

**DECLARATION OF COVENANTS, CONDITIONS,
EASEMENTS AND RESTRICTIONS FOR
SANDY RIDGE, A RESIDENTIAL SUBDIVISION**

THIS DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR SANDY RIDGE, A RESIDENTIAL SUBDIVISION (“Declaration”) is made this 25th day of January, 2006, by **WATERVIEW DEVELOPMENT, LLC**, a Florida limited liability company (“Declarant”), which declares that the real property hereinafter described, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges and liens hereinafter set forth.

WITNESSETH:

WHEREAS, Declarant is the record owner of the fee simple title to that certain real property located in Okaloosa County, Florida, more particularly described on Exhibit A attached hereto and made a part hereof (such property, together with any other property which may become subject to the terms and conditions contained herein, being collectively referred to herein as the “Property”); and

WHEREAS, in accordance with the applicable provisions of the laws of the State of Florida and applicable local ordinances, Declarant desires to pint and divide the Property into a subdivision to be known as “Sandy Ridge” (herein, the “Subdivision”), according to a plat recorded or to be recorded in the public records of Okaloosa County; and

WHEREAS, Declarant desires to provide for the protection of the value and desirability of the Subdivision; and to this end, and for the benefit of the Property and each owner of any portion thereof, Declarant desires to specify, make, impose and subject the Property to the covenants, conditions, easements, restrictions, charges and liens hereinafter set forth; and

WHEREAS, to provide for the orderly and effective management and administration of the Subdivision in accordance with the provisions of this Declaration, Declarant has caused to be incorporated (or shall cause to be incorporated) a not-for-profit Florida corporation known as “Crestview Sandy Ridge Homeowners Association, Inc.” (herein, the “Association”), with the power and duty of administering and enforcing the provisions of this Declaration, including without limitation, collecting Assessments (defined below), managing the Storm Water Management System (defined below) and all other portions of the Common Areas (defined below), and otherwise providing for the owners enjoyment of the Subdivision;

NOW THEREFORE, Declarant hereby declares that all of the Property shall be held, sold and conveyed subject to the following covenants, conditions, easements and restrictions which shall run with the real property and be binding on, and inure to the benefit of, all parties now or hereafter having any right, title or interest in the Property.

ARTICLE I - DEFINITIONS

Each of the following capitalized words and phrases used in this Declaration shall mean as follows:

1.1 “ARC” means and refers to the Architectural Review Committee.

1.2 “ARC Guidelines” means and refers to the guidelines set forth on attached Exhibit D and any other written guidelines which may be promulgated by the ARC in accordance with applicable provisions of this Declaration, for submitting applications for, and obtaining approvals for, constructing, performing or making improvements on any Lot, as same may be supplemented or amended from time to time.

1.3 “Architectural Review Committee” means and refers to the Architectural Review Committee to be established pursuant to Article VI hereof.

1.4 “Articles” means and refers to the Articles of Incorporation of the Association (a copy of which is attached hereto and incorporated herein as Exhibit B), as same may be supplemented or amended from time to time in accordance with applicable provisions of this Declaration and the Articles.

1.5 “Annual Assessment” means and refers to an Assessment required of all Owners, as further provided in Section 4.2 hereof and elsewhere in this Declaration.

1.6 “Assessment” means and refers to a share of the funds required for payment of expenses of the Association to be assessed against the Owners from time to time, as provided for in this Declaration, including, but not limited to, General Assessments, Individual Lot Assessments and Special Assessments.

1.7 “Association” means and refers to the Crestview Sandy Ridge Homeowners Association, Inc., a Florida corporation not for profit, its successors and assigns. The Association, whose members are the Owners, is responsible for maintaining the Subdivision and enforcing the terms and provisions of this Declaration.

1.8 “Back,” when used in describing a particular side or end of a Lot (such as the phrase “Back Lot line” or the “Back line of the residential structure”), means and refers to that side or end of the Lot that is farthest away from the street shown on the Plat.

1.9 “Board” means and refers to the Board of Directors of the Association.

1.10 “Builder” shall mean D. R. Horton, Inc., a Delaware corporation. Builder has rights to purchase all of the Lots in the Subdivision from Declarant.

1.11 “Buffer Areas” shall mean and refer to those landscaped and/or natural vegetation areas of the Subdivision located adjacent to, but not included within, any Lots.

1.12 “Bylaws” means and refers to the Bylaws of the Association (a copy of which is attached hereto and incorporated herein as Exhibit C), as same may be supplemented or amended from time to time in accordance with applicable provisions of this Declaration, the Articles and the Bylaws.

1.13 “Common Area” or “Common Areas” means and refers to all real property (including any improvements and landscaping made thereto and any facilities, fixtures or other tangible personal property installed thereon or otherwise relating thereto, but excluding public utility installations) now or hereafter owned by the Association for the common use, enjoyment and benefit of the Owners, without regard to whether the said real property is included within the Property. The Common Area includes, without limitation, any areas shown and designated on the Plat as “Common/Detention Area” or a similar designation (but only to the extent that the same are not dedicated to the City per the Plat), together with all outdoor exterior lighting not situated within the boundaries of any Lot, the entryway monument and surrounding landscaping for the Subdivision, and all storm sewer areas located anywhere on the Property. As the context allows, reference to the Common Area also means and includes all rights and interests of the Association pertaining to the Common Area, all personal property owned by the Association and used in connection with the Common Area, and all Easement Rights, if any.

1.14 “Declarant” means and refers to Waterview Development, LLC, a Florida limited liability company, and its successors and assigns to the rights and obligations of Declarant hereunder made by written instrument recorded in the Public Records of Okaloosa County.

1.15 “Declarant Control Period” means and refers to the period of time commencing upon the filing of this Declaration in the public records of Okaloosa County, Florida and continuing until the sale of all Lots within the Subdivision to home purchasers or end users (i.e., persons other than Builder), or until the Developer elects to terminate its control of the Subdivision, whichever shall first occur.

1.16 “Declaration” means and refers to this Declaration of Covenants, Conditions, Easements and Restrictions for Sandy Ridge, a Residential Subdivision, including all exhibits attached hereto, as same may hereafter be supplemented, amended or restated by any supplement, amendment or restatement made in accordance with the applicable terms hereof and recorded in the Public Records of Okaloosa County, Florida.

1.17 “Drainage Easements” shall mean and refer to any drainage easements which may have been declared, created or reserved by a showing thereof on the Plat.

1.18 “Easement Rights” means and refers collectively to all easement and use rights (not fee simple title), if any, granted in favor of the Property, the Association or the Owners collectively.

1.19 “Front,” when used in describing a particular side or end of a Lot (such as the phrase “Front Lot line” or “the Front line of the residential structure”), refers to that side or end of the Lot nearest the street shown on the Plat.

1.20 “Governing Documents” means and refers collectively to this Declaration, the Articles and the Bylaws, and any written policies or guidelines that may hereafter be promulgated by the Board, the Association or the ARC in accordance with applicable provisions of this Declaration, the Articles or the Bylaws, as same may be supplemented, restated or amended from time to time.

1.21 “Individual Lot Assessment” shall mean any Assessment charged solely to a particular Lot and the Owner(s) thereof pursuant to this Declaration for services and costs which related solely to such Lot.

1.22 “Lot” means and refers to any one of the Lots shown on the Plat, along with any improvements constructed on the said Lot.

1.23 “Owner” means and refers to all record owners of a fee simple title to any Lot, whether one or more persons or entities. Owner shall not include any person or entity having a record interest in a Lot merely as security for the performance of an obligation. Except as otherwise specially provided, whenever a use or enjoyment right or restriction set forth in any of the Governing Documents provides for or references that an Owner can do or cannot do, or does or fails to do, or is responsible for doing, certain acts or things, the Owner shall also be deemed to include the Owner’s family members, guests and tenants; provided, however, that only an Owner, and not any family member, guest or tenant of an Owner, shall be held responsible for any financial obligation arising against the Owner under the Governing Documents for any act or failure to act by the Owner or the Owner’s family members, tenants or guests; and further provided, the right for an Owner’s family members, guests and tenants to do certain acts extends only as authorized by Section 3.2 of this Declaration or as otherwise expressly authorized by applicable terms of the Governing Documents.

1.24 “Plat” means and refers to the subdivision plat of the Property, known as Sandy Ridge, recorded in Map Book 2680, Page 713 in the Public Records of Okaloosa County, Florida, or any amended, revised or restated plat of Sandy Ridge that is amended, revised or restated as allowed by this Declaration and recorded in the public records of Okaloosa County, Florida.

1.25 “Property” is that certain real property described in Exhibit A. and any additional property which may hereafter be brought within the provisions of this Declaration and the jurisdiction of the Association in accordance with applicable provisions of this Declaration.

1.26 “Qualifying Mortgage” shall mean and refer to any mortgage granted and recorded against any Lot to the extent that it, together with any superior Qualifying Mortgages, secure a total payment obligation that does not exceed one hundred percent (100%) of the fair market value of the Lot and improvements located thereon (or planned to be located thereon and financed by the mortgage) at the time the mortgage is recorded.

1.27 “Special Assessment” means and refers to an Assessment required of all Owners, as further provided in Section 4.3 hereof and elsewhere in this Declaration.

1.28 “Storm Water Management Area” means and refers collectively to all portions of the Property which are designed or designated on the Past or otherwise for collecting retaining and discharging surface and subsurface water from the Property, including without Limitation all drainage/utility easement areas.

1.29 “Storm Water Management System” means and refers to a system, including but not limited to, the Storm Water Management Area and all improvements and facilities which are designed, constructed or implemented to collect, store, retain,, drain, absorb, control, convey, pass, discharge, treat, use or reuse surface and subsurface water and runoff from the Property to prevent or reduce flooding, erosion, over-drainage, environmental degradation and water pollution, or otherwise effect the quantity and quality of storm water discharges; including without limitation any pipes, headwalls, swales, slopes or other facilities necessary for the proper functioning of the Storm Water Management System.

1.30 “Subdivision” means and refers to the subdivision created by and according to the Plat.

ARTICLE II- MEMBERSHIP, VOTING RIGHTS, ASSOCIATION, BOARD AND MANAGEMENT

2.1 Membership. Every Owner of a Lot shall be a mandatory member of the Association; and if more than one person holds title to any Lot, all such persons holding title to the Lot shall be members. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot.

2.2 Voting Rights. The Association shall have one class of voting rights. All Owners, including the Declarant and Builder to the extent Declarant or Builder is the owner of such Lot, shall have voting rights that entitle such Owner to one (1) vote for each Lot owned. When more than one person holds title to any Lot, the vote for such Lot shall be exercised as the title holders determine themselves, but in no event shall more than one (1) vote be cast with respect to any Lot. Multiple Owners of a single Lot, and corporations, partnerships and other entities, shall notify the Association in writing of the natural person who shall exercise their/its vote.

2.3 The Association. The Association shall have the powers specifically enumerated in the Governing Documents and such other powers as are reasonably necessary or incidental to carry out the duties and responsibilities of the Association as set forth in the Governing Documents. Without limitation on the foregoing, the Association may provide any services it desires to provide to promote the health, safety, and welfare of the residents of the Subdivision including the purchase of other properties, whether adjacent to the Subdivision or not, for recreational or other purposes. The Association shall be governed by the applicable provisions of the Governing Documents.

2.4 Duties of the Association. Without limitation on Section 2.3, it shall be the duty, obligation and responsibility of the Association to:

(a) maintain and operate the Association pursuant to the Governing Documents;

(b) keep, operate, maintain and repair all of the Common Area in a safe, clean, attractive and otherwise well-maintained condition, including, without limitation, in accordance with any specific requirements imposed by the Governing Documents and/or agreements which the Declarant or the Association may have heretofore entered into or may hereafter enter into with any applicable governmental authority;

(c) keep, operate, maintain and repair all portions of the Storm Water Management System in a well-maintained condition; including, without limitation, in accordance with any specific requirements contained within any governmental permits issued in relation to the Storm Water Management System or otherwise now or hereafter imposed by applicable governmental authorities;

(d) comply with all agreements that the Declarant or the Association may have heretofore entered into or may hereafter enter into with any applicable governmental authority which obligates the Association to keep, operate, maintain and/or repair any areas or facilities located off of the Property

(e) keep in force liability and casualty insurance coverages on the Association and the Common Areas in such amounts as may be determined by the Board of Directors to be reasonable and necessary;

(f) pay all ad valorem real estate taxes, personal property taxes or other governmental impositions, if any, assessed upon or against the Association, the Common Areas or any other property owned or maintained by the Association; and

(g) perform such other duties and obligations as may be imposed upon it by the express terms of the Governing Documents.

The herein listing of Association duties and responsibilities is not intended to, and does not, (A) release any Owner from performing any duty, responsibility or obligation specifically set forth in this Declaration or the other Governing Documents; or (B) release any other party from any obligation that it may have, pursuant to any agreement, law, rule or regulation, to wholly or partially perform, or wholly or partially pay the cost of performing, any duty or responsibility herein listed (without limitation the following parties are not hereby released from such obligations: any contractor constructing site work improvements within the Subdivision, any utility company installing or operating any utility facilities within the Subdivision, or any local, state or federal governmental authority).

