects. The Declarant and the Association shall have the right, but no obligation, to control speeding and impose speeding fines to be collected by the Association in the same manner as described in Article IV for the collection of Assessments and to prohibit use of the Common Roads by persons or vehicles (including without limitation, "go-carts", three wheeled vehicles, and all terrain vehicles), which in the opinion of Declarant or the Association would or might result in damage to the Common Roads or create a nuisance for the residents, (c) the right, but not the obligation, to control and/or prohibit parking on all or any part of the Common Roads, and (d) the right, but no obligation, to remove or require the removal of any fence, wall, hedge, shrub, bush, tree or other thing, natural or artificial which is placed or located on the Property, if the location of the same will in the opinion of the Declarant or the Association obstruct the vision of a motorist.

The Declarant reserves the sole and absolute right at any time to redesignate, relocate, or close any part of the Common Roads without the consent or joinder of any Owner or Mortgagee so long as no Owner or his Mortgagee is denied reasonable access from his Lot to a public roadway by such redesignation, relocation or closure. In such event, the foregoing easement over the Common Road shall be terminated and the Association shall reconvey the Common Road at the request of the Declarant. Upon the termination of the Declarant's Class B Membership, the foregoing right of Declarant shall vest in the Association.

Section 4. Conveyance of Common Area. The Declarant may convey the Common Area (other than the Common Roads, which shall be conveyed as provided above) to the Association at such time as all the planned improvements, if any, are complete and in the event the Common Property is unimproved at such time as the Declarant determines, but in all events prior to the termination of the Class B membership. Such conveyance shall be 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. The Declarant may reserve certain rights to itself for use of the Common Area which are not inconsistent with use by the Owners. Upon conveyance of the Common Area to the Association, such Common Area shall be held for the benefit of the Owners and shall not be partitioned or used for any other purpose except as such shall benefit the Owners.

The Declarant may further cause portions of the Common Area to be conveyed by the Association and/or to otherwise terminate the designation of such land as Common Area without the consent or joinder of any owner or mortgagee.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Qualification for Membership: Every Owner of a Lot which is subject to this Declaration shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to this Declaration.

Section 2. Classes of Membership: The Association shall have two classes of voting membership:

(a) Class A. Class A Members shall be all Owners of Lots, with the exception of the Declarant, and there shall be one vote for each Lot.

(b) Class B. Class B Member shall be the Declarant who shall be entitled to three votes for each Lot owned by it or which are depicted on a preliminary plat for the Property which the Declarant intends to plat as a part of the Property. The total number of votes of the Class B member shall be increased at the time of submission of the preliminary plan to the County to equal three votes for every Lot contained thereupon. The Class B membership shall cease within four (4) months from the happening of the first of the following events to occur:

- (i) when the number of Class B votes equals the number of Class A votes;
- (ii) five (5) years from the date of recording this Declaration;
- (iii) when Declarant, in its sole discretion, elects to transfer control to the Class A Members.

Section 3. Voting Members. Upon the termination of the Class B Membership, each Neighborhood shall have a Voting Member who shall be the same person as the person who is elected to the Board of Directors from the Neighborhood. In connection with certain specified actions of the Association the approval of the specified percentage of votes cast by the Voting Members shall be required as more fully set forth in the Declaration, Articles and Bylaws.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) Base Assessments or charges, (2) Special Assessments and (3) Neighborhood Assessments. Such assessments to be established and collected as hereinafter provided.

(a) Base Assessments are herein defined as those funds regularly collected from all Owners in the Property for the improvement, maintenance and repair of the Common Area, including without limitation the Common Roads, for the operation and administration of the Association, for the establishment of a maintenance, repair and reserve account for

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payment of taxes and insurance in all Common Area and for such other purposes and obligations of the Association as are required hereunder or permitted in this Declaration, the Articles or Bylaws. Base Assessments may include a required, one-time, capital contribution not to exceed \$100.00 for the purpose of funding a Common Road reserve account.

(b) Special Assessments are herein defined as those funds which are established and assessed from Owners for a limited or special purpose which may be assessed against all Owners for expenses incurred which affect all Owners or may be assessed against specified Owner(s) for failure to comply with the terms and conditions of this Declaration.

(c) Neighborhood Assessments are herein defined as those funds which are established and assessed from Owners within a specified Neighborhood for whom special maintenance services are performed by the Association which benefit only the Owners within such Neighborhood including any Limited Common Areas.

The Base, Special and Neighborhood Assessments, (sometimes jointly referred to herein as "Assessments") together with interest, costs, and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall be the joint obligation of the grantor and grantee under a deed, without affecting the grantee's right to recover the grantor's share from the grantor.

Section 2. Uniform Rate of Assessment. Base Assessments must be fixed at a uniform rate for all Lots. Similarly, Neighborhood Assessments must be fixed at a uniform rate for all Lots within the specified Neighborhood. Special Assessments, except for those made against an Owner and his Lot for failure to comply with the terms and conditions of this Declaration, must be uniform for all Lots. In the event that a Special Assessment is made against an Owner and his Lot due to such Owner's failure to comply, such Owner and Lot may be subjected to a nonuniform Special Assessment for payment of such costs. Any increase in any Assessment which is required to be uniform must also be applied to the applicable Owners uniformly.

Section 3. Date of Commencement of Base Assessments; Due Dates. The Base Assessments shall commence as to each Lot at such time as the Improvements thereon are completed and the Declarant has conveyed the Lot. In the event that a Lot without improvements is conveyed to a person or entity who does not assume the Declarant's rights in connection with the Lot(s), the Base Assessment for such Lot shall commence at the time of substantial completion of the improvements or six (6) months from date of conveyance, whichever shall first occur. The Board of Directors shall fix the amount of the Base Assessment against each Lot at least thirty (30) days in advance of each calendar year. Written notice of the Base Assessment shall be sent to every Owner subject thereto. Provided, however, receipt of such notice is not a condition precedent to its effectiveness. The Base Assessment shall be paid at such times as the Board may from time to time determine.

Section 4. Association Certificate. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the Assessments for a specified Lot have been paid. A properly executed certificate of the Association as

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to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 5. Effect of Nonpayment of Assessments: Remedies of the Association. Any Assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the highest rate of interest permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same. The Association may record a claim of lien of record in the county and thereafter foreclose the claim of lien against the Lot. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 6. Subordination of the Lien to Mortgages. The lien of the Assessments provided for herein shall be subordinate to the lien of any first mortgage held by a Mortgagee. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any Assessment thereafter becoming due or from the lien thereof. Any such delinquent Assessments which were extinguished pursuant to the foregoing may be reallocated and assessed against all of the Lots as part of the annual budget.

Section 7. Exempt Property. All properties dedicated to, and accepted by, a local public authority or utility company and serving a public use, all properties owned by a charitable or non-profit organization exempt from ad valorem taxation by the laws of the State of Florida and properties owned by the Association shall be exempt from the Assessment created herein, except no land or improvements which are occupied as a residence shall be exempt from Assessments.

