

**AMENDED AND RESTATED DECLARATION OF COVENANTS,
CONDITIONS**

AND RESTRICTIONS for

SHOAL RIVER HOMEOWNERS' ASSOCIATION 2014 - 2024

THE BOARD OF DIRECTORS OF THE SHOAL RIVER HOMEOWNERS' ASSOCIATION, WISHES THE PUBLIC TO BE AWARE THAT THIS AMENDED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS SUPERSEDES ALL PRIOR RECORDED DECLARATIONS OF COVENANTS, CONDITIONS AND RESTRICTIONS AND SUPPLEMENTS OR AMENDMENTS THERETO INCLUDING, BUT NOT NECESSARILY LIMITED TO THAT DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED NOVEMBER 7, 1987, IN BOOK 1429, PAGES 1014 -1046 AND ADDITIONAL PROPERTY DESCRIBED IN THE AUGUST 8, 1994 DOCUMENT RECORDED IN BOOK 1856, PAGES 525 – 530 AND TO THAT DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED JUNE 27, 2003, IN BOOK 2449, PAGES 2730-2747 OF OFFICIAL OKALOOSA COUNTY RECORDS AND ANY AMENDMENTS THERETO:

The undersigned hereby certify that they are the President and Secretary, respectively of the association, SHOAL RIVER HOMEOWNER' ASSOCIATION, and are authorized by the Board of Directors and Article IX, Section 4 of the original Covenants, Conditions and Restrictions to execute this Restated Declaration.

The original Declaration created a planned development subdivision administered by a Developer and the Association named above, properties described herein.

WHEREAS, the Association has heretofore been incorporated under the laws of the State of Florida as a non-profit mutual benefit corporation, SHOAL RIVER HOMEOWNERS' ASSOCIATION, for the purposes of exercising the functions hereinafter described; and,

WHEREAS, Covenants, Conditions, Restrictions, reservations, servitudes, easements and liens which affect the subject properties have heretofore been recorded; and,

WHEREAS, the membership has tendered the requisite approval of the owners of a majority of the building lots shown on the plat of the property to amend the previously recorded Declarations of Covenants, Conditions and Restrictions; and,

WHEREAS, this Corporation hereby establishes these Amended Covenants, Conditions and Restrictions for the benefit of the owners of all residential dwelling units.

NOW, THEREFORE, this Association hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title or interest in the defined properties or any part thereof, their heirs, successors and assigns, and shall insure to the benefit of each owner thereof.

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ARTICLE 1. DEFINITIONS

Section 1. Articles. "Articles" shall mean and refer to the Articles of Incorporation of the Association.

Section 2. Assessment. The term "Assessment" as used herein shall mean and refer to a share of association expenses required for the payment of the association expenses, which from time to time shall be assessed against the residential dwelling units and the owners.

Section 3. Assessment Period. "Assessment Period" shall be the same period as a calendar year, from January 1 to December 31 of any given year.

Section 4. Association. "Association" shall mean and refer to Shoal River Homeowners' Association, Inc., a not-for-profit corporation, organized or to be organized pursuant to Chapter 720, Florida Statutes, and its successors or assigns.

Section 5. Association Expenses. "Association Expenses" shall mean and refer to the expenses and charges described in this Declaration incurred or to be incurred by the Association and assessed or to be assessed against the residential dwelling units and the owners hereof.

Section 6. Board of Directors. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 7. Building Plot. "Building Plot" shall mean and refer to any lot or tract of land located within the property with a dwelling unit constructed thereon or conveyed with the intention that a dwelling unit be constructed thereon.

Section 8. Bylaws. " Bylaws" shall mean and refer to the Bylaws of the Association.

Section 9. General Areas. "General Areas" are defined as the county easements maintained by the Association for beautification purposes only.

Section 10. Limited Common Area. "Limited Common Area" shall mean and refer to those certain tracts of land lying between the approximate ordinary high water line of any lake and a point 25 feet landward of said approximate ordinary high water line, which point shall also be the rear lot line of certain Residential Dwelling Units. That portion of the limited common area, which lies within the lakeward projection of an owner's property line, shall be reserved for the exclusive use and enjoyment of such property owner; provided, however, that the property owner shall maintain such Limited common area.