2.5 Limitation On Liability of the Association, Notwithstanding the duty of the Association to maintain and repair the Common Area or any other portions of the Property, the Association shall not be liable to any Owner for any injury or damage caused by any latent conditions of the Common Area or other portions of the Property which the Association may be required to maintain and repair, or any injury or damage caused by the elements or by Owners or

other persons.

2.6 The Board. The Board shall have the powers specifically enumerated in the Governing Documents and such other powers and duties as are necessary and incidental to operate and carry out the duties and responsibilities of the Association and the Board. Except as otherwise specifically required by the provisions of the Governing Documents, all powers, duties, decisions and actions of the Association can be exercised, performed, made and carried out by and through the Board, acting on behalf of the Association. The Board shall operate and be governed by the applicable provisions of the Governing Documents.

2.7 Initial Board. The persons to serve as the initial Board of Directors shall be appointed by the Declarant. During the Declarant Control Period, the Declarant may from time to time remove, substitute or replace any Director and/or the Declarant may exercise and perform all rights, powers and duties of the Board directly through Declarant's president or any other authorized officer of Builder.

2.8 First Elected Board. Upon expiration of the Declarant Control Period, the Declarant shall give notice thereof to all Owners; and the Owners shall, within sixty (60) days thereafter, in accordance with the applicable nominating and voting provisions of the Bylaws, elect a new Board, consisting of at least three (3) directors; provided) however, notwithstanding anything to the contrary, so long as Declarant shall hold one or more of the Lots for sale or resale in the ordinary course of business, Declarant shall be entitled to appoint (and substitute or replace from time to time) at least one (1) additional director to serve as an additional voting member of the Board.

2.9 Reasonable Exercise of Powers and Voting Rights. The Declarant shall not exercise the powers granted to Declarant by this Declaration in any unreasonable manner nor in such a way as to cause undue hardship upon any Owner. Likewise, the Owners shall not exercise their voting rights or any other powers granted to them by this Declaration in any manner so as to hinder the Declarant in selling any Lots it has remaining or to diminish or adversely affect any reservation or right of the Declarant contained in this Declaration.

2.10 Approval or Disapproval of Matters. Except where the joinder of record Owners is specifically required by the Governing Documents, whenever the consent, approval or decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such consent, approval or decision may be expressed either by the record Owner or by any person whom the record Owner has designated and authorized, pursuant to applicable provisions of the Governing Documents, to cast the vote of such Owner at an Association meeting.

2.11 Management. The Declarant, the Association and/or the Board may contract with any party for the performance of all or any portion of the management of the Association, the Association's maintenance and repair obligations or the Association's exercise of its rights under this Declaration to perform maintenance or repair to any Lot. The cost of any such management contract shall be included within the applicable Annual Assessment, Special Assessment or Individual Lot Assessment. The Association also may, but is not obligated to, act as agent for any Owner, if so requested by an Owner, to contract for routine maintenance and other services

not required to be provided by the Association, the cost of which shall be assessed to that Owner as an Individual Lot Assessment. The terms and conditions of all such contracts shall be at the discretion of the Board.

ARTICLE III -- COMMON AREAS

3.1 Owners' Rights of Use and Enjoyment. Every Owner shall have a right to use and enjoy the Common Areas, which right to use and enjoyment of the Common Areas shall be appurtenant to and pass with title to each Lot and extend to each Lot Owner's family members, tenants and guests as provided in Section 3.2: provided, however, each Owner's right to use and enjoy the Common Areas shall be subject to the following:

(a) The Association shall have the right, to the full extent allowed by Florida law, to suspend the right of any Owner (and the Owner's family members, tenants and guests) to use and enjoy any recreational facilities situated upon the Common Areas for (i) any period during which any Assessment against the Owner's Lot remains unpaid, or (ii) any period the Owner shall be in violation of any provision of the Governing Documents, or (iii) a period not to exceed sixty (60) days, for any infraction by the Owner (or the Owner's family members, tenants or guests) of the Association's published rules and regulations pertaining to the use and enjoyment of any of the said recreational facilities; provided, however, no Owner's right of vehicular or pedestrian ingress to and egress from a Lot, or right to park, may be suspended.

(b) Following expiration of the Declarant Control Period, the Association shall have the right, subject to rights reserved by Declarant, to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Owners. No such dedications or transfer shall be effective unless a majority of the Owners have approved such dedication or transfer at a duly called meeting (or in writing, without a meeting, as provided in the Bylaws), and unless written notice of the proposed action is sent to every Owner not less than thirty (30) days and no more than sixty (60) days in advance of the vote; provided, however, during the Declarant Control Period, Declarant may, without action of the Association, grant such subsurface utility easements, licenses or the like across, to or under all or any portion of the Common Areas which Declarant, in its sole discretion, as applicable, deems appropriate or necessary for the benefit of any or all Owners.

(c) Following expiration of the Declarant Control Period, the Association shall have the right, in accordance with the Articles and the Bylaws and with the consent of a majority of the Owners, to borrow money for the purpose of improving and maintaining the Common Areas and facilities; and in aid thereof the Association shall have the right to mortgage all or any portion of the Common Areas provided the rights of any mortgagee in the said properties shall remain subordinate to the rights of the Owners hereunder.

(d) The Association shall have the right to reasonably regulate and limit the use of the Common Areas through the establishment and publication of reasonable rules and regulations.

3.2 Extension of Common Area Use Rights to Family Members, Tenants and Guests. Subject to the provisions of Section 3.1, all other provisions of the Governing Documents and any restrictions or limitations contained within any instrument granting any Easement Rights, the right of each Owner to use and enjoy the Common Areas shall extend to the said Owner's family members and guests (but only if such Owner resides on the Lot) and to the said Owner's tenants or other persons who reside on the Lot and their family members and guests. Each Owner's right to enter upon and through the Common Areas shall extend also, but only as reasonably necessary and required, to contractors performing work on the Owner's Lot and to persons delivering products or services to the Owner's Lot.

3.3 Title to Common Areas. Declarant hereby covenants for itself its successors and assigns, that it will, prior to or in connection with its completion of the Subdivision and prior to or simultaneously with its closing on the sale of a first Lot contained within the Subdivision, convey all the Common Areas (including any Easement Rights) to the Association; said conveyance to be accomplished by dedication of same on the Plat, separate deed and/or such other instruments or means of conveyance as is customary and required in Okaloosa County, Florida to effectuate conveyance of the Common Areas from Declarant to the Association. Declarant's conveyance of the Common Areas to the Association shall be subject to the terms of (i) this Declaration, (ii) any utility easements or reservations and other easements or reservations provided for in this Declaration, and (iii) any other easements, reservations or restrictions then of record affecting the title to the Common Areas.

3.4 Damage or Destruction of Common Area by Owner. If any Owner or any guest, tenant, licensee, agent, employee or family member of any Owner shall damage any of the Common Area as a result of negligence or misuse, the Association is hereby authorized to repair the damage and charge the cost of such repair, together with a reasonable administrative charge in an amount established by the Board, against the said Owner's Lot as an Individual Lot Assessment and a continuing lien against the Lot until paid, and the said charge also shall be a personal obligation of the said Owner until paid.

3.5 Ingress and Egress within the Subdivision. Every Owner shall have an easement of use for purposes of ingress and egress on, over and across streets, outdoor walkways, sidewalks and alleys located within the Subdivision. All police, fire, ambulance and other similar services shall have an easement to enter streets and other portions of the Common Area in the performance of their duties.

3.6 Utility Easement. A blanket easement is reserved by Declarant upon, across, over, through and under the Property for ingress, egress, installation, replacement, repair and maintenance of all public and private utility and service systems; including, without limitation, water, sewer, irrigation systems, drainage, telephone, electricity, television, cable or communication lines and other equipment. By virtue of this easement, the Declarant, as applicable, and its successors and assigns, may install and maintain facilities and equipment within the Subdivision. Notwithstanding anything to the contrary, the exercise of the utility easement granted by this paragraph shall not unreasonably disturb any Owner's right of quiet enjoyment of his or her Lot.

3.7 Storm Water Management System Easements. Declarant does hereby grant, declare, reserve and establish the following easements for itself;

(a) Easement for Drainage. A perpetual non-exclusive easement for drainage over the entire Storm Water Management System.

(b) Easement for Storm Water Management System. A perpetual non-exclusive easement over all portions of the Property as reasonably required for the purpose of constructing, installing, operating, maintaining, repairing and replacing the improvements that comprise the Storm Water Management System, including without limitation a right to enter upon or across any Lot as reasonably necessary (and at a reasonable time and in a reasonable manner) to access any part of the Storm Water Management Area or Storm Water Management System.

(c) Easement for Slopes. A perpetual non-exclusive easement on and over the portion(s) of any Lot which are contiguous to any Storm Water Management Area for the purpose of establishing and maintaining any slope that must be established or maintained to allow the grade of the subject Lot to remain intact.

No person shall alter any portion of the Storm Water Management System or the drainage flow of any surface water within the Subdivision without first obtaining the prior written approval of the Association and the prior written approval of all governmental authorities whose approval is required to be obtained prior to making such alteration,

3.8 Drainage Easements. In the event any Drainage Easements shall have been declared, created and reserved by a showing thereof on the Plat, the following shall apply: Each Owner of any Lot encumbered by a Drainage Easement upon which a drainage swale is located shall be solely responsible for the repair, replacement and maintenance of such drainage swale. Alteration, obstruction or removal of any drainage swales or drainage control facilities or structures are expressly prohibited. In the event any Owner fails to repair, replace and maintain any drainage swales or alters or obstructs any piping, drainage swales, facilities and structures, the Association may repair, replace and maintain such drainage swales, facilities and structures and assess such Owner for the costs and expenses incurred in order to accomplish the foregoing. Each Owner hereby grants an easement and license to the Declarant and the Association over, upon and across such Owner's Lot in order to facilitate and accomplish the foregoing. Further, no Owner shall place, erect or construct any improvements or otherwise permit anything to occur within any Drainage Easement area which would in any way effect said Drainage Easement or any swale, pipe or drainage control facility or structure located therein or thereon, unless, in the event of construction of any improvements, such improvements have been approved by Declarant or the ARC.

3.9 Association Easements. The Association shall have an easement for itself, its officers, agents and employees, including any management company selected by it, to enter upon or cross over the Common Area and any Lot in the course of performing its Fights and duties under this Declaration.

3.10 Construction, Sales and Maintenance Easement. Declarant does hereby (a) reserve for itself, its agents, sales representatives, employees, contractors and subcontractors, and their respective agents and employees, and (b) grant to Builder, its agents, sales representatives, employees, contractors and subcontractors, and their respective agents and employees, easements across, on, under and over the Common Area as may be required for (i) the construction, installation, improvement and maintenance of Lots, the Common Area and other Subdivision improvements, (ii) the exhibition and sale of Lots, and (ii) such other purposes and uses as Declarant or Builder, as applicable, reasonably deem appropriate or necessary in connection with the development of the Property, Builder's sale of the Lots and Declarant's exercise of its rights and obligations as Declarant hereunder.

3.11 Future Easements. Declarant reserves for itself; the right to impose further restrictions and/or to grant or dedicate easements and rights of way on any Lot within the Property owned by Declarant, as applicable, at the time of such imposition, grant or dedication. In addition, Declarant hereby expressly reserves the right to grant easements and rights of way over, under and through any other portion of the land now or later included in the Property (other than Lots), so long as Declarant shall at the time own the portion of the Property affected thereby; provided, any such easements granted by the Declarant shall not adversely and materially affect any Lots or Common Area improvements or unreasonably interfere with any Owner's use and enjoyment of his or her Lot or the Common Area.

ARTICLE IV -- ASSESSMENTS

4.1 Purpose of Annual and Special Assessments. The Association shall levy Annual Assessments and Special Assessments as contemplated by this Article IV to promote the health, safety and welfare of the residents of the Subdivision and provide for the improvement, operation, repair and maintenance of the Association and Common Area; including without limitation, for (i) paying the costs incurred by the Association in connection with performing its duties and obligations as set forth in this Declaration; (ii) the operation, maintenance, repair and replacement of all portions of the Storm Water Management System, Subdivision entrances and entrance signs and features; landscaping throughout the Subdivision, road right-of-way landscaping, and lighting, water pump, sprinkler system and other utility systems; (iii) the payment of water, electric and other utility bills for the operation of the Common Area facilities; (iv) the cleaning of debris from the Common Areas and from Lots on which no residential dwelling has yet been constructed; (v) the keeping in force of reasonable and adequate liability and casualty insurance coverages for the Association and Common Area; (vi) the payment of all ad valorem real estate taxes, personal property taxes and other taxes, bond Assessments or impositions, if any, levied or assessed upon the Association, the Common Areas or the property owned or maintained by the Association; and (vii) the establishment of reserves for working capital, contingencies and replacements related to the foregoing.