Section 8. Reserves. The Board shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Areas, including without limitation, Common Roads. This reserve fund shall constitute a portion of the annual budget and shall be maintained out of the Base Assessments. In addition, the Board of Directors may establish reserve funds from the Base Assessments to be held in reserve for:

- (a) major rehabilitation or major repairs;
- (b) for emergency and other repairs required as a result of storm, fire, mutual disaster or other casualty loss; and
- (c) initial cost of any new service to be performed by the Association.

Section 9. Declarant Payment. The Declarant is hereby exempted from payment of Assessments during the period of time for which the Class B Membership exists. Provided, however, during such time the Declarant shall pay any deficit in the Common Expenses as such occur and the amount collected from Owners other than the Declarant. Upon the termination of the Class B Membership, the Declarant shall be required to pay the Assessment due for each Lot owned by it upon which a residential dwelling is substantially completed as evidenced by an issuance of a Certificate of Occupancy. All Assessments paid by the Declarant during the time the Declarant is a Class B Member shall be placed in the Association's account and shall not be commingled with Declarant's general funds.

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Section 10. Failure to Give Notice or Revise Budget.

The failure or delay of the Board to prepare or adopt the annual budget for any fiscal year or to give notice thereof shall not constitute a waiver or release in any manner of the Owner's obligation to pay any Assessment as herein provided, whenever the same shall be determined. In the absence of an annual budget or notice of change, each Owner shall continue to pay the Assessment as established for the previous year, until receipt of notice of change.

Section 11. Fidelity Bonds.

The Association shall obtain and maintain blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or not such person receives compensation for such services. The Association shall be the obligee under such bonds and the premiums shall be paid as a part of the Common Expenses of the Association. In the event that a management agent handles the funds of the Association, such agent shall also provide the same coverage required of the Association. The Association shall be named as an additional obligee in the management agent's bond.

The fidelity bond should cover the maximum funds that will be in the custody of the Association or its management agent at any time the bond is in force which shall be at the minimum equal to three (3) months assessments for all Lots plus the amount of reserves. The bonds must provide for ten (10) days written notice to the Association and to each servicer of a FNMA owned mortgage on a Lot in the Property.

The foregoing requirements are contained in this Declaration for the purpose of compliance with the requirements of certain Mortgagees. Should such coverage become unobtainable or such Mortgagees modify their requirements and the Board may, in its discretion, make such modifications to the provisions hereof as the Board, using its business judgment, deems prudent and reasonable.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. General Provisions.

Construction of improvements on the Property shall be approved and supervised by one of two architectural review boards.

(a) New Construction Committee ("NCC") is charged with the review of all plans for the initial construction of improvements upon a Lot. The NCC shall be appointed by the Declarant for so long as Declarant owns a Lot within the Property. The NCC shall review and approve all such initial construction whether performed by Declarant, a builder to whom Declarant has conveyed one or more Lots, or an Owner.

(b) Modifications Committee ("MC") is charged with the review of all plans for any addition, removal, change or modification of the improvements upon a Lot. The MC shall be appointed by the Declarant for so long as the Declarant retains its Class B Membership in the Association. Thereafter, the MC shall be appointed by the Board. Provided, however, for so long as the Declarant owns a portion of the Property, the Declarant shall have the right to appoint at least one (1) member of the MC.

(c) The NCC shall review and approve all initial construction of improvements and their appurtenances from the start of construction until an Owner takes title to the Lot (the foregoing is hereinafter referred to as "New

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Construction"). Thereafter, any modifications to the New Construction, including, without limitation, the installation or change to the exterior of any building, fence, wall, sign, paving, grading, parking and building addition, screen enclosure, sewer, drain, disposal, landscaping or landscaping device or object, exterior lighting scheme, fountain, swimming pool, jacuzzi, awning, shelter and gates (hereinafter jointly referred to as "Proposed Modification") shall be reviewed and approved by the MC.

Section 2. Powers and Duties of the NCC and MC. The NCC and MC shall have the following powers and duties:

(a) To draft architectural criteria. In addition to the basic criteria hereinafter set forth, the NCC and MC may draft such amendments or modifications thereto as each deems reasonable and appropriate, provided, however, such modifications or amendments shall be consistent with the provisions of this Declaration and further provided that modifications and amendments made by the MC shall be submitted to and approved by the Board. Upon adoption of a modification or amendment to the Architectural Criteria by the NCC in the case of New Construction or by the MC and Board in the case of Proposed Modifications, copies of such changes shall be delivered to Owners; provided, however, receipt of the modification or amendment to the criteria shall not be a condition precedent to the effectiveness or validity of such change.

(b) To require submission to each respective committee as is appropriate, two (2) sets of plans and specifications and to the extent that the committee deems it necessary or appropriate, samples of building materials, colors or such other descriptive information as it specifies.

(c) To approve or disapprove New Construction or Proposed Modifications, respectively. In the event that an Owner is aggrieved by the decision of the MC, such decision may be appealed to the Board. The Board's determination with regard to a Proposed Modifications shall be binding upon all Owners and if an Owner challenges such decision, the Owner shall pay all attorneys' fees.

(d) Each committee shall evaluate the application for the total effect thereof. This evaluation relates to matters of judgment and taste which cannot be reduced to a simple list of measurable criteria. It is possible that New Construction or Proposed Modification might meet the individual criteria delineated in Section 4 of this Article and still not receive approval, if in the sole discretion of the NCC or NC, its overall aesthetic impact is unacceptable. The approval of an application for New Construction or Proposed Modification shall not be construed as creating an obligation on the part of the NCC or NC to approve applications involving similar designs pertaining to different Lots.

(e) If any New Construction or Proposed Modifications shall be changed, modified or altered without prior approval of the applicable committee of such change, modification or alteration, and the plans and specifications therefor, if any, then the Owner shall, upon demand, cause the New Construction or Proposed Modifications to be restored to comply with the original plans and specifications, or the plans and specifications originally approved by the applicable committee, and shall bear all costs and expenses of such restoration, including costs and reasonable attorneys' fees of the applicable committee.

(f) Any Owner making or causing to be made New Construction or Proposed Modifications agrees and shall be

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deemed to have agreed, for such Owner and his heirs, personal representatives, successors and assigns to hold the NCC, MC, Association, Declarant and all other Owners harmless from any liability, damage to the Property and from expenses arising from the construction and installation of any New Construction or Proposed Modifications and such Owner shall be solely responsible for the maintenance, repair and insurance of any alteration, modification or change and for assuring that the New Construction or Proposed Modifications meets with all applicable governmental approvals, rules and regulations.

(g) The NCC and MC are hereby authorized to make such charges as they deem necessary to cover the cost of review of the plans and specifications.

Section 3. Procedure for Approval of Plans. The NCC or MC shall approve or disapprove the preliminary and final applications for New Construction or Proposed Modifications within thirty (30) days after each has been submitted to it in proper form together with all supporting information. If the plans are not approved within such period, they shall be deemed approved, however, no plan which is not in compliance with the specific provisions of this Declaration shall be deemed approved.