Section 11. Member. "Member" shall mean and refer to all those owners who are members of the Association as provided in Section 1 of Article II hereof and in the Articles and Bylaws of the Association.

Section 12. Owner. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any "residential dwelling unit" which is a part of the property including contract sellers, but excluding those having such interests merely as security for performance of an obligation. The term "owner" shall not mean or refer to any mortgagee or grantee or beneficiary under a deed of trust or security deed unless and until such mortgagee, grantee or beneficiary has acquired title pursuant to foreclosure or any proceeding or conveyance in lieu of foreclosure.

Section 13. Property. "Property" shall mean and refer to that certain real property more particularly described on Exhibits "A" and "B" in the Consensual Submission of Additional Property recorded in Book 1856, Pages 525 - 530, Official Records of Okaloosa County, Florida.

Section 14. Residential Dwelling Unit. "Residential Dwelling Unit" shall mean and refer to any improved property intended for use as a single-family residential dwelling.

ARTICLE II. MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every owner of a residential dwelling unit or building plot in the property, which is subject to assessments and the provisions found in Article VII, hereunder shall be a member of the Association. Such membership shall be coincident and appurtenant to the ownership of the residential dwelling unit or building plot, and shall not be separately transferable. Membership shall cease upon the transfer or termination of ownership and shall not be otherwise subject to voluntary termination. Persons or entities who or which own a residential dwelling unit or building plot merely as security for the performance of an obligation shall not be members of the Association; rather, the beneficial owner in such cases shall be the member.

Section 2. Voting Rights. Owners who have taken title to one or more residential dwelling units or building plots shall be entitled to one vote for each residential dwelling unit or building plot such member owns. When more than one person holds such interest in a residential dwelling unit or building plot, all such persons shall be members. The vote for such residential dwelling unit or building plot shall be exercised as they determine but in no event shall more than one vote be cast with respect to any residential dwelling unit or building plot. However, where two or more building plots are used for the site of one residential dwelling unit, no more than one vote shall be cast for the combination of said building lots.

Section 3. Membership and Voting Procedure. The Articles and Bylaws of the Association shall more specifically define and describe the procedural requirements for Association Membership meetings and voting.

ARTICLE 111. FUNCTIONS OF ASSOCIATION

Section 1. Functions and Services of Association. The Association shall provide the following functions and services to its members to the extent permitted by the government of Okaloosa County, and the State of Florida:

- a. Maintenance of the lake located in the General Area defined by Article I, Section 9;
- b. To maintain, repair and replace lighting facilities and structures servicing the roadways upon the property (this duty may be omitted in the event Okaloosa County or other municipality accepts maintenance obligation for the streetlights);
- c. Insect, pest and woods fire control to the extent it is necessary or desirable in the judgment of the Board of Directors to supplement the service provided by state and local governments (this shall not include interior pest extermination);
- d. To provide administrative services, including legal, accounting and financial services to the Association;
- e. To provide liability and hazard insurance covering improvements and activities on the general properties;
- f. To enforce the provisions of this Declaration and the Articles of Incorporation and Bylaws of the Association, as well as Covenants, Conditions or Restrictions or Declaration affecting any residential dwelling unit or building plot.

Section 2. Authorized Functions of Association. The Association shall be authorized but shall not be required to provide such other services or to exercise any right or privilege which, from time to time, in the judgment of the Board of Directors, are necessary or desirable to carry out the Association's duties under the terms of this Declaration and to keep any general areas or other property serving the members of the Association neat and attractive and to preserve or enhance its value, and may provide such other services or facilities which, in the judgment of the Board of Directors may be of general benefit to the members and the property.

Section 3. Maintenance of General Area. The Association shall be authorized to maintain general areas and make improvements as may be necessary in the opinion of the Board of Directors in order to provide beautification of the general area for the Association as set forth in the Declaration.

Section 4. Delegation of Services of the Association. The Association and its Board of Directors shall be authorized to cause any of the mandatory or authorized functions or optional services as described herein to be provided by a private company, including any public agency, or publicly regulated authority or agency which, in the opinion of the Board, shall make such services available in a reasonable manner to the Association and its members.