4.2 Annual Assessment. The Association shall fix the amount of the Annual Assessment pursuant to and in accordance with the requirements of Article V of this Declaration, and the following;

- (a) Throughout the Declarant Control Period, Declarant and Builder shall

establish the Annual Assessment which shall be due and payable by all Owners. In light of Declarant's and Builder's financial commitment to the Subdivision, Declarant and Builder shall not be required to pay Annual Assessments. All other Owners shall pay the Annual Assessment directly to Declarant, and Declarant shall use such Assessments only towards the payment of the Association's operating expenses as hereafter described and for no other purpose. Upon each Owner's acquisition of a Lot, such Owner shall pay a prorated amount of the Annual Assessment for the remainder of the calendar year in which such closing occurs. Declarant will establish a separate account into which all such Assessments will be deposited and will maintain such funds separate and apart from Declarant's other funds. During the Declarant Control Period, Declarant shall pay all expenses required to operate the Association from time to time, including, without limitation, maintaining the entryway area (landscaping and utilities) in a good condition and working order, paying utility and maintenance bills, paying real estate taxes applicable to the Common Areas, performing necessary maintenance and repair to the Common Areas, and any other legitimate expenses of the Association. Any such Association expenses unpaid or prepaid as of the date the Declarant Control Period ends shall be prorated between Declarant and the Association as of the date the Declarant Control Period ends. At the termination of the Declarant Control Period, Declarant shall render an accounting of income and expenses incurred during said Declarant Control Period, and shall relinquish to the Association any remaining Assessments then held by the Declarant.

(b) After expiration of the Declarant Control Period, the Board shall fix the Annual Assessment amounts for the each succeeding calendar year; provided, except as allowed by subsection (c) of this Section, the Annual Assessment amount fixed by the Board for any calendar year shall not exceed 115% of the Annual Assessment fixed for the immediately preceding calendar year unless a higher Annual Assessment amount is approved by a majority of the Owners voting in person or by proxy at a meeting of the members of the Association duly called for such purpose, or in writing without a meeting as provided in the Bylaws.

(c) Notwithstanding any of the preceding provisions, the Association shall be obligated to pay all ad valorem real property taxes upon the Common Areas and to properly insure, maintain and repair the Common Areas and no limitation imposed on the Board by this Declaration shall ever prohibit the Board from increasing the Annual Assessment to an amount required to pay such taxes and insure, maintain and repair the Common Areas.

4.3 Special Assessments. In addition to the Annual Assessments authorized above, the Association may, from time to time, levy one-time Special Assessments for the purpose of defraying, in whole or in part, any special or unusual expense incurred by the Association or the cost of any acquisition, construction, reconstruction, repair, improvement or maintenance of any Common Area or other property owned by the Association or of any public property adjacent to or in the vicinity of the Common Areas or any of the Lots; provided that any such Special Assessment must be approved by a majority of the Owners voting in person or by proxy at a meeting duly called for such purpose, or in writing without a meeting as provided in the Bylaws.

4.4 Notice and Quorum for any Action At A Meeting Authorized under Sections 4.2 and 4.3. Written notice of any meeting of the Owners called for the purpose of taking any actions authorized under Sections 4.2 and 4.3 shall be sent to all Owners by United States mail,

postage prepaid. At any such meeting called, Owners or proxies entitled to cast fifty-one percent (51%) or more of the votes of the entire membership must be present to comprise a quorum. If the required quorum is not present, the required quorum for any subsequent meeting called for the same purpose shall be twenty-six percent (26%) or more of the votes of the entire membership; provided, no such subsequently called meeting shall qualify for the said reduced quorum requirement if held more than sixty (60) days after the first called meeting; and further provided, any action or decision taken or made by the Owners where fewer than fifty-one percent (51%) of the Owners or their proxies shall have been present to vote may be nullified or voided by the Board if done so by the Board within five (5) business days following the taking of such action or the making of such decision by the Owners.

4.5 Allocation of Assessments. Subject to the special provisions applicable during the Declarant Control Period, all Annual Assessments and Special Assessments fixed by the Association shall be allocated and fixed at an equal and uniform rate for all Lots, such that the Owner of each Lot shall be responsible for an equal fractional share of the total of each Annual Assessment or Special Assessment (the numerator of said fraction being one (1), and the denominator of said fraction being the total number of Lots established by the Plat).

4.6 Assessment Periods and Due Dates. The Annual Assessment shall be assessed on a calendar year basis (January 1st - December 31st) and shall be due and payable on January 30th of the calendar year for which it is assessed or such other date as may be set forth by a Resolution of the Board, The Board (except during the Declarant Control Period) shall fix the amount of the Annual Assessment for each calendar year in advance of the applicable calendar year, and written notice of the Annual Assessment amount shall be mailed to every Owner at least thirty (30) days in advance of the due date thereof. All Special Assessments shall be due and payable on such date as set forth by a Resolution of the Board, and written notice of the Special Assessment shall be mailed to every Owner at least thirty (30) days in advance of the due date thereof.

4.7 Owner Failure to Maintain Lot. If any Owner shall fail to maintain his or her Lot or any improvements located thereon in the condition required by this Declaration and the other Governing Documents and such condition shall continue for a period of thirty (30) days or longer following written notice thereof to the said Owner at the address for Owner on record with the Association (or after such shorter period of notice as may be practical and reasonable in the event of an emergency condition), then, without limitation on any other right or remedy available to the Association for such failure, the Association shall have the right and may, through its agents, employees and contractors, enter upon said Lot and repair, maintain and restore the Lot and/or the structural or exterior portions of any building or any other improvement located thereon; and the cost of such repair, maintenance or restoration, together with a reasonable administrative charge in an amount established by the Board, shall be charged against the Lot as an Individual Lot Assessment.

4.8 Damage or Destruction of Common Area by Owner. If any Owner or any guest, tenant, licensee, agent, employee or family member of any Owner shall damage any of the Common Area as a result of negligence or misuse, the Association is hereby authorized to repair the damage and charge the cost of such repair, together with a reasonable administrative charge

in an amount established by the Board, against the said Owner's Lot as an Individual Lot Assessment.

4.9 Creation of Lien: Personal Obligation of Assessments. Each Owner of each Lot by acceptance of a deed, whether or not it shall be expressly set forth in such deed, is deemed to covenant and agree to pay to the Association: (a) Annual Assessments, (b) any Special Assessments, (c) any Individual Lot Assessments, and (d) all other charges and fees provided for in the Governing Documents; all of which Assessments, charges and fees are to be established and collected as provided for in this Article IV. All the said Assessments and other charges and fees, together with any interest, costs and/or attorney's fees a defaulting Owner may be or become responsible for pursuant to applicable provisions of the Governing Documents, shall be a charge and a continuing lien upon the Lot against which such Assessment or charges is made from the time such Assessment or charge becomes due until paid. Each such Assessment or other charge, together with additional interest, costs and reasonable attorney's fees, shall also be the personal obligation of each Owner of such Lot at the time when the Assessment or charge becomes due. If more than one person or party is the Owner, such obligation shall be joint and several as to each such Owner.

4.10 Certification of Assessments. The Association shall, upon written request and for a reasonable charge, furnish a sealed certificate signed by an officer of the Association stating what Assessments are outstanding against any Lot and the due date for such Assessments. A properly executed and sealed certificate of the Association as to the status of Assessments on a Lot is binding upon the Association as of the date of its issuance as to all parties who might reasonably be expected to rely on the certification; provided, such certification shall not be binding upon the Association as to the Owner of the Lot at the time of such certification if the certification is incorrect and the said Owner at the time of such certification should reasonably have known that the certification was incorrect.

4.11 Segregation of Funds. Funds collected by the Association for each Special Assessment or Individual Lot Assessment shall be maintained and accounted for separately, and maintained and accounted for separately from the funds collected by the Association for the Annual Assessments; provided, the foregoing shall not require that there be a physical division of such funds and all funds collected by the Association may be held in a consolidated account in which each separate fund shall have an undivided interest.

4.12 Effect of Nonpayment of Assessment: Remedies of the Association. Any Annual Assessment, Special Assessment or Individual Lot Assessment not paid within ten (10) days after the due date thereof shall (i) be subject to a late charge as may be established by the Board from time to time (provided, no such late charge shall exceed ten percent (10%) of the past-due Assessment amount), and (ii) shall accrue interest from the due date until paid at such interest rate as may be established by the Board from time to time (provided, no such interest rate shall exceed the highest rate allowed by law). Further, at any time following the due date of any unpaid Annual Assessment, Special Assessment or Individual Lot Assessment, the Association may, after first giving ten (10) days written certified notice to the defaulting Owner, (a) bring an action at law against the defaulting Owner personally; and/or (b) record a notice of the lien against the defaulting Owner's Lot; and/or (c) only after first giving ten (10) days written

certified notice also to the holder of any Qualifying Mortgage on such defaulting Owner's Lot (provided that the Association shall have been given written notice of such Qualifying Mortgage and an address for sending notice to the mortgagee), bring an appropriate legal action to foreclose the lien against the Lot. No Owner may waive or otherwise avoid personal liability for the Assessments provided for herein by non-use of any Common Areas or abandonment of his or her Lot. Any Owner failing to pay any Assessment within ten (10) days following the due date therefore shall be responsible also for paying, or reimbursing the Association for paying, all costs and expenses reasonably incurred by the Association in pursuit of the Association's rights and remedies under this Section, including without limitation reasonable attorneys' fees; all of which costs and expenses shall constitute a lien against the defaulting Owner's Lot. The Board may also, to the full extent allowed by Florida law, suspend the use rights and voting rights of any Owner that is in default with respect to paying any of its monetary obligations to the Association.

4.13 Subordination of the Lien to Mortgages of Record. Any Lien arising against any Lot in favor of the Association for Assessments under this Article IV and recorded after the date of recordation of any Qualifying Mortgage on the said Lot shall be subordinate to the said Qualifying Mortgage. When the mortgagee of a Qualifying Mortgage of record of a Lot obtains title to the Lot as a result of foreclosure of the mortgage or as a result of a deed given in lieu of foreclosure, such mortgagee, or any party acquiring title to the Lot as a purchaser at such foreclosure sale, and its successors and assigns, shall not be liable for any Association Assessments pertaining to such Lot which became due prior to the date title to the Lot is acquired as a result of the foreclosure, or deed given in lieu of foreclosure, unless such Assessment is secured by a claim of lien for Assessments recorded in the public records of Okaloosa County, Florida prior to the date of recording of the foreclosed mortgage (or the mortgage for which a deed is given in lieu of foreclosure), and any subordinate lien in favor of the Association existing as of the date of such foreclosure shall be extinguished automatically upon the recording of the certificate of title or the deed given in lieu of foreclosure. Any such sale or transfer of a Lot pursuant to a foreclosure shall not relieve the purchaser or transferee of the Lot from liability for any Assessments thereafter becoming due (nor release the Lot so sold or transferred from the lien of any Assessments thereafter becoming due). All such Assessments, together with interest, costs, and attorney's fees, shall, however, continue to be the personal obligation of the person who was the Owner of the Lot at the time the Assessment fell due. Except as hereinabove provided only for Qualifying Mortgages that are foreclosed (or for which a deed is given in lieu of foreclosure), the sale or transfer of an interest in any Lot shall not affect the Assessment lien. At the discretion of the Board, any Assessment amounts extinguished by the provisions of this Section may be reallocated and specially assessed against all the Lots.

ARTICLE V -- ASSOCIATION BUDGET

5.1 Fiscal Year. The Association shall use the calendar year as its fiscal year.

5.2 Budget Items. The budget shall estimate total expenses to be incurred by the Association in carrying out its responsibilities. These expenses shall include, without limitation, the cost of wages, materials, insurance premiums, services, supplies and other costs and expenses for the performance and rendering of all duties, responsibilities and services required or permitted under this Declaration. The budget shall also include reasonable amounts, as

determined by the Board, for working capital for the Association and for reserves. If the Common Areas are taxed separately from the Lots, the Association shall include such taxes as part of the budget. Fees for professional management of the Association and legal counsel and other required professional and technical services may also be included in the budget.

5.3 Reserves. The Association shall build up and maintain adequate reserves for working capital, contingencies and replacement, which shall be included in the budget and collected as part of the Annual Assessment. Extraordinary expenses not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except in the event of an emergency, reserves accumulated for one purpose may not be expended for any other purpose unless approved by a majority vote of the Owners. If the reserves are inadequate for any reason, including nonpayment of any Owner's Assessment, the Board may at any time levy an emergency Assessment in accordance with the provisions contained in this Declaration. If there is an excess of reserves at the end of the fiscal year and the Board so determines, the excess may be returned on a pro-rata basis to all Owners who are current in payment of all Assessments due the Association, or may be used to reduce the following year's Assessments. In no event shall the Association include provision for additional reserves in a budget, or otherwise levy Assessments for additional reserves, when the aggregate total of existing reserves (collected or to be collected from outstanding Assessments) equals or exceeds an amount equal to twenty-five percent (25%) or more of the Annual Assessment fixed for the then current calendar year.

5.4 Preparation and Approval of Annual Budget.

(a) Initial Budget. Promptly following the election of a first Board of Directors by the Owners as contemplated by this Declaration, the Board shall determine the budget for the remainder of the calendar year during which such election occurs (the "Initial Partial Year Budget").

(b) Subsequent Years. Beginning with the first full calendar year following the partial year of the initial budget and each calendar year thereafter, no later than November 15th of the prior calendar year the Board shall by majority vote adopt a budget for the coming year and set the Annual Assessments at a level sufficient to meet the budget. At least thirty (30) days before the calendar year to which the budget applies, the Board shall send a copy of the budget in reasonably itemized form to each Owner, which shall include notice of the amount of Annual Assessments payable by each Owner.

(c) Approval. Each annual budget shall be approved as provided by Section 4 of this Declaration.