Section 4. Architectural Criteria. All New Construction or Proposed Modifications shall comply, at a minimum, with the following Architectural Criteria:

(a) Building Type. No building shall be erected, altered, placed or permitted to remain on any Lot other than one single-family residence not to exceed thirty-five (35) feet in height and having a private and enclosed garage for not less than one (1) nor more than four (4) cars. Unless approved by the ARD as to use, location and architectural design, no tool or storage room may be constructed separate and apart from the residential dwelling nor can any such structure(s) be constructed prior to construction of the main residential dwelling.

(b) Lot Siting. The MC shall have the right to impose set back requirements for all lot lines to preserve line of sight of neighboring properties and to assure sufficient open space between structures as the MC shall deem necessary or convenient for safety or aesthetic purposes.

(c) Exterior Color Plan. Each committee shall have final approval of all exterior colors plans and each Owner must submit to the appropriate committee a color plan showing the color of the roof, exterior walls, shutters, trims, which shall be consistent with the dwellings in the surrounding areas.

(d) Roofs. Flat roofs shall not be permitted unless approved by the appropriate committee. Protrusions through roofs for power ventilators or other apparatus, including the color and location thereof, must be approved by the appropriate committee.

(e) Garages and Automobile Storage. Each lot shall have at least a one (1) car garage. No carports will be permitted unless approved by the respective committee. Automobiles shall be stored in garages when not in use. No garage shall be converted to living space unless a garage, in compliance with these provisions, is constructed in its stead and unless the facade of the enclosed garage is approved by the applicable committee and a new garage in compliance with these restrictions is built. The use of side entry garages is encouraged wherever possible.

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(f) Driveway Construction. All dwellings shall have a paved driveway of stable and permanent approved material.

(g) Games and Play Structures. All basketball backboards, tennis courts and play structures shall be located at the rear of the dwelling, or on the inside portion of a corner Lot within the setback lines. No platform, doghouse, tennis court, playhouse or structure of a similar kind or nature shall be constructed on any part of a Lot located in front of the rear line of residence constructed thereon and shall be constructed so as to not adversely affect the adjacent Lots or the use thereof. Any such structure must have prior approval of the applicable committee and without limiting any other criteria for approval, the applicable committee shall review the height of such structure to assure the privacy of neighboring Owners.

(h) Fences and Walls. The composition, location and height of any fence or wall to be constructed on any Lot shall be subject to the approval of the applicable committee. The applicable committee shall require the composition of any fence or wall to be consistent with the material used in the surrounding homes and other fences, if any. Wire or chain link fences are prohibited. If an Owner owns a pet as permitted hereunder, such Owner shall be required either to erect and maintain a fenced rear yard or to construct and maintain another committee-approved method for keeping and maintaining such permitted pets, when outdoors. Any fence, wall, hedge or other similar structure or improvement must be included in the development plan with respect to location, height, and type of material and must be approved by the applicable committee.

(i) Landscaping. A basic landscaping plan shall be prepared for each Lot and must be submitted to and approved by the NCC prior to initial construction and development thereon. No artificial grass, plants or other artificial vegetation or sculptural landscape decor shall be placed or maintained on any Lot unless approved by the applicable committee. Any vegetable garden shall be screened from view with an approved form of screening.

(j) Swimming Pools and Tennis Courts. Any swimming pool or tennis court to be constructed on any Lot shall be subject to the requirements of the applicable committee, which include, but are not limited to the following:

- (i) Composition to be of material thoroughly tested and accepted by the industry for such construction;
- (ii) Pool screening may not be visible from the street in front of the dwelling (except on corner Lots) unless approved by the applicable committee;
- (iii) Location and construction of tennis or badminton courts must be approved by the applicable committee;
- (iv) Any lighting of a pool or other recreation area shall be designed so as to buffer the surrounding residences from the lighting;
- (v) Tennis court lighting may be installed if approved by the applicable committee but shall not be permitted to shine onto adjacent Lots.

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If one Owner elects to purchase two (2) adjoining Lots and use one for recreation purposes, the Lot used for recreation purposes must be adequately screened by landscaping and/or walls or fences on both the front and side as required by the applicable committee.

(k) Garbage and Trash Containers. All trash, garbage and other waste shall be kept in sanitary containers. The requirements for disposal shall be governed by the rules and regulations of the company or agency providing trash removal services for the Property.

(l) Temporary Structures. No structures of a temporary character, trailer, tent, shack, garage, barn, or other out building shall be used on any Lot at any time as a residence either temporarily or permanently, except that Declarant and or its designees may erect and utilize temporary structures for construction or sales.

(m) Removal of Trees. In reviewing building plans, the applicable committee shall take into account the natural landscaping such as trees, shrubs and palmettos, and encourage the Owner to incorporate them in his landscaping plan. No tree of six (6) inches in diameter at two (2) feet above natural grade shall be cut or removed without approval of the applicable committee, which approval shall be given when such removal is necessary for the construction of a dwelling or other improvement.

(n) Window Air Conditioning Units. No window or wall air conditioning units will be permitted. All air conditioner compressors shall be screened from view by a fence, wall or shrubbery.

(o) Utility Connections. Building connections for all utilities, including, but not limited to, water, electricity, telephone and television shall be run underground from the proper connecting points to the building structure in such a manner to be acceptable to the governing utility authority. Approval of water to air heat pumps will not be considered unless excess water can be dispelled directly into a storm water drainage structure.

(p) Mailboxes. No mailbox, paperbox or other receptacle of any kind for use in the delivery of mail, newspapers, magazines or similar material shall be erected on any Lot without the approval of the appropriate committee as to style and location. If and when the United States Postal Service or the newspapers involved shall indicate a willingness to make delivery to wall receptacles attached to dwellings, each Owner, on the request of the appropriate committee, shall replace the boxes or receptacles previously employed for such purpose or purposes with wall receptacles attached to dwellings.

(q) Lot Size. No Lot which has been improved by the construction of a single family dwelling shall be further subdivided or separated into small lots by any Owner; provided that this provision shall not prohibit corrective deeds or similar corrective instruments which convey portions of a Lot to an adjacent Owner or for such similar purpose not resulting in the creation of a new Lot. The Declarant shall have the right to modify the subdivision plats of the Property for use of Lots as roadways or in such other manner as Declarant deems necessary or convenient.

(r) Sight Distance at Intersection. No fence, wall, hedge or shrub planting which obstructs sight lines and elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner lot

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within the triangular area formed by the street Property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street line.

(s) Waiver of Architectural Criteria. The Architectural Criteria set forth herein are intended as guidelines to which adherence shall be required by each Owner in the Property; provided, however, the committees shall have the express authority to waive any requirement set forth herein if, in their opinion, they deem such waiver in the best interest of the Property and the deviation requested is compatible with the character of the Property. A waiver shall be evidenced by an instrument signed and executed by the respective committee upon approval by a majority of its members.

Section 5. Enforcement. In the event the Owner constructs an improvement which is not approved as required herein, the Association shall give written notice to the Owner to remove the unapproved improvement ("Removal Notice"). In the event that the Owner fails to remove or commence to remove such improvement within fifteen (15) days from the date of the Removal Notice, then the Association may take such actions to enforce the removal as more fully described in Section 19 of Article VI.

ARTICLE VI

USE RESTRICTIONS

In order to provide for congenial occupancy of the Property and for the protection of the value of the Lots, the use of the Property and Lots shall be in accordance with the following restrictions and conditions so long as the Property and Lots are subject to this Declaration.