5.5 Effect of Failure to Prepare or Adopt a Budget. The Board's failure or delay in preparing or adopting the annual budget for any fiscal year, or review of the budget under the immediately preceding Section, shall not waive or release an Owner's obligation to pay the Annual Assessments whenever the amount of such Assessments is finally determined. In the absence of an annual Association budget, each Owner shall continue to pay the Assessment at the rate established for the previous fiscal period until notified otherwise.

5.6 Accounts. Reserves shall be kept separate from other Association funds, either in a single account for all reserves or separated by purpose. All other sums collected by the Board with respect to Assessments and charges of all types may be commingled in a single fund.

ARTICLE VI-- ARCHITECTURAL CONTROL

6.1 All Improvements and Modifications Subject to ARC Approval. No building, fence, wall, mailbox, driveway, gate, light post, landscaping or other structure or improvement of any nature whatsoever shall be commenced, erected or maintained upon any Lot or the Property by any Owner, the Association or anyone else, nor shall any exterior addition to or change alteration or modification be made to any of the foregoing until the design, plans, specifications, and plot plan showing the nature, kind, shape, height, material, color and location of same (collectively. 'Proposed Plans") have been submitted to and approved in writing by the ARC as complying with the standards generally set forth in the Governing Documents. All construction must comply substantially with Proposed Plans approved by the ARC. Proposed Plans submitted to the ARC for initial development of each Lot shall, without limitation, show the elevation and other matters set forth on the front; rear and both side walls of the residence dwelling and any other structures, and shall be accompanied by a complete landscaping plan for the entire Lot.

6.2 Architectural Review Committee. During the Declarant Control Period, the Architectural Review Committee shall be comprised of the following members:

Alan Como
c/o DR. Horton, Inc.
700 South Palafox Street
Suite 100
Pensacola, Florida 32502

James B. Lusk
c/o D.R. Horton, Inc.
700 South Palafox Street
Suite 100
Pensacola, Florida 32502

Charles Ross Everett
c/o D.R. Horton, Inc.
700 South Palafox Street
Suite 100
Pensacola, Florida 32502

Thereafter the Architectural Review Committee shall be comprised of three (3) or more members, appointed or replaced by the Board from time to time at the sole discretion of the Board, who shall meet monthly, as well as on call of the chairman, and all meetings shall be held at such places as may be designated by the chairman, A majority of the members of the ARC shall constitute a quorum for the transaction of business and the affirmative vote of a majority of

those present, in person or by proxy, at a meeting of the ARC shall constitute the action of the ARC,

6.3 ARC Guidelines. It is contemplated that the Property will be developed as a first-class single-family residential subdivision of high standards. Initial ARC Guidelines are attached to this Declaration as Exhibit D, and the ARC is hereby empowered and authorized to formulate and promulgate such additional architectural and landscaping regulations, specifications, procedures, guidelines and policies to govern the review, approval, rejection, form, content and provisions of all landscaping or architectural submissions. Such ARC Guidelines must be followed by all applicants submitting plans for review and approval by the ARC. Decisions of the ARC shall be based upon the uniform application of such reasonable, but high, standards as are consistent with the ARC Guidelines, such standards to include, among other things, the harmony of external design including roof style (pitch, shingle and color), chimney, exterior siding (material and color), windows and trim, shutters (color and style), front doors, garage doors, location in relation to surrounding structures and topography, variation in front set backs, the type, kind and character of buildings, structure and other improvements, and aesthetic qualities in general.

6.4 ARC Procedures. The ARC may establish uniform procedures for the review of applications, including the assessment of review costs and fees, if any, to be paid by the applicants, and the requirement of a security deposit or compliance bond to ensure the full and timely compliance by the applicant with the conditions imposed by the ARC. In the event the ARC fails to approve or disapprove any Proposed Plans by notice in writing sent to the applicant within sixty (60) days following submission of the Proposed Plans to the ARC, then, unless an extension of time has been accepted by the applicant, the applicant may (i) at any time thereafter inform the ARC and the Board, by written notice sent separately to both the ARC and the Board, of the ARC's failure to approve or disapprove the applicant's Proposed Plans (which notice shall specifically list and identify all materials comprising the applicant's Proposed Plans), and (ii) if the ARC shall fail to approve or disapprove the applicant's Proposed Plans within twenty (20) days following its receipt of the said notice, the Proposed Plans will be deemed to be approved by the ARC to the extent same conform to all other express terms and provisions of this Declaration.

6.5 Enforcement. If any construction or alteration is commenced upon the Property which has not been approved by the ARC or which deviates substantially from the plans and specifications approved by the ARC, the ARC, the Declarant, the Builder, the Association and/or any Owner shall have all remedies available under the Governing Documents or otherwise available at law or in equity, and may bring an action for specific performance, declaratory decree or injunction.

6.6 Waiver and Variances. The ARC is hereby vested with the authority, but no obligation, to grant in writing waivers and variances from any of the restrictions imposed by the Governing Documents utilizing the same standards of review as those set forth in this Article VL but only where it is clearly demonstrated by the person requesting the waiver or variance that both (i) the granting of such a waiver or variance will not impact adversely on the aesthetic qualities of the proposed improvements, the Lot upon which same is located or any adjacent

Lots, or the Property as a whole, and (ii) such waiver or variance is consistent with the high standards of a first-class single family residential subdivision of the type contemplated hereby.

6.7 Release of Restrictions. When a building or other structure has been erected or its construction substantially advanced and the building is located on any Lot or building site in a manner that constitutes a violation of these covenants and restrictions or the building setback lines shown on the recorded plat, the ARC may, but shall have no obligation to, release the Lot or building site, or parts of it, from any part of the covenants and restrictions, or setback lines that are violated; provided, the ARC shall not give any such release except for a violation that it determines in its reasonable discretion to be a minor or insubstantial violation.

6.8 Model Homes. The ARC shall have the right to authorize the use of any Lot as a model home site, to be used under such terms and conditions as it may prescribe, which decisions will not be subject to review,

6.9 No Liability. The ARC shall have no obligation to review any Proposed Plans for their compliance with applicable building codes or other inadequacy or deficiency, and approval of any Proposed Plans by the ARC shall not constitute a basis for any liability of the members of the ARC, the Declarant, members of the Board or the Association as regards any failure of such approved Proposed Plans to conform to any applicable building codes or other inadequacy or deficiency in the said plans. Neither the ARC, nor any of its members, shall in any way or manner be held liable to any Owner, the Association or any other person or entity for its good faith exercise of the discretionary authority herein conferred.

ARTICLE VII-- USE AND MAINTENANCE

7.1 Lot Use and Occupancy. All Lots shall be occupied solely for single family residential purposes and shall not be used for multi-family, commercial, trade, public amusement, public entertainment, business or any other purpose of any kind or character; provided, this Section is not intended to prohibit the use of any Lot for customary "home office" business activities that do not require or involve any customer or client traffic, delivery or pickup activities beyond that typical for non-business single-family residences, or signage, etc.

7.2 Lot Maintenance. Each Owner shall, at the Owners cost and expense, diligently and properly keep, maintain and repair at all times his or her Lot, including all structures, improvements, yards, drives and landscaping located thereon, in a safe, clean and well-managed condition and in compliance with all applicable requirements of the Governing Documents; and each Owner is responsible for any damages or liability which may result from his or her failure to promptly perform such maintenance and repair. Notwithstanding anything to the contrary, this Section shall not apply to any Lot owned by Declarant or Builder prior to such time as Declarant or Builder, as applicable, shall first convey the Lot; provided, Declarant and Builder, as applicable, shall each keep any such Lot in a safe and sightly condition.

7.3 No Temporary Residences. No boat, trailer, camper, house trailer, truck, van, basement, tent, shack, garage, barn, boathouse or any other such similar structure or vehicle (other than the primary dwelling to be located on the Lot) shall at any time be used as a

residence, temporary or permanent, nor shall any structure of a temporary character be used as a residence,

7.4 Vehicles. Automobiles, boats, campers, trucks, vans, motorbikes, trailers, motor homes and the like, stored or for any reason left upon any Lot or owned or regularly used by the residents thereof must either be completely garaged or stored in such a location so that same is out of view from both the Front Lot line and any adjoining Lots, except for short-term parking not exceeding a total of thirty (30) days in any twelve (12) calendar month period. The parking or storage of any such items in any other manner (such as in the street, road right-of-way or in any portion of the driveway which is not out of view from both the Front Lot line and any adjoining Lots) is expressly prohibited.

7.5 No Nuisance. No noxious, immoral, or offensive activity shall be carried on or permitted to exist on any Lot or the Common Area, nor shall anything be done on which may be or become an annoyance or a nuisance to the Owners or occupants of other Lots or detrimental to the Subdivision. All laws, zoning ordinances, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof; relating to any portion of the Property, shall be complied with, by and at the sole expense of the Owner or the Association, whichever shall have the obligation to maintain or repair such portion of the Property.

7.6 Pets. No animals, livestock or fowl of any kind shall be raised, bred or kept on any Lot, except that dogs, cats, birds or other household pets may be kept within a Lot provided same do not constitute a nuisance on the Property and further provided that no such pets may be kept, bred or maintained for any commercial purpose whatsoever. Pets shall not be permitted to run at large, but must be held or kept on a leash at all times that they are in the Common Area. No pet shall be left tied or unattended in any portion of the Common Area. All Owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of their pets. The Association reserves the right to designate specific areas within the Common Area where pets may be walked on leashes by their Owners. The Association further reserves the right to demand that an Owner permanently remove from the Property any and all pets which create disturbances or annoyances that constitute nuisances, including without limitation repeated barking that is reasonably annoying to any adjacent or nearby Lot Owner(s) or repeated instances of running at large or being unleashed while in the Common Area. In no event shall more than three (3) household pets be kept on any Lot at any one time.

7.7 Dumping. No garbage, rubbish, trash or other unsightly objects shall be stored on any of the Property, or upon any property contiguous thereto. The Property will be kept free from trash, debris, and unconfined garbage.

7.8 Compliance with Law. All federal, state, county and municipal laws, rules and regulations now and hereafter in effect, pertaining to sewage disposal, water supply, sanitation, zoning, building permits, land use planning and the like shall be observed by all Owners, unless an appropriate permit or variance to do otherwise is properly granted, and any governmental official having a lawful and administrative duty to inspect any of the Property with respect to any such matters shall have a license to enter upon any of the Property at all reasonable times to make such inspections and recommendations.

7.9 Clotheslines. Outside clotheslines detrimental to the appearance of the Subdivision shall not be permitted on any Lot.

7.10 Outdoor Cooking. All outdoor cooking, including permanent or portable barbeque grills, shall be screened from view from the Front Lot line.

7.11 Garbage and Trash Receptacles. All garbage and trash receptacles must be covered with an appropriate structure, or otherwise concealed in an effective manner, at the residential structure.

7.12 House Numbers. After erection of a dwelling unit on any Lot, the Owner shall cause to be displayed such identification of his or her Lot as may be required by the Association. If the numbering of each unit for identification to be used by the U.S. Postal Service is not sufficient for service and emergency personnel to quickly identify each unit, the Association shall design a home identification system to accomplish such quick identification. Regardless of what identification system is required, each Owner shall use the size and type designated by the Association.

7.13 Signs. No sign of any kind, including signage on commercial vehicles other than police or fire vehicles, shall be displayed to the public view on any Lot or building site in the Subdivision except for one sign of not more than five square feet, advertising the property for sale or rent, or signs used by a builder to advertise the property during construction and sales period; provided Declarant or Builder, as applicable, may erect a sign not exceeding five feet in height by eight feet in width, on any lot or building site which is owned by Declarant or Builder, as applicable. The Owner of a mode] home may exceed these restrictions, if approved by the ARC.

7.14 Drainage Easements. Drainage easements shall not be obstructed in any way that will alter the natural and normal flow of drainage.

7.15 Easements Prohibited. No Owner may grant easements across the Owner's lot for ingress and egress to adjoining properties, sewer, utilities or any other purposes without the prior written approval of the ARC.

7.16 Insurance. Nothing shall be done or kept. in any Lot or in the Common Area which will result in the cancellation of insurance on the Property or any other Lot; nor shall anything to be kept or done in any Lot or the Common Area which will increase the rate of insurance for the Property or any other Lot without the prior written consent of the Association.

7.17 No Modification of Common Area and Improvements. No Owner shall in any manner alter, modify, obstruct or remove any Common Area or any improvements located thereon, including without limitation, any landscaping, tree cutting or removal, any portion of the irrigation system, or any drainage swales, piping or other drainage control facilities or structures.

7.18 Buffer Area Irrigation. With respect to any Buffer Area that is located adjacent to

and between the Back Lot Line of two Lots, as determined and requested by the Association the Owner of any Lot bordering on such Buffer Area shall be required to properly irrigate and maintain such Buffer Area from the edge of the said Owner's Back Lot line and continuing for a distance not to exceed one-half (1/2) of the distance to the Back Lot line of the rear facing Lot.

7.19 Rules and Regulations. The Board, the Association and/or the ARC (individually) may from time to time adopt and amend reasonable rules anti regulations governing the details of the operation, use, maintenance and control of the Lots, Common Area and any facilities or services made available to the Owners. All rules and regulations adopted from time to time as herein provided shall be set forth in writing and posted in a conspicuous place on the Property or furnished to each Owner. Each Owner shall abide by all published rules and regulations and cause all his or her family members, authorized guests, tenants and others using the Owner's Lot with Owner's consent to conform and abide by all published rules and regulations.

ARTICLE VIII — INSURANCE

8.1 Review of Coverage. The Board shall review limits of coverage for each type of insurance at least once each year.

8.2 Casualty Insurance. Subject to availability and in such amounts and with such deductibles as the Board shall determine, the Board shall obtain casualty insurance for all Common Area improvements, which coverage may include extended coverage, vandalism, malicious mischief and windstorm endorsements and other coverage deemed desirable by the Board.

8.3 Public Liability. The Board may purchase public liability insurance in such limits and with such coverage as the Board may consider appropriate.

8.4 Director Liability. The Board may obtain liability insurance against personal loss for actions taken by members of the Board in the performance of their duties. Such insurance shall be of the type and amount determined by the Board.

8.5 Other Coverage. The Board shall obtain and maintain worker's compensation insurance if and to the extent necessary to meet the requirements of law, and such other insurance as the Board may determine or as may be requested by a majority vote of the Owners.

8.6 Improved Lots. Each Owner shall obtain and maintain at his or her own expense fire, windstorm insurance and insurance against the perils customarily covered by an extended coverage endorsement in an amount not less than the full insurable value of the improvements, based upon replacement, and if an Owner fails to do so, the Board has the right but not the obligation to purchase such insurance for that Owner and assess the cost to him or her as an Individual Lot Assessment. Each Owner shall provide current evidence of said insurance to the Association in accordance with any reasonable reporting requirements established by the Board so that the Association may have a record of compliance with this Section. Owners are responsible for insuring against personal property damage and loss, personal liability for that Lot

and any other type of insurance the Owner may desire.

8.7 Repair and Reconstruction after Fire or Other Casualty.

(a) Common Area. If fire or other casualty damages or destroys any of the improvements in or on the Common Area, the Board shall arrange for and supervise the prompt repair and restoration of such improvements substantially in accordance with the plans and specifications under which the improvements were originally constructed, or any modification approved by the Association. The Board shall obtain funds for such reconstruction first from insurance proceeds, then from reserves for the repair and replacement of such improvements, and then from any Special Assessments that may be necessary after exhaustion of insurance and reserves.

(b) Improvements. Within three (3) months of any damage to or destruction of a structure on a Lot, the Owner shall repair or reconstruct the structure in a manner consistent with the original construction or other plans and specifications approved in accordance with this Declaration provided, under special circumstances, the Board, in its discretion, may extend such time period. Alternatively, the Owner shall clear the Lot and maintain it in a neat and attractive condition as required by the Board. The Owner shall pay any cost insurance proceeds do not cover.

(c) Insurance Proceeds Performance of Work. All insurance proceeds received by the Association shall be deposited in a bank or other financial institution, the accounts of which are insured by a federal governmental agency, with the provision agreed to by said bank or institution that such funds may be withdrawn only by signature authorized by the Board or an agent authorized by the Board. The Board may advertise for sealed bids with any licensed contractor, and may negotiate with any contractor, who may be required by the Board to provide a full performance and payment bond for the repair or reconstruction.

ARTICLE IX - INDEMNIFICATION

9.1 Indemnity. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that said person is or was a director, employee, officer or agent of the Association, against expenses (including attorneys fees and appellate attorney& fees), judgments, fines and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit or proceeding, unless (i) a court of competent jurisdiction determines, after all available appeals have been exhausted or not pursued by the proposed indemnitee, that said person did not act in good faith, nor in a manner reasonably believed to be in or not opposed to the best interest of the Association, and, with respect to any criminal action or proceeding, that said person had reasonable cause to believe this conduct was unlawful, and (ii) such court further specifically determines that indemnification should be denied. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which said person reasonably believed to be in or not opposed to the best interest of the

Association, and, with respect to any criminal action or proceeding, have reasonable cause to believe that said person's conduct was unlawful.

9.2 Expenses. To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, they shall be indemnified against expenses (including attorneys' fees and appellate attorneys' fees) actually and reasonably incurred by them in connection therewith. Any costs or expenses incurred by the Association in implementing any of the provisions shall be fully assessable against the Owners as common expenses of the Association.

9.3 Advances. Expenses incurred in defending a civil or criminal action, suit or proceeding shall be paid by the Association in advance of the final disposition of such action, suit or proceeding upon the receipt of any undertaking by or on behalf of the affected director, officer, employee or agent to repay such amount unless it shall ultimately be determined that it is not entitled to be indemnified by the Association as authorized in this Article.

9.4 Miscellaneous. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs and personal representatives of such person.

9.5 Insurance. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving, at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against them and incurred by them in any such capacity, or arising out of their status as such, whether or not the Association would have the power to indemnify them against such liability under the provisions of this Article.

9.6 Amendment. Anything to the contrary herein notwithstanding, the provisions may not be amended without the prior written consent of all persons whose interest would be adversely affected by such amendment.

ARTICLE X — ENFORCEMENT

10.1 Florida Law to Govern. This Declaration shall be construed in accordance with the laws of the State of Florida.

10.2 Compliance with Florida Law and Governing Documents. The Association, and each Owner and his/her tenants, guests and invitees, is governed by, and must comply with, Florida law (and in particular the applicable provisions of Florida Statute 617), the Governing Documents, and the rules and regulations duly adopted by the Association.

10.3 Enforcement Provisions. The following enforcement provisions apply to Florida law and the Governing Documents:

(a) The Declarant, the Builder, the Association, the ARC and all Owners are entitled and authorized to seek redress of alleged failure, refusal or default under the Florida law or the Governing Documents by (i) any Owner or his/her tenants, guests, invitees or other occupants, (ii) any person using the Common Areas, (iii) the Association, or (iv) any director or officer of the Association who willfully and knowingly fails to comply with these provisions.

(b) Without limitation on any other right or remedy that may be available, the covenants, restrictions and provisions of Florida Law and the Governing Documents may be accomplished by any proceeding at law or in equity, including without limitation, an action for damages, specific performance and/or injunctive relief.

(c) In the event any Owner or any person entering upon or using the Property with the said Owner's consent shall violate any provisions of the Governing Documents or any published rules or regulations, then the Association may (i) suspend, for a reasonable period of time, the rights of said Owner and/or the Owner's tenants, guests or invitees to use Common Areas and facilities, and/or (ii) levy reasonable fines against the said Owner and/or any violating tenant, guest or invitee. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing.

(d) Notwithstanding anything to the contrary, and without limitation on any other rights or remedies granted to the Association by Florida law or the Governing Documents, the Association may as allowed by Florida law suspend the voting rights of an Owner for the non-payment of regular Annual Assessments that are delinquent more than ninety (90) days.

10.4 No Waiver. Any failure by any party to enforce any covenant, restriction or provision of this Declaration at any time shall not be deemed a waiver to enforce the said covenant, restriction or provision thereafter.

10.5 Defaulting Owner to Pay Enforcement Costs. Any defaulting and/or offending Owner (or the Owner of any defaulting or offending tenant, guest or invitee) shall be responsible for all costs incurred in enforcement of this Declaration, including but not limited to, attorney, paralegal and legal assistant fees, costs and expenses, related fees, costs and expense, court costs

and witness and expert fees and costs, whether suit be brought or not, and whether in settlement, in any declaratory action, at trial or on appeal.

ARTICLE XI-- GENERAL PROVISIONS

11.1 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purpose of creating a uniform and consistent plan for the development and operation of the Subdivision as a residential development of the highest quality.

11.2 Conflicts. If there are conflicts between Florida Law, the Declaration, the Articles, and the Bylaws, then Florida Law, the Declaration, the Articles, and the Bylaws (in that order) shall prevail.

11.3 Severability. Invalidation of any one of the restrictions, conditions, covenants, reservations, liens or charges contained within or authorized by this Declaration or other Governing Documents, by Florida law now in effect or hereinafter enacted, or by a judgment or order issued by a court of competent jurisdiction, shall in no way affect any other provisions of this Declaration or the Governing Documents, which shall remain in full force and effect thereafter.

11.4 Duration. The restrictions, conditions and covenants of this Declaration, as hereafter amended in accordance with applicable provisions of the Governing Documents, shall run with and bind the Property and all Lots in perpetuity, and same shall be deemed a part of all deeds and contracts for conveyance of any and all Lots, and shall be binding on all Owners.

11.5 Amendment.

(a) By Owners. This Declaration may be amended at any time by an instrument signed by the President or Vice-President and Secretary of the Association, certifying approval in writing by a majority of the Owners; provided, until expiration of the Declarant Control Period, the Builder must also approve and sign any amendment to the Declaration.

(b) By Declarant. Declarant specifically reserves the absolute and unconditional right, so long as it owns any Lot, to amend this Declaration without the consent or joinder of any party, other than Builder, if doing so is necessary or advisable to accommodate or conform to the requirements of the FHA, Federal Home Loan Mortgage Corporation, Veterans Administration, Federal National Mortgage Association or other generally recognized institution involved in the purchase and sale of borne loan mortgages; to conform to the requirements of institutional mortgage lenders or title insurance companies; or to clarify the provisions herein.

(c) Limitation. Whenever any action described in this Declaration requires approval of greater than a majority of the Owners, amendment of that provision shall require the same percentage vote as would be required to accomplish that action directly.

(d) Recording / Copy to Owners. Any amendment of this Declaration shall be recorded in the public records of Okaloosa County, Florida and shall take effect only upon such

recording. The Association shall provide all Owners with written notice of any amendment of this Declaration with a copy of the recorded Amendment with recording information.

11.6 Non-Liability of Association. The Association shall not in any way or manner be held liable to any Owner or any other person or entity for failure to enforce, or for any violation of, the restrictions, conditions, covenants, reservation, lines or charges herein contained by any Owner, other than itself.

11.7 Release of Declarant. At such time as any governmental authority or agency having jurisdiction thereof issues a certificate of completion or other document indicating that all or some of the infrastructure improvements required by any development order, site plan approval or similar governmental grant of approval or permit for the Subdivision have been inspected and completed to the satisfaction of the issuing authority or agency, or a certificate of occupancy is issued for a home within the Subdivision that will make use of such improvements, then, the issuance of such certificate or other document shall conclusively evidence that Declarant, as applicable, has completed its obligations to the Association and all applicable Owners with respect to the construction and installation of the applicable improvements and Declarant, as applicable, shall automatically be and become released from any further obligation or liability to the Association or Owners with respect to the completion of the applicable improvements.

11.8 Notice. Unless otherwise expressly provided herein, the requirements of the Association to give any type of notice provided herein may be satisfied by mailing said notice, postage prepaid, to the last mailing address of the Owner as reflected on the records of the Association; provided, the Association shall not be responsible for any change of mailing address for any Owner where notice of same was received by the Association less than ten (10) days prior to the date of the applicable mailing. Any person or party that acquires a Lot and becomes an Owner shall be responsible for providing the Association with notice of same and such Owner's mailing address, and each Owner is responsible for providing the Association with prompt notice of any change of mailing address.

11.9 Consent of Mortgagees.

(a) When Consent Required. This Declaration contains provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions are to be construed as covenants for the protection of the Mortgagees on which they may rely in making loans secured by a mortgage on a Lot. Accordingly, notwithstanding anything to the contrary in this Declaration, no amendment or modification of this Declaration specifically impairing such rights, priorities, remedies or interests of a mortgagee shall be adopted without the prior written Consent of mortgagees as provided in subsection (b) of this Section. This Section shall not be construed, however, as a limitation upon the rights of the Declarant, the Association or the Owners to make amendments which do not adversely affect the mortgagees.

(b) Percentage Required. Wherever consent of the mortgagees is required, it shall be sufficient to obtain the written consent of mortgagees holding a lien on 67% or more of all Lots encumbered by a mortgage. However, if one mortgagee is holding a lien on more than

50% of the Lots encumbered by a mortgages the written consent of that mortgagee alone shall be sufficient

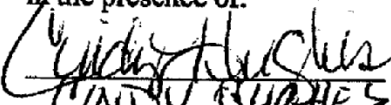
(c) Timely Response. Any such required consent shall be given promptly and shall not be unreasonably withheld. Any consent not given or denied within thirty (30) calendar days of receipt of request for consent shall be deemed given.

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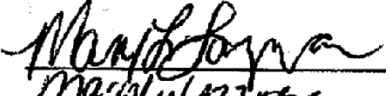
IN WITNESS WHEREOF, the Declarant has executed this Declaration of Covenants, Conditions, Easements and Restrictions on the date set out above.

Signed, sealed and delivered
in the presence of:

WATERVIEW DEVELOPMENT, LLC
a Florida limited liability company

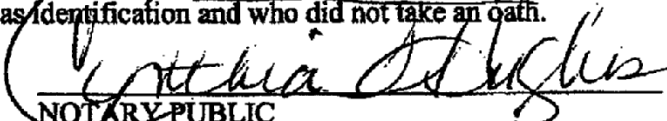

CINDY HUGHES
Print/Type Name of Witness

By: 
Julian W. Roebuck,
Its Managing Member


Margie Lazzaro
Print/Type Name of Witness

STATE OF FLORIDA)
COUNTY OF COLLIER)

The foregoing instrument was acknowledged before me this 25th day of January, 2006, by Julian W. Roebuck, as Managing Member of Waterview Development, LLC, a Florida limited liability company, on behalf of said company. He (X) is personally known to me or () has produced _____ as identification and who did not take an oath.