Section 1. Residential Uses. Lots shall be used for residential living units and for no other purpose, and no business or commercial building may be erected on any Lot and no business or commerce may be conducted on any part of any Lot.

Section 2. Antennae. No aerial, antenna, satellite receptor dish or similar device shall be placed or erected upon any Lot or affixed in any manner to the exterior of any improvement on such Lot.

Section 3. Clothes Drying Area. No portion of any Lot shall be used as a drying or hanging area for laundry of any kind unless screened from the view of neighboring Owners and from the street and unless the drying device is of a temporary nature and is removed at such time as the clothes are dry.

Section 4. Nuisances. Nothing shall be done or maintained on any Lot which may be or become an annoyance or nuisance to the neighborhood. Any activity on a Lot which interferes with television, cable or radio reception on another Lot shall be deemed a nuisance and a prohibited activity. In the event of a dispute or question as to what may be or become a nuisance, such dispute or question shall be submitted to the Board of Directors of the Association and the written decision of the Board shall be dispositive of such dispute or question.

Section 5. Signs. No signs larger than eighty square inches may be placed on any Lot, and prior to installation of such sign the sign must be approved by the Board of Directors. "For Sale" or "For Rent" signs no greater than three square feet may be placed on a Lot, provided, however, the Board may,

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at its discretion, determine to require a standard "For Sale" or "For Rent" sign which shall thereafter be required.

Section 6. Energy Conservation. Solar energy and other energy conservation devices are not prohibited or discouraged, but the design and appearances of such devices will be closely scrutinized and controlled to assure consistency with neighborhood aesthetics. Request for approval of installation of any type of solar equipment shall be included in any submission for an approval by the NCC or MC and must be constructed in accordance therewith.

Section 7. Window Coverings. No reflective window coverings or treatments shall be permitted on any building in the Property. All window coverings shall have linings or other treatment so that the exterior appearance of the window appears neutral from the street and no unsightly objects shall be placed in the windows so as to be visible from the street. The NCC, at its discretion, may control or prohibit other window coverings and treatments not reasonably compatible with aesthetic standards set forth herein.

Section 8. Off-Street Motor Vehicles. No motorized vehicles including, without limitation, two and three wheel all terrain vehicles or "dirt bikes" may be operated on the Property off of paved roadways and drives.

Section 9. Noise. Exterior noise, an noise emanating from within buildings or other improvements, including without limitation, talking, singing, television, radio, record or tape player or musical instruments, shall be maintained from 11:00 pm. until 7:30 am. at such volume that the noise is not audible beyond the boundaries of the Lot from which it originates and at all times so as not to constitute a nuisance or unreasonable annoyance to neighbors.

Section 10. Pets and Animals. No animals, except common domestic household pets, within the ordinary meaning and interpretation of such words, may be kept, maintained or cared for in any Lot or within the Property. No pets shall be allowed to make an unreasonable amount of noise or to become a nuisance; and no pets will be allowed on the Property other than on the Lot of the Owner of such pets, unless confined to a leash or under voice control. No pet shall be allowed to run at large and all pets shall be kept within an enclosed area, which must be clean, sanitary and reasonably free of refuse and waste. No pets shall be permitted within the nature preserve or any boardwalk constructed therein. Without limiting any other provision hereof, all pets shall be leashed when on or about the Common Area. Upon written request of any Owner, the Board may conclusively determine at its sole discretion, in accordance with its rules, whether an animal is a domestic household Pet, whether such animal is making an unreasonable amount of noise, whether an animal is being allowed to run at large or whether an animal is a nuisance. The decision of the Board in such matters is conclusive and shall be enforced as] other restrictions contained herein. No pet may be maintained, kept, cared for or boarded for hire or remuneration on the Property and no kennels for boarding or breeding shall be allowed.

Section 11. Oil and Mining Operation. No oil drilling, mining operations, oil refining, quarrying or oil development operations, or tanks, tunnels, mineral excavations or shafts shall be permitted upon, in, or under any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

Section 12. Lawful Use. No improper, offensive or unlawful use shall be made of the Property or any part thereof

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and all valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction thereof shall be observed.

Section 13. Repair and Parking of Vehicles. No commercial or inoperative vehicle shall be parked in the street or in the driveway on any Lot. No vehicles shall be parked on the street overnight. Boats, trailers, campers and vans must be stored with an enclosure so as to be screened from view. No vehicle repair shall be performed in the driveway unless it is of a short time nature. Any repairs which will take longer than three hours must be performed in the garage.

Section 14. Leases. The leases of any Lot shall be for the entire Lot and must be for at least six (6) months. Any lease shall automatically be deemed to include a covenant on the part of the tenant to comply with and be bound by the provisions of the Declaration.

Section 15. Hazardous Materials. No hazardous or toxic materials shall be held, maintained or disposed of on the Property. Flammable, combustible or explosive fluids, materials or substances may be stored or used on the Property subject to strict safety codes and shall be stored in containers specifically designed for that purpose.

Section 16. Children. Children are the direct responsibility of their parents or legal guardians, including full supervision of them while within the Property or Common Areas and full compliance with all rules and regulations of the Association. All children under the age of twelve (12) years of age must be accompanied by a responsible adult when entering or utilizing any recreational facilities upon the Common Area.

Section 17. Utility Provisions. City of Jacksonville Beach or its successors ("Utility Company") has the sole and exclusive right to provide all water and sewage facilities and service to the Property. No well of any kind shall be dug or drilled on any one of the Lots to provide water for use within the structures to be built, and no potable water shall be used within said structures except potable water which is obtained from Utility Company or its successors or assigns. Nothing herein shall be construed as preventing the digging of a well. All sewage from any improvements must be disposed of through its sewage lines and through the sewage lines and disposal plant owned or controlled by Utility Company or its successors or assigns. No water from air conditioning systems, ice machines, swimming pools, or any other form of condensate water shall be disposed of through the lines of the sewer system. Utility Company has a non-exclusive perpetual and unobstructed easement and right in and to, over and under the easements as in the plat of the Property for the purpose of ingress, egress and installation and/or repair of water and sewage facilities.

Section 18. Declarant Exemption. The Declarant and its successors or assigns will undertake the work of construction of residential units and improvements relating thereto. The completion of that work and the sale, rental and other disposal of residential units is essential to the establishment and welfare of the Property as a quality residential community. As used in this section and its subparagraphs, the words "its successors or assigns" specifically do not include purchaser of Lots with residential units constructed thereupon. In order that such work may be completed and the Property established as a fully occupied community as rapidly as possible, no Owner nor the Association shall do anything to interfere with Declarant's activities.

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Without limiting the generality of the foregoing, nothing in this Declaration shall be understood or construed to:

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

(b) Prevent Declarant, its successors or assigns, or its or their contractors, subcontractors or representatives, from erecting, constructing and maintaining on any portion of the Property owned or controlled by Declarant, or its successors or assigns or its or their contractors or subcontractors, such structures as may be reasonably necessary for the conduct of its or their business of completing such work and establishing the Property as a community and disposing of the same by sale, lease or otherwise; or

(c) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from conducting on any Property owned or controlled by Declarant, or its successors or assigns, its or their business of developing, subdividing, grading and constructing improvements in the Property and of disposing of residential units therein by sale, lease or otherwise; or

(d) Prevent Declarant, its successors or assigns, from determining in its sole discretion the nature of any type of improvements to be initially constructed as part of the Property.