NOTARY PUBLIC
My Commission Expires: _____



CONSENT OF MORTGAGEE

**Regarding Recordation of Declaration of Covenants
of Sandy Ridge**

D.R. Horton, Inc., a Delaware corporation (the "Mortgagee"), the holder of the Mortgage executed by Waterview Development, LLC ("Developer") in favor of Mortgagee, dated April 5, 2005 and recorded in Official Records Book 2609, Page 2348 of the Public Records of Okaloosa County, Florida, which Mortgage constitutes a lien and encumbrance upon the real property described in the Declaration of Covenants, Conditions, Restrictions and Easements (the "Declaration"), hereby consents to Developer subjecting the real property described in the Declaration to the provisions of the Declaration and agrees that the Declaration shall be binding upon the present and future owners of the real property covered by the Declaration.

Notwithstanding the execution of this consent, nothing herein shall be construed to render the Mortgagee responsible or liable for the performance of any of the covenants or undertakings of the Developer under the Declaration.

Dated this 25th day of January, 2006.

Signed, sealed and delivered
in the presence of:

Cindy A. Hughes
(Cindy Hughes)
Print/Type Name of Witness

Mary [Signature]
Mary [Signature]
Print/Type Name of Witness

D.R. HORTON, INC.

By: [Signature]
Print Name: Andrew J. Slavin
Its: Division President

STATE OF FLORIDA
COUNTY OF Okaloosa

The foregoing instrument was acknowledged before me this ___ day of January, 2006, by Andrew J. Slavin, as Division President of D.R. Horton, Inc., a Delaware corporation, on behalf of said corporation. He is personally known to me or has produced _____ as identification.

Cynthia F. Hughes
NOTARY PUBLIC
My Commission Expires: _____



CONSENT OF MORTGAGEE
**Regarding Recordation of Declaration of Covenants
of Sandy Ridge**

First National Bank of Florida (the "Mortgagee"), the holder of the Mortgage executed by Waterview Development, LLC ("Developer") in favor of Mortgagee, dated April 5, 2005 and recorded in Official Records Book 2609, Page 2322 of the Public Records of Okaloosa County, Florida, which Mortgage constitutes a lien and encumbrance upon the real property described in the Declaration of Covenants, Conditions, Restrictions and Easements (the "Declaration"), hereby consents to Developer subjecting the real property described in the Declaration to the provisions of the Declaration and agrees that the Declaration shall be binding upon the present and future owners of the real property covered by the Declaration.

Notwithstanding the execution of this consent, nothing herein shall be construed to render the Mortgagee responsible or liable for the performance of any of the covenants or undertakings of the Developer under the Declaration.

Dated this 25th day of January, 2006.

Signed, sealed and delivered
in the presence of:

Amanda L. Hassler
Amanda L. Hassler
Print/Type Name of Witness

Mary Lopez
Mary Lopez
Print/Type Name of Witness

FIRST NATIONAL BANK OF FLORIDA

By: Sharon Hines
Print Name: SHARON HINES
Its: VICE PRESIDENT

STATE OF FLORIDA)
COUNTY OF Okaloosa)

The foregoing instrument was acknowledged before me this 25th day of January, 2006, by Sharon Hines, as V.P. of First National Bank of Florida, on behalf of said corporation. He is personally known to me or has produced _____ as identification.



AMANDA LYNN HASSLER
MY COMMISSION # DD 386856
EXPIRES: March 1, 2009
Bonded thru Budget Notary Services

Amanda Lynn Hassler
NOTARY PUBLIC
My Commission Expires: 3/1/09

EXHIBIT A

Legal Description of the Property

PARCEL A:

A parcel lying in Section 6, Township 2 North, Range 23 West, Okaloosa County, Florida, being described as follows:

Begin at the Northwest corner of Countryview Estates, as recorded in Plat Book 10, Page 7, Okaloosa County, Florida; thence South $07^{\circ}40'17''$ East, along the West line of said Countryview Estates, and along the Southerly extension thereof a distance of 1761.96 feet, thence North $62^{\circ}33'01''$ West along the apparent Northerly Right of Way line of Antioch Road a distance of 78.59 feet to a curve concave to the South having a radius of 725.00 feet and a central angle of $16^{\circ}09'23''$; thence Northwesterly along said curve, and Right of Way, a distance of 204.44 feet (chord bearing North $70^{\circ}37'42''$ West, chord distance 203.76 feet) to the point of tangency; thence North $78^{\circ}42'24''$ West, along said Right of Way, a distance of 7.24 feet; thence North $07^{\circ}40'17''$ West, parallel to and 252.61 feet West of the aforesaid West line of Countryview Estates, a distance of 1666.16 feet to the South line of First Addition to Countryview Estates, as recorded in Plat Book 10, Page 49, Okaloosa County, Florida; thence South $87^{\circ}42'03''$ East, along the South line of First Addition to Countryview Estates, a distance of 256.48 feet to the point of beginning.

PARCEL B:

A parcel lying in Section 6, Township 2 North, Range 23 West, Okaloosa County, Florida, being described as follows;

Commence at the Northwest corner of Countryview Estates, as recorded in Plat Book 10, Page 7, Okaloosa County, Florida; thence North $87^{\circ}42'03''$ West, along the South line of First Addition to Countryview Estates, as recorded in Plat Book 10, Page 49, Okaloosa County, Florida, a distance of 256.48 feet to the point of beginning; thence continue North $87^{\circ}42'03''$ West along the South line of First Addition to Countryview Estates a distance of 569.52 feet; thence North $87^{\circ}35'41''$ West a distance of 510.17 feet to the Northeast corner of Riverchase-Phase Three, as recorded in Plat Book 17, Page 42, Okaloosa County, Florida; thence South $07^{\circ}51'45''$ East, along the East line of said Riverchase-Phase Three, a distance of 1018.98 feet to the Southeast corner of said Riverchase-Phase Three; thence South $07^{\circ}50'26''$ East, along the East line of Riverchase-Phase One, as recorded in Plat Book 17, Page 4, Okaloosa County, Florida a distance of 354.37 feet to a point on a curve, concave Northerly, having a radius of 995.24 feet and a central angle of $04^{\circ}36'20''$; thence Southeasterly, along said curve and along the apparent Northerly Right of Way line of Antioch Road, a distance of 80.00 feet (chord bearing South $75^{\circ}17'40''$ East, chord distance 79.98 feet) to a point of reverse curvature; thence Southeasterly, along said Right of Way and along a

curve concave Southerly, having a radius of 2550.00 feet and a central angle of 09°53' 14"; thence Southeasterly, along said curve and along the apparent Northerly Right of Way line of Antioch Road, a distance of 440.04 feet (chord bearing South 72°39'13" East, chord distance 439.49 feet) to the point of tangency; thence South 67°42'37" East, along said apparent Right of Way, a distance of 173.32 feet to the point of curvature of a curve, concave to the North having a radius of 1435.00 feet and a central angle of 10°59'47"; thence Southeasterly, along said curve and apparent Right of Way, a distance of 27541 fet (chord bearing South 73°12'30" East, chord distance 274.99 feet) to the point of tangency; thence South 78°42'24" East, along said Right of Way, a distance of 196.79 feet; thence North or 4a'17" West, parallel to and 252.61 feet West of the West line of Countryview Estates a distance of 1666.16 feet to the point of beginning.

PARCEL C:

Lots 19 and 20, Block B, Riverchase-Phase Three, according to the plat thereof as recorded in Plat Book 17, Page 42, Public Records of Okaloosa County, Florida.

LESS AND EXCEPT, HOWEVER, THE FOLLOWING:

PARCEL A:

(AS PREPARED BY SOUTHERN ENGINEERING GROUP, P.A.)

COMMENCE AT THE NORTHWEST CORNER OF COUNTRY VIEW ESTATES SUBDIVISION, AS RECORDED IN PLAT BOOK 10, PAGE 7 OF THE PUBLIC RECORDS OF OKALOOSA COUNTY, FLORIDA ALSO THE POINT OF BEGINNING; THENCE ALONG THE NORTH LINE OF SECTION 6, TOWNSHIP 2 NORTH, RANGE 23 WEST, OKALOOSA COUNTY, FLORIDA, AND THE SOUTHERLY BOUNDARY OF FIRST ADDITION TO COUNTRYVIEW ESTATES SUBDIVISION, AS RECORDED IN PLAT BOOK 10, PAGE 49 OF THE PUBLIC RECORDS OF OKALOOSA COUNTY, FLORIDA, PROCEED NORTH 86 DEGREES 41 MINUTES 11 SECONDS WEST A DISTANCE OF 814.90 FEET; THENCE DEPARTING THE SOUTHERLY LINE OF COUNTRYVIEW ESTATES AND NORTH LINE OF SECTION 6, PROCEED SOUTH 53 DEGREES 33 MINUTES 02 SECONDS EAST A DISTANCE OF 21220 FEET; THENCE PROCEED SOUTH 68 DEGREES 53 MINUTES 32 SECONDS EAST A DISTANCE OF 101.10 FEET; THENCE PROCEED SOUTH 62 DEGREES 25 MINUTES 46 SECONDS EAST A DISTANCE OF 124.65 FEET; THENCE PROCEED NORTH 76 DEGREES 42 MINUTES 02 SECONDS EAST A DISTANCE OF 51.97 FEET; THENCE PROCEED NORTH 81 DEGREES 08 MINUTES 11 SECONDS EAST A DISTANCE OF 137.35 FEET; THENCE PROCEED NORTH 34 DEGREES 45 MINUTES 37 SECONDS EAST A DISTANCE OF 33.61 FEET; THENCE PROCEED SOUTH 41 DEGREES 42 MINUTES 43 SECONDS EAST A DISTANCE OF 20.43 FEET; THENCE PROCEED SOUTH 41 DEGREES 05 MINUTES 40 SECONDS EAST A DISTANCE OF 104.83 FEET; THENCE PROCEED SOUTH 28 DEGREES 19 MINUTES 38 SECONDS EAST A DISTANCE OF 46.50 FEET; THENCE PROCEED SOUTH 33 DEGREES 42 MINUTES 43 SECONDS EAST A DISTANCE OF

46.11 FEET; THENCE PROCEED SOUTH 39 DEGREES 03 MINUTES 12 SECONDS EAST A DISTANCE OF 31.98 FEET; THENCE PROCEED SOUTH 36 DEGREES 17 MINUTES 24 SECONDS EAST A DISTANCE OF 23.22 FEET; THENCE PROCEED SOUTH 15 DEGREES 08 MINUTES 05 SECONDS EAST A DISTANCE OF 112.31 FEET; THENCE PROCEED SOUTH 26 DEGREES 24 MINUTES 32 SECONDS EAST A DISTANCE OF 89.72 FEET; THENCE PROCEED SOUTH 13 DEGREES 03 MINUTES 11 SECONDS EAST A DISTANCE OF 102.49 FEET; THENCE PROCEED SOUTH 57 DEGREES 39 MINUTES 06 SECONDS WEST A DISTANCE OF 265.53 FEET; THENCE PROCEED SOUTH 57 DEGREES 17 MINUTES 24 SECONDS WEST A DISTANCE OF 45.00 FEET TO A POINT OF CURVATURE OF A CURVE CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 997.36 FEET; THENCE PROCEED ALONG ARC OF CURVE THROUGH A CENTRAL ANGLE OF 04 DEGREES 26 MINUTES 05 SECONDS, AN ARC DISTANCE OF 77.20 FEET (CHORD SOUTH 30 DEGREES 06 MINUTES 53 SECONDS EAST, 77.18 FEET) TO THE POINT OF REVERSE CURVATURE CONCAVE TO THE NORTHEAST AND HAVING A RADIUS OF 9500 FEET; THENCE PROCEED ALONG ARC OF CURVE THROUGH A CENTRAL ANGLE OF 08 DEGREES 48 MINUTES 36 SECONDS, AN ARC DISTANCE OF 14.61 FEET (CHORD SOUTH 32 DEGREES 18 MINUTES 08 SECONDS EAST, 14.59 FEET) TO THE POINT OF TANGENCY OF CURVE; THENCE PROCEED SOUTH 05 DEGREES 33 MINUTES 35 SECONDS EAST A DISTANCE OF 575.01 FEET; THENCE PROCEED SOUTH 70 DEGREES 02 MINUTES 50 SECONDS EAST A DISTANCE OF 22.16 FEET; THENCE PROCEED SOUTH 05 DEGREES 33 MINUTES 35 SECONDS EAST A DISTANCE OF 43.04 FEET; THENCE PROCEED SOUTH 56 DEGREES 52 MINUTES 28 SECONDS WEST A DISTANCE OF 44.65 FEET; THENCE PROCEED SOUTH 19 DEGREES 57 MINUTES 10 SECONDS WEST A DISTANCE OF 108.93 FEET TO A POINT ON THE NORTHERLY RIGHT OF WAY OF ANTIOCH ROAD (PRESCRIPTIVE RIGHT OF WAY); THENCE PROCEED ALONG NORTHERLY RIGHT OF WAY, SOUTH 77 DEGREES 43 MINUTES 30 SECONDS EAST A DISTANCE OF 134.05 FEET TO A POINT OF CURVATURE; THENCE PROCEED ALONG NORTHERLY RIGHT OF WAY LINE AND A CURVE CONCAVE TO THE SOUTHWEST AND HAVING A RADIUS OF 725.00 FEET; THENCE PROCEED ALONG ARC OF CURVE THROUGH A CENTRAL ANGLE OF 16 DEGREES 09 MINUTES 23 SECONDS, AN ARC DISTANCE OF 204.44 FEET (CHORD SOUTH 69 DEGREES 38 MINUTES 48 SECONDS EAST, 203.76 FEET) TO THE POINT OF TANGENCY OF CURVE; THENCE PROCEED ALONG NORTHERLY RIGHT OF WAY LINE, SOUTH 61 DEGREES 34 MINUTES 07 SECONDS EAST A DISTANCE OF 78.59 FEET; THENCE ALONG THE WESTERLY BOUNDARY OF COUNTRYVIEW ESTATES SUBDIVISION, AS RECORDED IN PLAT BOOK 10, PAGE 7 OF THE PUBLIC RECORDS OF OKALOOSA COUNTY, FLORIDA; PROCEED NORTH 06 DEGREES 39 MINUTES 43 SECONDS WEST A DISTANCE OF 426.67 FEET; THENCE ALONG THE WESTERLY BOUNDARY OF COUNTRYVIEW ESTATES SUBDIVISION PROCEED NORTH 06 DEGREES 42 MINUTES 29 SECONDS WEST A DISTANCE OF 1334.18 FEET TO THE POINT OF BEGINNING OF THE PARCEL HEREIN DESCRIBED; CONTAINING 10.80 ACRES, MORE OR LESS.