(e) Prevent Declarant, its successors or assigns or its or their contractors or subcontractors, from maintaining such sign or signs on the Property as may be necessary in connection with the sale, lease or other marketing of units, or otherwise from taking such other actions deemed appropriate.

Section 19. Enforcement Procedure. Every Owner and occupant shall comply with the provisions of this Declaration as set forth herein, any and all rules and regulations made pursuant to this Declaration, ByLaws and Articles of Incorporation of the Association, as amended from time to time. Failure of an Owner or occupant to so comply shall be grounds for action which may include, without limitation, an action to recover sums due for damages, injunctive relief, or any combination thereof. In addition to all other remedies, in the sole discretion of the Board of Directors of the Association, a fine or fines may be imposed upon an Owner for failure of an Owner; his family, guests, invitees, lessees or employees, to comply with any covenant, restriction, rule or regulation herein or in the Declaration, Articles of Incorporation or ByLaws, provided the following procedures are adhered to:

(a) The Association shall notify the Owner or occupant of the infraction or infractions. Included in the notice shall be a date and time of the next Board of Directors meeting at which time the Owner or occupant shall presents reasons why penalties should not be imposed.

(b) The non-compliance shall be presented to the Board of Directors after which the Board of Directors shall hear reasons why penalties should not be imposed. A written

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decision of the Board of Directors shall be submitted to the Owner or occupant by not later than twenty-one (21) days after the Board of Directors' meeting.

(c) The Board of Directors may impose fines against the applicable Lot up to the maximum amount of \$50.00 (or such greater amount as may be permitted by law from time to time).

(d) Each separate incident which is grounds for a fine shall be the basis of one separate fine. In the case of continuing violations, each continuation of same after a notice thereof is given shall be deemed a separate incident.

(e) Fines shall be paid not later than thirty (30) days after notice of the imposition thereof.

(f) All monies received from fines shall be allocated as directed by the Board of Directors.

(g) These fines shall not be construed to be exclusive and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; however, any penalty paid by the offending Owner or occupant shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner or occupant.

(h) The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the Surface Water or Stormwater Management System.

Section 20. Additional Use Restrictions. The Board of Directors of the Association may adopt such additional use restrictions, rules or regulations, applicable to all or any portion or portions of the Property and to waive or modify application of the foregoing use restrictions with respect to any Lot(s) as the Board, in its sole discretion, deems appropriate.

ARTICLE VII

RIGHTS OF MORTGAGEES

Section 1. Mortgagee Notice Rights. Upon written request to the Association, identifying the name and address of a Mortgagee and specifying the Lot upon which it holds a mortgage, such Mortgagee will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Area or any Lot on which there is a first mortgage held, insured or guaranteed by such Mortgagee.

(b) Any delinquency in the payment of Assessments owed by an Owner of a Lot subject to a first mortgage held, insured or guaranteed by such Mortgagee, which remains uncured for a period of sixty (60) days.

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

(d) Any proposed action of a material nature which would require the consent of a specified percentage of Mortgagees.

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Section 2. Mortgagee Information. The Association shall make available to Owners and Mortgagees current copies of this Declaration, Articles, Bylaws and rules and regulations of the Association, as well as books, records and financial statements of the Association. "Available" means available for inspection, upon written request during normal business hours or under other reasonable circumstances.

Section 3. Audited Financial Statements. Upon written request of a Mortgagee, the Association shall obtain and deliver to a Mortgagee and any Owner an audited or reviewed financial statement for the preceding fiscal year.

ARTICLE VIII

ANNEXATION OF PROPERTY

Section 1. Declarant's Annexation. The Declarant shall have the right, for, so long as it owns Property or Additional Property from time to time and in its sole discretion, to annex to the Property and to include within this Declaration any Additional Property.

Section 2. Association Annexation. The Association may annex Additional Property owned by the Association to the Property with the approval of 2/3 of the votes of the Voting Members.

Section 3. Supplemental Declarations. Any such additions authorized in section 1 or 2 above may be made by filing of record of one or more supplemental declarations. With respect to Additional Property annexed by the Declarant, the supplemental declaration need only be executed by the Declarant; in the case of Additional Property to be annexed by the Association, the supplemental declaration shall be executed by the President of the Association and shall state that such annexation is in accordance with a resolution passed by the Association in accordance with the terms of this Declaration. A supplemental declaration shall contain a statement that the real Property that is the subject of the supplemental declaration constitutes Additional Property which is to become a part of the Properties subject to this Declaration. To the extent that the Additional Property to be annexed constitutes a "Neighborhood" and any additional obligations or rights of Owners within the Neighborhood may be included in the supplemental declaration. In addition, the supplemental declaration may contain additional covenants and restrictions provided that such covenants and restrictions are consistent with those contained herein. Such supplemental declaration shall become effective upon being recorded in the public records of the County.

Section 4. Effect of Annexation. In the event that any Additional Property is annexed to the Property pursuant to the provisions of this Article, then such Additional Property shall be considered within the definition of Property for all purposes of this Declaration, and each Owner of a Lot therein shall be a Class A Member and shall be entitled to one (1) vote and the Class B Member shall be entitled to additional votes as provided in Article III.

Provided, however, until a supplemental declaration is recorded subjecting any portion of the Additional Property to the Declaration, the fact that such Additional Property is described on Exhibit B shall not constitute a defect or encumbrance on the title of the Additional Property.

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Section 5. Withdrawal. Declarant may at any time in its sole discretion determine to withdraw Property from this Declaration by recording in the public records a declaration of withdrawal of the Property which shall be consented to by the owner of the Property and its Mortgagee, if any, if such Additional Property is not owned by the Declarant. Subsequent to the termination of the Declarant's ownership of any Property subject to this Declaration, the Association may withdraw Property in the manner stated herein with the consent of the Owner if it is not the Association.

Section 6. Association May Manage Other Properties. The Association may perform the duties of any other homeowner's association with jurisdiction over adjacent properties including, without limitation, The Sanctuary of Jacksonville Beach Community Association, Inc. under the Declaration of Covenants, Conditions, Restrictions and Easements - The Sanctuary, which have been recorded in Official Records Volume 6747, page 2236, of the current public records of Duval County, Florida, provided that (a) such association assigns its rights and responsibilities under such covenants to Association and such association, its members, and other interested parties, if any, consent in the manner required by the declaration, (b) the Common Area and Common Roads described in such declaration are conveyed to the Association, (c) reserve accounts for the repair and replacement of such Common Area and Common Roads are fully funded based upon the estimated cost thereof and the remaining economic life of same, and (d) all funds held by such association are turned over to the Association. The members of such association shall thereafter have the voting rights of a Class A member of the Association.