EXHIBIT B

**ARTICLES OF INCORPORATION
OF
CREST VIEW SANDY RIDGE
HOMEOWNERS ASSOCIATIONS INC.**

(A Corporation Not For Profit)

In compliance with the requirements of Florida Statutes, Chapter 617, Corporation Not For Profit, the undersigned have voluntarily associated themselves together for the purpose of forming a corporation not for profit and do hereby certify as follows:

ARTICLE I - NAME

This corporation shall be known as CRESTVIEW SANDY RIDGE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the “ASSOCIATION.”

The term “Subdivision” as used in these Articles means and refers to that certain residential subdivision, commonly known as “Sandy Ridge” platted or to be platted on real estate located in Okaloosa County, Florida and encumbered by a Declaration of Covenants, Conditions and Restrictions recorded or to be recorded in the Public Records of Okaloosa County, Florida (the “Declaration”). The Declaration and/or the property brought under the control of the Declaration and the ASSOCIATION may be amended from time to time in accordance with applicable provisions of the Declaration.

ARTICLE II- PRINCIPAL OFFICE

The principal office of the ASSOCIATION shall initially be located at 617 Magnolia Drive, Destin, Florida 32541. but the Board of Directors of the ASSOCIATION may from time to time change the principal office of the ASSOCIATION to any other address in the State of Florida within a radius often (10) miles of the said Principal Office or the Subdivision.

ARTICLE III - REGISTERED OFFICE ANT) REGISTERED AGENT

The address of the initial registered office is 617 Magnolia Drive, Destin, Florida 32541. The name of the initial registered agent is Julian W. Roebuck. The Board of Directors of the ASSOCIATION may from time to time change the registered office and/or the registered agent of the ASSOCIATION.

ARTICLE IV - PURPOSES AND POWERS

This ASSOCIATION is organized for the purpose of maintaining the common properties of the Subdivision, maintaining and enforcing architectural control throughout the Subdivision, and otherwise protecting the value of the Subdivision and promoting the health, safety and welfare of the residents within the Subdivision; and in connection therewith to:

a. Exercise all of the powers and privileges and perform all of the duties and obligations of the ASSOCIATION as set forth in the Declaration;

b. Fix, levy, collect, and enforce payment by any lawful means, all charges or Assessments pursuant to the terms of the Declaration;

c. Pay all office and other expenses incident to the conduct of the business of the ASSOCIATION, including all licenses, taxes or governmental charges levied or imposed against the property of the ASSOCIATION; and also including all charges to maintain, repair, replace, operate and manage the Subdivision and all improvements located therein, including the right to reconstruct improvements owned by the Association after casualty, to make further improvements of the Subdivision or to purchase additional property and improvements, and to operate or maintain a stormwater management system and the stormwater discharge facility as permitted by applicable governmental authorities;

d. Acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the ASSOCIATION;

e. Borrow money and, with the assent of two-thirds (2/3) of the voting members of the ASSOCIATION, mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

f. Dedicate, sell or transfer all or any part of the common area of the Subdivision to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members; provided, no such dedication or transfer shall be effective unless an instrument has been signed by two-thirds (2/3) of the voting members of the ASSOCIATION agreeing to such dedication, sale, or transfer;

g. Participate in mergers and consolidations with other non-profit corporations organized for the same purposes, or annex additional property and common area; provided, subject to the rights of the "Declarant" under the Declaration to annex additional property as provided in the Declaration, any such merger, consolidation or annexation shall require the consent of two-thirds (2/3) of the voting members of ASSOCIATION, and

h. Have and exercise any and all powers, rights and privileges which a corporation not for profit organized under Florida law may now or hereafter have or exercise by law.

ARTICLE V - MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a record owner of a lot, either individually or jointly with others which is subject by covenants of record to Assessment by the ASSOCIATION, including a contract seller, shall be a member of the ASSOCIATION. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to Assessment by the ASSOCIATION.

The ASSOCIATION shall have one class of voting rights as provided for by the Declaration.

A member, unless acting in the capacity of a duly elected officer of the Association, does not have the authority to act for the Association solely by virtue of being a member.

ARTICLE VI- TERM OF EXISTENCE

This corporation shall have perpetual existence unless sooner dissolved in accordance with the provisions herein contained or in accordance with the laws of the State of Florida. The corporate existence of this corporation shall begin on the date these Articles are filed with the Secretary of State of the State of Florida.

ARTICLE VII- INCORPORATOR

The name and address of the Incorporator is Julian W. Roebuck, 617 Magnolia Drive, Destin, Florida 32541.

ARTICLE VIII- BYLAWS

The term 'Bylaws' as used herein shall mean and refer to the Bylaws of the ASSOCIATION as adopted by the Association in accordance with applicable provisions of the Declaration, as same may be amended from time to time by the Association.

ARTICLE IX - BOARD OF DIRECTORS

The business affairs of this ASSOCIATION shall be managed by the Board of Directors, which shall initially consist of three (3) members. The number of Directors may be increased or decreased from time to time as provided in the Declaration and/or the Bylaws but shall never be less than three (3).

The members of the Board of Directors need not be members of the ASSOCIATION and shall serve for a term as set forth in the Declaration and/or the Bylaws.

The President of the ASSOCIATION shall at all times be a member of the Board of Directors, and members of the Board of Directors shall be elected and hold office in accordance with the Declaration and/or the Bylaws.

The names and street addresses of the persons who are to serve as the first Board of Directors of the corporation are;

1. Julian Roebuck
617 Magnolia Drive
Destin, Florida 32541
2. Mistei Roebuck
617 Magnolia Drive
Destin, Florida 325413
3. Tammara D. Baltzell
617 Magnolia Drive
Destin, Florida 325413

ARTICLE X - OFFICERS

The officers of this ASSOCIATION shall be a President, who shall at all times be a member of the Board of Directors, a Vice President and Secretary/Treasurer, and such other officers as the Board of Directors may from time to time create.

The names of the persons who are to serve as officers of this ASSOCIATION until the first election are:

President: Julian Roebuck

Vice President: Mistei Roebuck

Secretary/Treasurer: Tammara D. Baltzell

The officers shall be selected at the annual meeting of the Board of Directors as provided in the Declaration and/or the Bylaws and each shall hold office until he shall sooner resign or shall be removed or otherwise disqualified to serve. Officers shall serve at the pleasure of the Board of Directors.

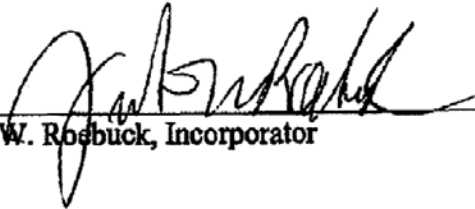
ARTICLE XI- DISSOLUTION

The ASSOCIATION may be dissolved with the assent given in writing and signed by not less than three-fourths (3/4) of the voting members of the ASSOCIATION. Upon dissolution of the ASSOCIATION, other than incident to a merger or consolidation, the assets of the ASSOCIATION shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this ASSOCIATION was created. In the event that acceptance of such dedication is refused, the assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XII- AMENDMENTS

These Articles may be amended by a two-thirds (2/3) vote of the voting members of the ASSOCIATION at a special meeting of the membership called for such purpose or at a regular meeting of the membership provided the members shall have been given notice, as provided in the Declaration and/or the Bylaws, of intention to submit such amendments; provided, the foregoing shall be subject to any rights or restrictions pertaining to amendment of these Articles contained in the Declaration.

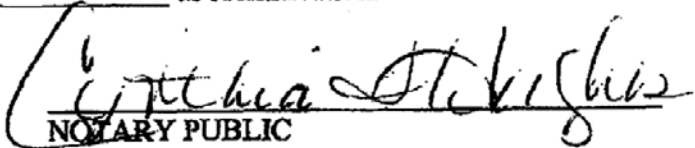
IN WITNESS WHEREOF, I, the undersigned subscribing incorporator, have hereunto set my hand and seal this 25th day of January, 2006, for the purpose of forming this corporation not for profit under the laws of the State of Florida.



Julian W. Roebuck, Incorporator

STATE OF FLORIDA
COUNTY OF Alachua

The foregoing was acknowledged before me this 25th day of January, 2006, by Julian W. Roebuck, who personally appeared before me and is personally known to me, or who has produced _____ as identification.



NOTARY PUBLIC



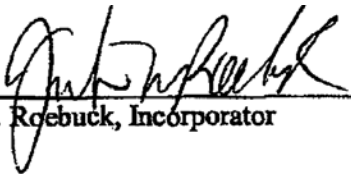
RESIDENT AGENT'S CERTIFICATE

Pursuant to Chapter 48.091, Florida Statutes, the following is submitted in compliance with said Act:

CRESTVIEW SANDY RIDGE HOMEOWNERS ASSOCIATION, INC a Florida corporation not for profit, desiring to organize under the laws of the State of Florida, with its principal office as indicated in the Articles of Incorporation has named Julian W. Roebuck, 617 Magnolia Drive, Destin, Florida 32541, as its agent to accept service of process within this State.

Acknowledgment and Acceptance

Having been named to accept service of process for the above stated corporation (or Association) at the place designated in this Certificate, I hereby accept such designation and agree to comply with the provisions of said Act relative to keeping open said office.



Julian W. Roebuck, Incorporator

EXHIBIT C
BYLAWS
OF
CREST VIEW SANDY RIDGE
HOMEOWNERS ASSOCIATION. INC.

Article I - Meetings of Members

1.1 Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7 o'clock p.m., or on such other date as the Board may determine. If the day for the annual meeting of the Members is a legal holiday, the meeting will be hold at the same hour on the first day following which is not a legal holiday.

1.2 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board, or upon written request of ten percent (10%) or more of the Members.

1.3 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

1.4 Quorum. The presence at the meeting of Members entitled to cast, in person or by proxy, thirty percent (30%) of the total votes of all Members at the time of the meeting shall constitute a quorum for any action except as otherwise provided in the Articles, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

1.5 Adjourned Meetings. If an annual meeting or special meeting is adjourned to a different date, time or place, then the new date, time or place must be announced at the meeting before it is adjourned, Otherwise, notice of the new time, place or date must be given in the same manner as required for the adjourned meeting.

1.6 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

1.7 Voting. At all meetings of Members where a quorum has been attained, those Members present in person or by proxy may vote in the manner set forth in the Declaration and a simple majority of the voting interests present in person or by proxy shall be required on any action unless otherwise provided in the Articles, the Declaration or these Bylaws.

1.8 Action of Members Without a Meeting. Any action that may be taken by Members at a meeting or that may be approved or ratified at a meeting, may be taken by written agreement without a meeting in the following manner and provided that the following conditions are met:

(a) The Board determines that action by written agreement without a meeting will be in the best interest of the Members (which determination shall be final and binding upon all concerned); and

(b) For voting by secret ballot where the Declaration, Articles, these Bylaws or any other laws require issues to be decided by secret ballot, the Board must prescribe a voting procedure that will assure that the sanctity of the secret ballot is preserved; and

(c) The Secretary shall mail or cause to be mailed by regular U.S. Mail, prepaid, the ballot forms to all Members. An affidavit of mailing shall be prepared evidencing the mailing and such affidavit shall become a part of the official records of the Association (the "Affidavit of Mailing"); and

(d) To be counted, a ballot must be received by the Association not more than sixty (60) days from the date of mailing as reflected in the Affidavit of Mailing. The Board, in its discretion, may establish a shorter period of time within which voting must be completed and in such event such shorter period of time shall be observed as the deadline; provided, however, the time for returning ballots shall in no event be less than ten (10) days; and

(e) To be valid, a decision made by written agreement of Members without a meeting must have the same minimum number of members voting as would be required to be present at a meeting of Members to constitute a quorum for such action.