ARTICLE IX

INSURANCE, CONDEMNATION AND RECONSTRUCTION

Section 1. Damage to or Condemnation of Common Area. In the event that any portion of the Common Area is damaged or destroyed by casualty, natural events or taken through condemnation or a conveyance in lieu hereof, it shall be repaired or restored by the Association to substantially its condition prior to the damage or destruction.

Repair, reconstruction or restoration of the improvements to the Common Area shall be substantially in accordance with the plans and specifications pursuant to which the same was originally constructed. All insurance proceeds shall be applied to the repair, reconstruction and restoration of such damage. If the insurance proceeds or condemnation award and any reserves maintained by the Association for such purpose are insufficient to pay for such damage, the deficit shall be assessed against all Owners as a Special Assessment. If there is a surplus of insurance proceeds or condemnation award, such shall become the Property of the Association.

With respect to any insurance proceeds or condemnation award in connection with such loss or damage to the Common Area or improvements thereon, Association is hereby designated to represent the Owners in any proceedings, negotiations, settlements or agreements in connection with such award.

Section 2. Damage to or Condemnation of the Lots. In the event of damage or destruction to any portion of the improvements on a Lot, due to casualty, natural events, condemnation or conveyance in lieu thereof, the improvements shall be repaired or restored by the Owner. In the event that the damage, destruction or condemnation renders the

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improvements uninhabitable or tile damage is so substantial that the Owner determines not to rebuild the improvements on the Lot, the Owner shall clear the debris, have the Lot leveled within 60 days from the date of destruction or damage and shall thereafter maintain the Lot in a clean and sanitary condition.

Section 3. Damage to Common Area Improvements Due to Owner Negligence. In the event that the Common Area is damaged as a result of the willful or negligent acts of the Owner, his tenants, family, guests or invitees, such damage shall be repaired by the Association and the cost of repair thereof shall be a Special Assessment against such Owner.

Section 4. Insurance. The Association shall obtain and maintain insurance policies insuring the interests of the Association as hereinafter described. A policy of Property insurance shall cover all of the Common Area and improvements thereto (except land, foundation, excavation and other items normally excluded from coverage) but including fixtures and building service equipment, to the extent that they serve the Common Area.

The policy shall afford, as a minimum, protection against the following:

(a) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;

(b) all other perils which are customarily covered with respect to projects similar in construction, location and use, including flood insurance, if applicable, and all perils normally covered by the standard "all risk" endorsement, where such is available. If flood insurance is required, it must be in an amount of 100% of current replacement cost of the improvement or the maximum coverage under the National Flood Insurance Program.

(c) losses covered by general liability insurance coverage covering all Common Area and improvements thereto in the amount of at least \$1,000,000.00 for bodily injury, including deaths of persons and Property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for Property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of Common Area and any legal liability that results from lawsuits related to employment contracts in which the Association is a party. If the policy obtained does not include a "severability of interest" provision, the Association shall obtain a specific endorsement to preclude the insurer's denial of an Owner's claim because of negligent acts of the Association or other Owners.

The hazard policy shall be in an amount equal to 100% of the current replacement cost of the insured properties exclusive of land, foundation, excavation and items normally excluded from coverage. The maximum deductible amount for such policies shall be the lesser of \$10,000 or 1% of the policy face amount, provided that funds to cover the deductible shall be included in the Association reserve accounts. In the event that any of the insurance requirements contained herein become unavailable and/or prohibitively expensive or the Mortgagees modify the insurance requirements, the Board, in its discretion, may determine to modify the coverages contained herein in such a manner as the Board, using its business judgment, deems prudent and reasonable. The Policy shall provide that it may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association. The Board may obtain

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such additional insurance as it in its sole discretion deems reasonable, convenient or necessary. In the event that any of the coverage required herein becomes unavailable or prohibitively expensive, the Association may make such changes in coverage as it deems reasonable and prudent provide such coverage is consistent with the then applicable requirements of the Mortgagees.

ARTICLE X

EASEMENTS

Section 1. Utility Easements. For so long as the Declarant is a Class B member, the Declarant hereby reserves the right to grant perpetual nonexclusive easements for the benefit of Declarant or its designees, upon, across, over, through and under any portion of the Property for ingress, egress, installation, replacement, repair and maintenance of utility and service lines and service systems, public and private. Declarant, for itself and its designees, reserves the right to retain title to any and all pipes, lines, cables or other improvements installed on such easements. Upon termination of the Declarant's right to grant such easements, the Association shall have the right to grant the easements described herein.

Section 2. Declarant's Easement in Connection with Drainage. For so long as the Declarant is a Class B member, Declarant hereby reserves a blanket easement on, over and under the ground within the Property to maintain and correct drainage of surface waters and other erosion controls in order to maintain reasonable standards of appearance or to comply with applicable laws. In addition, the Declarant has the right to grant to adjacent land owners an easement for drainage over the Property or Additional Property to serve such adjacent Property in such terms and conditions as it deems necessary or convenient.

Section 3. Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional encroachment by any Lot upon the Common Area or vice-versa caused by or resulting from, construction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment which easement is appurtenant to the encroaching Property to the extent of such encroachment.

Section 4. Central Telecommunication Receiving and Distribution System. The Declarant hereby reserves unto itself, its successors and assigns, an exclusive easement for installing, maintaining and supplying the services of any central telecommunication receiving and distribution system serving the Property. Declarant reserves to itself, its successors and assigns, the right to connect to any central telecommunication receiving and distribution system to such source as Declarant may, in its sole discretion, deem appropriate including, without limitation, companies licensed to provide CATV service in the City of Jacksonville Beach. The Declarant, its successors and assigns shall have the right to charge the Association and/or individual Owners a reasonable fee not to exceed any maximum allowable charge for CATV services to single family residences as from time to time permitted by the Code of Laws and Ordinances of the County.

Section 5. Maintenance Easement. The Association and Declarant are hereby granted an easement for entry upon a Lot to perform emergencies or to perform other work reasonably

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necessary for the proper maintenance of the Property. Such entry shall not be considered a trespass and the Association and Declarant shall be held liable for damage incurred only if such damage results from the gross negligence or willful misconduct. The foregoing easement right shall not create any obligation on the part of the Association or the Declarant to perform such maintenance.

ARTICLE XI

LAKE AND WATER RIGHTS

Section 1. Ownership of Lakes. Certain portions of the Property and/or the Additional Property shall be designated as stormwater retention or detention ponds and certain portions of the Property are naturally occurring ponds, streams and marshes, all of the foregoing are herein referred to as "lakes". The bottom of any such lake subjected to this Declaration may be conveyed to an individual Owner, to the Association, or retained by the Declarant, and the fee simple title holder thereof shall be the "Owner" of the lake for the purposes set forth in this Declaration; provided however, the waters, water quality and maintenance of such lake shall be controlled by the Association.

Section 2. Maintenance of Surface Water or Stormwater Management System. The Association shall be responsible for the maintenance, operation and repair of the Surface Water or Stormwater Management System. Maintenance of the Surface Water or Stormwater Management System(s) shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. The Association shall be responsible for such maintenance and operation. Any repair or reconstruction of the Surface Water or Stormwater Management System shall be as permitted, or, if modified, as approved by the St. Johns River Water Management District.