Article II - Board of Directors

2.1 Number. During the Declarant Control Period, as defined in the Declaration, the affairs of this Association shall be managed by the Declarant. After the expiration of the Declarant Control Period, the affairs of this Association shall be managed by a Board of at least three (3) directors. The number of directors on the Board may be increased to more than three (3) directors by a majority approval of the Members voting in person or by proxy at a meeting of the Members of the Association called for such purpose or by written action of the Members taken without a meeting.

2.2 Term of Office. After the expiration of the Declarant Control Period, Directors shall be elected at the annual meeting and shall serve for a term of one (1) year or so long thereafter until their successors are duly elected.

2.3 Removal. After the expiration of the Declarant Control Period, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

2.4 Compensation. No Director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

Article III - Nomination and Election of Directors

3.1 Nomination. After the expiration of the Declarant Control Period, nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

3.2 Elections. After the expiration of the Declarant Control Period, election to the Board shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Article IV - Meetings of Directors

4.1 Regular Meetings. Regular meetings of the Board shall be held at least annually, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

4.2 Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director.

4.3 Notice to Members. All meetings of the Board shall be open to all Members except meetings between the Board and its attorney to discuss proposed or pending litigation where the contents of the discussion would be governed by the attorney-client privilege. Notices of all board meetings must be posted in a conspicuous place in the subdivision at least forty-eight (48) hours in advance of a meeting, except in an emergency. If notice is not posted in a conspicuous place in the Subdivision, notice of each Board meeting must be mailed or delivered to each Member at least seven (7) days before the meeting, except in an emergency. If the meeting for which the notice is being provided shall be for the purpose of acting on Assessments, the notice shall include a statement that Assessments will be considered and the nature of the Assessments to be considered.

4.4 Voting. Directors may not vote by proxy or by secret ballot at board meetings except a secret ballot may be used when electing officers.

4.5 Miscellaneous. The voting and notice requirements set forth in this Article shall also apply to the meetings of any committees authorized by the Board of Directors including the Architectural Review Committee.

4.6 Minutes. Minutes of all meetings of the Board and committees must be maintained in written form or in another form that can be converted into written form within a reasonable time. The minutes must reflect the action taken by the Board, or committee, including the recording of votes or the abstention from voting on each matter voted upon for each director present or for each committee member present.

Article V - Powers and Duties of the Board of Directors Including Fiscal Matters

5.1 Powers. The Board shall have the power to:

a. Adopt and publish rules and regulations governing the use of the common area and facilities;

b. Suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any Assessment levied by the Association.

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

d. Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and

e. Employ a manager, an independent contractor or such other employees as they deem necessary, and to prescribe their duties; and

f. Operate and maintain a stormwater management system and a stormwater discharge facility as permitted by the appropriate Okaloosa County officials; establish rules and regulations for the facility; assess Members for the expense of maintenance and operation; contract for services related to the facility; and, upon dissolution of the Association, to appoint the appropriate governmental entity to resume maintenance and operation.

5.2 Duties. It shall be the duty of the Board to:

a. Make available to lot owners and lenders and to holders, insurers or guarantors of any Qualifying Mortgage, current copies of the Declaration, Articles, Bylaws and/or other rules governing the Association and the Subdivision and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances and the Association may impose reasonable charges for the copying of any such materials;

b. Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

c. As more fully provided in the Declaration, to:

1. Fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each Annual Assessment period;

2. Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days in advance of each Annual Assessment period; and

3. Foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

d. Issue, or to cause an appropriate officer of the Association to issue, upon request by any person with an interest reasonably related thereto, a certificate setting forth whether or not any Assessments are outstanding against any Lot. A reasonable charge may be made by the Board for the issuance of any such certificate. If a certificate states that no Assessments are outstanding against a Lot, such certificate shall be conclusive as to all Assessments charged against the Lot as of the date of issuance of same; provided, the certification shall not be binding upon the Association against the Owner of the subject Lot unless, and only to the extent, the said Owner shall reasonably have been prejudiced by the issuance of the certificate.

e. Procure and maintain in effect casualty and liability insurance and fidelity bond coverage together with such additional coverages as the Board may determine;

- f. Cause the common area and properties to be maintained;
- g. Cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth of the Members.
- h. Operate and maintain a stormwater management system and a stormwater discharge facility as permitted by the appropriate Okaloosa County officials; establish rules and regulations for the facility; assess Members for the expense of maintenance and operation; contract for services related to the facility; and, upon dissolution of the Association, to appoint the appropriate governmental entity to resume maintenance and operation.

5.3 Budgets. The Association shall prepare an annual budget. The budget must reflect the estimated revenues and expenses for that year and the estimated surplus or deficit as of the end of the current year. The Association shall provide each Member with a copy of the annual budget or a written notice that a copy of the budget is available upon request at no charge to the Member within ten (10) business days after receipt of a written request therefor.

5.4 Financial Reporting. The Association shall prepare an annual financial report within sixty (60) days after the close of the fiscal year. The Association shall, within ten (10) business days after completion of the annual financial report, provide each Member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the Member. The financial report must consist of either:

- (a) Financial statements presented in conformity with generally accepted accounting principles; or
- (b) A financial report of actual receipts and expenditures, cash basis, which report must show:
 - 1. The amount of receipts and expenditures by classification; and
 - 2. The beginning and ending cash balances of the Association.

Article VI- Officers and Their Duties

6.1 Enumeration of Officers. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors, a Secretary, and a Treasurer, which may be combined, and such other officers as the Board may from time to time by resolution create.

6.2 Election of Officers. The election of officers shall take place at the annual membership meeting.

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

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

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

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

6.7 Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 6.4.

6.8 Duties. The duties of the officers are as follows:

President: The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes;

Vice-President: If desired, the Board may elect a Vice-President who shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board;

Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

Article VII - Official Records

7.1 The Association shall maintain each of the following items which constitute the “Official Records” of the Association:

- (a) Copies of any plans, specifications, permits and warranties relating to improvements constructed on the Common Area or other property that the Association is obligated to maintain, repair or replace.
- (b) A copy of the Bylaws of the Association and of each amendment thereto.
- (c) A copy of the Articles of Incorporation of the Association and each amendment thereto.
- (d) A copy of the Declaration of Covenants, Conditions and Restrictions for Sandy Ridge, a Residential Subdivision.
- (e) A copy of the current rules of the homeowners association.
- (f) The minutes of all meetings of the Board and of the Members and of any committees appointed by the Board which minutes must be retained for at least seven (7) years.
- (g) A current roster of all Members and their mailing addresses and lot designations.
- (h) All of the Association’s insurance policies or a copy thereof, which policies must be retained for at least seven (7) years.
- (i) A copy of all contracts to which the Association is a party, including, without limitation, any management agreement, lease, or other contract under which the Association has an obligation or responsibility. Bids received by the Association for work to be performed must also be considered Official Records and must be kept for a period of one (1) year.
- (j) The financial and accounting records of the Association, kept according to good accounting practices. All financial and accounting records must be maintained for a period of at least seven (7) years. The financial and accounting records must include:
 - 1. Accurate, itemized and detailed records of all receipts and expenditures.
 - 2. A current account and periodic statement of the account for each Member, designating the name and current address of each

Member who is obligated to pay Assessments, the due date and amount of each Assessment or other charge against the Member, the date and amount of each payment on the account, and the balance due.

3. All tax returns, financial statements and financial reports of the Association.
4. Any other records that identify, measure, record, or communicate financial information.

7.2 The Official Records shall be maintained within the state and must be open to inspection and available for photocopying by Members or their authorized agents at reasonable times and places within ten (10) business days after receipt of a written request for access. This Section may be complied with by having a copy of the Official Records available for inspection or copying in the Subdivision.

7.3 The Board of Directors may adopt reasonable written rules governing the frequency, time, location, notice and manner of inspections, and may impose fees to cover the costs of providing copies of the Official Records, including, without limitation, the cost of copying. The Association shall maintain an adequate number of copies of the recorded governing documents, to insure their availability to Members and prospective Members, and may charge only its actual costs for reproducing and furnishing these documents to those persons who are entitled to receive them.

Article VIII - Assessments

8.1 As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual Assessments and Special Assessments which are secured by continuing lien upon the Lot against which the Assessment is made. Any Assessments which are not paid when due shall be delinquent and the Assessment amount and responsible Member shall be subject to late fees, interest charges and legal actions as more particularly set forth in Article W of the Declaration.

Article IX - Corporate Seal

9.1 The Association shall have a seal in circular form having within its circumference the words: CRESTVIEW SANDY RIDGE HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit.

Article X - Amendments

10.1 These Bylaws may be amended at a regular or special meeting of the Members, by a majority vote of the Members at a duly called meeting at which a quorum is present in person or by proxy, except that these Bylaws shall not be amended during the Declarant Control Period without the written consent of the Declarant and Builder and the during the Declarant

Control Period, Declarant shall have fill authority to amend these Bylaws in its sole and absolute discretion, provided that it shall obtain Builder's consent.

0.2 In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the ease of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Article XI- Committees

11.1 The Association shall appoint an Architectural Review Committee as provided in Article VI of the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board shall appoint other committees from time to time as it shall deem appropriate to carry out its purposes.

IN WITNESS WHEREOF, the undersigned has hereunto set its hand and seal this 25th day of January, 2006.

Signed, sealed and delivered

CRESTVIEW SANDY RIDGE HOMEOWNERS ASSOCIATION, INC.,
a Florida corporation not for profit

Cindy Hughes
CINDY HUGHES,
witness

By: *Julian v Roebuck*
Print Name: Julian v Roebuck
Title: president

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me on this the 25th day of January, 2006, by Julian v Roebuck president of CRESTVIEW SANDY RIDGE HOMEOWNERS ASSOCIATION, INC., a Florida corporation not for profit, on behalf of said corporation, who personally appeared before me and is personally known to me, or who has produced _____ as identification.

Cynthia F. Hughes
NOTARY PUBLIC



EXHIBIT D

ARC GUIDEUNES

1. Lot Setback. No residential dwelling shall be constructed on any Lot or building site in the Subdivision that does not conform to the setback lines shown on the recorded Flat, unless otherwise approved in writing by the ARC.

2. Multiple Lots as Building Sites. If one or more Lots, or one Lot and all or a portion of an adjacent Lot, or two or more fractional parts of adjoining Lots, within the Subdivision, are utilized for one single family residential purpose, the setback requirements herein shall be measured from the boundary line of the entire building site or plot being then and there utilized and devoted to the single family residence. Two fractional parts of adjacent Lots may be utilized as a single family residential building site or plot, provided that no such building site or plot shall contain fewer square feet than the smallest plotted Lot within the Subdivision nor have a width, at the building setback line, of less than the width, at the building setback line, of the smallest plotted Lot within the Subdivision, unless otherwise approved in writing by the ARC.

3. Minimum Square Footage / Maximum Height: No residential structure shall be erected or placed on any building site, exclusive of garages, porches, patios and terraces, of less than ONE THOUSAND TWO HUNDRED (1200) square feet, and no dwelling with more than one story of living area shall have a ground floor living area of less than EIGHT HUNDRED (800) square feet and a total living area of less than ONE THOUSAND TWO HUNDRED (1200) square feet. No residential structure shall exceed two (2) stories in height. All residential structures shall contain an attached private garage for a minimum of two (2) cars.

4. Appearance. All residences, structures and improvements shall be designed to present a pleasing, attractive, tasteful, neat and well-maintained appearance from all views.

5. Wiring. No aboveground electric, telephone, cable television, radio or any other such wiring or utility services shall be permitted. (There shall be an exception for all necessary aboveground electrical wiring in the Common A in connection with any lift stations for sewage and/or storm drainage).

6. Fences. The ARC shall have complete control covering the erection of fences, including control over the style, building materials, height and location of fences, and may refuse to authorize any fence whatsoever in its absolute discretion, which is not subject to review. Notwithstanding anything to the contrary, chain link fences will not be allowed in the Subdivision.

7. Garage Size. All dwellings must be constructed with a two-car garage, unless otherwise approved in writing by the ARC.

8. Surface Flow. No one shall change the natural contours of the land causing undue and harmful flow of surface water drainage to adjoining property owners. In order to facilitate

natural surface water drainage, it may be necessary for the Declarant to contour each Lot or building site to provide a continuous drainage pattern from Lot to Lot within the Subdivision. These drainage patterns shall not be altered.

9. Sodding and Landscaping. With respect to each Lot or building site on which a residential dwelling is constructed, it is required that at the time of initial construction, that the Front yard and side yards be sodded and that the sodding be properly and perpetually maintained. With respect to each corner Lot or building site on which a residential dwelling is constructed, it is required that at the time of initial construction, that, in addition to the sodding of the Front yard and side yard, the side yard fronting on the side street shall also be complete sodded and that all sodding shall be properly and perpetually maintained. Each Lot shall be landscaped in a tasteful manner which shall be properly and perpetually maintained.

10. Drainage Easements. Drainage easements shall not be obstructed in any way that will alter the natural and normal flow of drainage.

11. Antennas. No visible outside antennas, poles, masts, windmills or towers shall be erected on any Lot. No radio transmitting equipment shall be erected on, or operated from, any Lot, unless otherwise approved in writing by the ARC.