Section 3. Maintenance of Lake Embankments and Lake Bottoms. Irrespective of the ownership of the lake bottoms, the Association shall be responsible for and obligated to maintain and control the water level and quality of the lakes and shall maintain the lake bottom. The Association shall have the duty, power and right as it deems appropriate, to control and eradicate plants, fowl, reptiles, animals, fish and fungi in and on any lakes, as well as to maintain any drainage device and/or water level devices so as to insure compliance with applicable governmental regulations as they exist from time to time. The Owner of the land adjacent to the water edge of the lake ("Adjacent Owner") shall maintain the embankment to the water edge as such level shall rise and fall from time to time. Maintenance of the embankment shall be conducted so that the grass, planting or other lateral support of the embankment shall exist in a clean and safe manner and so as to prevent erosion. If the Adjacent Owner shall fail to maintain the embankment, the Association shall have the right, but not the obligation, to enter onto the Adjacent Owner's Property and perform the maintenance at the expense of the Owner, which expense shall be a Special Assessment against the Owner and his Property as provided in Article IV.

Section 4. Improvements on Lake. In the event that Declarant, an entity designated by the Declarant, or the Association shall construct any bridges, docks, or piers or other improvements which may extend over or into the lake or construct any bulkheads or similar improvements to support or

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enhance the lake, the Association shall maintain any and all improvements in good repair and condition. No Owner, except the Declarant, its designee or the Association, shall be permitted to construct any improvement, permanent or temporary, on, over or under any lake without the written consent of the Declarant and the Association, which consent may be withheld for any reason.

Section 5. Easements. The Owners' use and access to the lakes shall be subject to and limited by the rules and regulations of the Association. If permitted by the rules and regulations of the Association, the use of lakes shall be limited to fishing, boating, and/or recreational use. The Association is hereby granted a non-exclusive easement for ingress and egress over the lakes and a parcel of land extending from the water edge or the Adjacent Lots sufficient to permit the access of appropriate equipment to provide such maintenance, for the purpose of providing the maintenance required herein and the Adjacent Owners are hereby granted a non-exclusive easement over the lake for the purpose of providing any maintenance to tile embankment.

Section 6. Lake Use Restrictions and Covenants. All lakes within the Property constitute aesthetic amenities. In connection with the use of any lake, the following restrictions shall apply:

(a) No motorized or power boats shall be permitted on any lake with the exception of boats used for maintenance thereof.

(b) No bottles, trash, cans or garbage of any kind or description shall be placed in any lake.

(c) No activity shall be permitted on any lake which may become an annoyance or nuisance to the adjacent Property and the Owners thereof. The Association's determination whether any activity constitutes an annoyance or nuisance shall be dispositive.

(d) No person or entity, except Declarant or the Association, shall have the right to pump or otherwise remove any water from any lake for the purpose of irrigation or other use.

(e) The lake shall not be used in conjunction with any business enterprise or public use whatsoever.

(f) There shall be no fishing permitted from bridges, streets or right of ways except as expressly provided by the Declarant. Only Owners shall be permitted to fish in the lakes and only in areas so designated.

(g) No swimming or wading shall be permitted within the lake.

(h) The Board shall be entitled to establish, amend, or modify rules and regulations governing the use of the lake.

(i) No dredging or filling shall be undertaken nor shall any action take place which will disturb the wetlands on the Property without the consent of the Board.

Section 7. Indemnification. In connection with the platting of the Property or obtaining permits necessary to develop the Property, the Declarant may assume or may be required to assume certain obligations for the maintenance of the lakes. The Declarant hereby assigns to the Association and the Association hereby assumes all the obligations of the Declarant under the plat, applicable permits or any applicable

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governmental regulations and for any and all obligations for the maintenance of lakes within the Property or Additional Property. Association further agrees that subsequent to the recording of this Declaration, it shall indemnify and hold Declarant harmless from suits, actions, damages, liability and expense in connection with loss of life, bodily or personal injury or Property damage or other damage arising from or out of occurrence, in, upon, at or from the maintenance of the lake, occasioned wholly or in part by any act or omission of the Association or its agents, contractors, employees, servants or licensees but not including any liability occasioned wholly or in part by the acts of the Declarant, its successors, assigns, agents or invitees.

ARTICLE XII

MAINTENANCE RESPONSIBILITIES

Section 1. Owner Maintenance Responsibility. Each Owner is obligated to and responsible for performing all maintenance, repair and restoration in connection with its Lot and all improvements thereupon. Each Owner shall maintain the exterior of all buildings and improvements on the Owner's Lot in a good and workmanlike manner and shall present a neat and clean appearance upon the Lot, including painting, repairing, replacing and caring for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, and other exterior improvements. Owners shall further assure that no weeds, underbrush or other unsightly vegetation is permitted to grow or remain upon Owner's Lot and no refuse piles or unsightly objects shall be allowed to be placed or suffered to remain anywhere on Owner's Lot.

Section 2. Enforcement of Owner Maintenance Responsibility. In the event that any Owner fails or refuses to maintain his Lot in the manner set forth above, after written notice to Owner, the Board may authorize its agents to enter upon the Lot and perform any necessary maintenance, the cost thereof shall be assessed against the Owner of the Lot as a Special Assessment. In the event that any Owner leases his Lot and the improvements thereon to a tenant, the Board shall notify the Owner and it shall be the Owner's responsibility to assure that the maintenance is performed.

Section 3. Association Maintenance Obligations. Notwithstanding any other specific requirements set forth herein, the Association is obligated to and responsible for performing all maintenance, repair and restoration in connection with the Common Area and any Limited Common Areas, and any improvements thereon. In addition, the Association may be designated by the Declarant or by a governmental entity as the entity responsible for maintenance of land which is not owned by it, but which serves or benefits the Owners in general and the Property, including without limitation, rights of way, drainage ditches, fences, and conservation areas. Upon such designation as the maintenance providing entity, the Association shall perform such maintenance and the cost thereof shall be a part of the Common Expenses of the Association.

Provided, however, to the extent that the Association maintains any landscaped areas, the Association does not guaranty or warrant any of the landscaping, grass or other flora or plants installed by it or its agents. Accordingly, in the event that any landscaping, grass, plants or flora which the Association installs does not survive, the Association may replace such landscaping, grass, plants or other flora with substitute plant material of its own

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selection, using its best judgment and discretion and the Association is not required to replace the landscaping, grass, plants or flora with exactly the same plant material.

ARTICLE XIII

DISCLAIMER OF LIABILITY

Section 1. General Provisions. Notwithstanding anything contained herein, in the Articles, Bylaws or rules and regulations of the Association or any other document governing or binding the Association (jointly referred to herein as "Association Documents"), neither the Declarant nor the Association shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner, occupant or user of any portion of the Property, including without limitation, residents, their families, guests, invitees, agents, servants, contractors or subcontractors, nor for any Property of such persons.

Section 2. Specific Provisions. Without limiting the generality of the foregoing:

(a) It is the express intent of the Association Documents that the various provisions thereof which are enforceable by the Association and which govern or regulate the uses of the Property have been written and are to be interpreted and enforced for the sole purpose of enhancing and maintaining the enjoyment of the Property and the value thereof.

(b) Neither the Declarant nor the Association is empowered nor have they been created to act as an entity which enforces or insures compliance with the laws of the United States, the State of Florida, the County of Duval and/or any other jurisdiction or prevents tortious activities.

(c) The provisions of the Association Documents setting forth the uses of Assessments which relate to health, safety and/or welfare shall be interpreted and applied only as limitations on the uses of such funds and not as creating a duty of the Association, or the Declarant, to protect or further the health, safety or welfare of any persons, even if such funds are used for such purposes.

Section 3. Owner Covenant. Each Owner, his heirs, successors and assigns (by virtue of his acceptance of title to his Lot) and each other person or entity having an interest in or lien upon or making use of, any portion of the Property (by virtue of accepting such interest or lien or making use thereof) shall be bound by this Article and shall be deemed to have automatically waived any and all rights, claims, demands and causes of action against the Association or Declarant arising from or connected with any matter for which the liability of the Association or Declarant has been disclaimed in this Article.

ARTICLE XIV

GENERAL PROVISIONS

Section 1. Enforcement. The Association, the Declarant for so long as it is a Class B member, or any Owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions

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of this Declaration. Failure by the Association, the Declarant or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the Property, for a term of forty (40) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless a termination thereof is approved by ninety-percent (90%) of the votes of the Members voting at a General Meeting as more fully described in the Bylaws. In the event that the required percentage of Owners determine to terminate the Declaration for any reason other than substantial destruction or condemnation of the Property improvements thereon, such termination must be consented to by Mortgagees representing at least 67% of the votes. Any amendment which would alter the Surface Water or Stormwater Management System (beyond maintenance in its original condition), including the water management portion of the common areas, must have the prior approval of the St. Johns River Water Management District.

Section 4. Amendment. For so long as Declarant retains its Class B Membership, Declarant reserves the right without consent or joinder of any Owner or Mortgagee to amend this Declaration (a) to cure any ambiguity in or inconsistency between the provisions here in contained, (b) to include in any supplemental Declaration or other instrument hereafter made any additional covenants, restrictions and easements applicable to the Property which do not lower the standards of the covenants, restrictions and easements herein contained, (c) to release any Lot from any part of the covenants and restrictions which have been violated, if Declarant, in its sole judgment determines such violation to be a minor or insubstantial violation, (d) as may be required by any Mortgagee, and (e) as it may deem necessary or convenient to support the terms and conditions of the Declaration or the Association. Thereafter, this Declaration may be amended as follows:

(a) During the first twenty (20) years after recording the Declaration, by the vote of ninety percent (90%) of the Members holding Voting Certificates present at a duly noticed General Meeting at which a quorum is present.

(b) After twenty (20) years from recording this Declaration by the vote of seventy-five percent (75%) of the

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Members holding Voting Certificates present at a duly noticed General Meeting at which a quorum is present.

(b) After twenty (20) years from recording this Declaration by the vote of seventy-five percent (75%) of the Members holding Voting Certificates present at a duly noticed General Meeting at which a quorum is present.

(c) In the alternative, the amendment may be approved by the requisite percentage of Members executing a written consent thereto. Upon obtaining the required percentage of written consents of all Members, the Secretary shall execute a certificate evidencing that the written consents were obtained.

Section 5. Multi Family and Commercial Parcels. Notwithstanding anything else to the contrary set forth herein, the Declarant reserves the right to grant non-exclusive easements over the Common Roads for ingress and egress and non-exclusive easements over the Common Property for utilities, water, sewer, cable television, drainage for the benefit of certain parcels of land which may be developed for multi-family or commercial use. Such easements shall be granted on such basis and subject to such rules and regulations as the Declarant shall determine.

Section 6. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless same is approved by a vote of seventy-five percent (75%) of the Members at a General meeting. This Section 6 shall not apply, however, to (i) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (ii) the imposition of Assessments as provided, (iii) proceedings involving challenge to ad valorem taxation or (iv) counterclaims brought by the Association in proceedings instituted against it. Notwithstanding the provisions of Section 4 of this Article, this Section 6 shall not be amended unless such amendment is made by the Declarant or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 14th day of JULY, 1994.

Signed, sealed and delivered in the presence of:

SANCTUARY JOINT VENTURE, INC.

Joyce W. Eystein
Joyce W. Eystein
Tru Childers
Tru Childers

By: Daniel T. Crisp, III
Daniel T. Crisp, III
Its President

(CORPORATE SEAL)

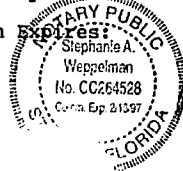
STATE OF FLORIDA
COUNTY OF DUVAL

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The foregoing instrument was acknowledged before me this
12th day of July, 1994, by Daniel T. Crisp, III, as
 President of Sanctuary Joint Venture, Inc., a Florida
 corporation, on behalf of the corporation, who is personally
 known to me or who has produced _____ as
 identification and who did (did not) take an oath.

Stephanie A. Weppelman
 Name Stephanie A. Weppelman
 Notary Public,
 State and County Aforesaid

My Commission Expires:



743043

Exhibit B

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CAPTION

A portion of Government Lots 1 and 2, Section 8 Township 3 South, Range 29 East, Duval County, Florida, and being more particularly described as follows: BEGIN at the Northwest corner of Lot 18, as shown on the plat of The Sanctuary Unit Two A, as recorded in Plat Book 48, Pages 72-72D of the Current Public Records of said County; thence Southerly and Westerly along the Westerly boundary of The Sanctuary Unit Two, aforementioned, run the following courses and distances: Course No. 1 - South 00°32'09" East, 150.80 feet; Course No. 2 - South 33°08'21" East, 59.35 feet; Course No. 3 - South 00°49'29" East, 315.00 feet; Course No. 4 - South 89°27'51" West, 113.00 feet; Course No. 5 - South 65°10'06" West, 68.26 feet; Course No. 6 - North 67°05'48" West, 112.53 feet; Course No. 7 - South 43°06'06" West, 204.32 feet; Course No. 8 - North 46°53'54" West, 166.45 feet; Course No. 9 - South 00°49'29" East, 86.96 feet; Course No. 10 - South 20°11'31" West, 430.07 feet; Course No. 11 - North 82°47'09" West, 845.17 feet; thence leaving said Westerly boundary North 02°54'08" East, 371.52 feet; thence North 00°49'29" East, 302.11 feet; thence North 19°11'46" East, 152.53 feet; thence North 47°37'52" East, 136.27 feet to a point situate in the Northerly line of said Section 8, the point also being situate in the Northerly line of said Government Lot 2; thence North 89°27'51" East, along the Northerly line of said Section 8 and Government Lot 2 and along the Northerly line of said Government Lot 1 and along the Southerly boundary of Oakbreeze Cove, as recorded in Plat Book 45, Pages 11, 11A, and 11B of said Current Public Records, a distance of 1313.60 feet to the POINT OF BEGINNING.

Containing 27.3473 acres, more or less.

94 JUL 28 PM 1:40
RECORD VERIFIED
Clerk of Circuit Court
94-0112002