Section 5. Obligations of the Association. The extent of the functions and services to be carried out by the Association at any particular time, including the extent of required services of the Association, shall be determined by the Board of Directors, taking into consideration the funds available to the Association, and the needs of its members. The functions and services, which the Association is authorized to provide under this Article, may be added to or reduced at any time upon the affirmative vote of fifty-one percent (51%) of the total membership voting in person, by mail, or by proxy.

Section 6. Management. The Board of Directors shall have the right to designate such party, as the Board of Directors shall select to act as a manager to provide or cause to be provided, the services for which assessments are made hereunder as set forth in this Article. Any such manager shall be entitled to a reasonable management fee for the provision of such services which fee shall be part of the annual assessment.

ARTICLE IV. PROPERTY RIGHTS IN THE GENERAL AREAS

Section 1. Members' Easement of Enjoyment. Subject to the provisions of Section 3 of this Article III, every Member shall have right and easement of enjoyment in and to the general areas. Such easement shall be appurtenant to and shall pass with the title to each residential dwelling unit, whether or not the same shall be referred to in any deed conveying title to any residential dwelling unit.

Section 2. Title to General Areas. The Association shall be responsible for maintenance of the general areas that are not maintained by the property owners. Such general areas shall be subject to the restrictive covenants herein, all easements, reservations and use rights in existence at the time of the conveyance, including but not limited to, any easement for access, utilities or drainage to such properties.

Section 3. Extent of Members' Easements. The right and easement of enjoyment created hereby shall be subject to the following:

- The right of the Association to establish and enforce Rules and Regulations regarding use of the general areas and to impose fines for infraction of such rules. Such fines shall be treated as a special assessment for collection purposes:
- The right of the Association to suspend the enjoyment of the general area by, and voting rights of, any member for any period during which any assessment remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations without waiver or discharge of the member's obligation to pay assessments as they become due; provided, however, the Association may not deny any member the right of ingress and egress to his residential dwelling unit or building plot.
- The right of the Association by its Board of Directors to grant non-exclusive easements

for utility purposes or drainage to any public or private utility or public agency or authority, over, upon or across, any part of the general areas.

- The right of the Association to dedicate any part of the general areas to any public agency or authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the members; provided, that no such dedication, transfer or determination as to the purposes or as to the conditions thereof shall be effective until agreed to by a vote of two-thirds (2/3) of the members present at an Association meeting called in accordance with the Articles of Incorporation and Bylaws of the Association for the purpose of discussing such dedication or transfer and unless an instrument has been recorded, signed and sworn to by the Secretary of the Association stating that such a vote was duly held and that two-thirds (2/3) of the members present at the meeting favored such dedication, transfer, purpose, or condition; and ,
- The rights of the Adara Golf Club and the Association to use any lake located within the General Areas for drainage of the property.
- The Association shall have the right but no obligation to control and permit or prohibit parking on all or any part of the general areas. The Association shall have the right but no obligation to remove or require the removal of any fence, wall, hedge, shrub, bush, tree, or other thing natural or artificial placed or located within the property if the location of the same will, in the sole judgment and opinion of the Board of Directors, obstruct the vision of a motorist upon any of the roads.
- The right of the Association to establish and collect charges with classifications for varying uses and types of users for the use of general areas to assist the Association in defraying any costs and expenses of the Association associated with such general areas.

ARTICLE V. COVENANT FOR MAINTENANCE ASSESSMENT

Section 1. Creation of the Lien and Personal Obligation of Assessments. Subject to the limitations as hereinafter set forth, each owner of any residential dwelling unit or building plot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a lien upon the property against which each such assessment is made from and after the date of recording of a claim of lien as hereinafter set forth. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment first became due and payable. In the

case of co-ownership of a residential dwelling unit or building plot, all co-owners shall be jointly and severally liable for the entire amount of the assessments. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them, however, the delinquent assessment shall remain a lien against the property until paid. No owner of a residential dwelling unit or building plot shall be excused from the obligation to pay assessments by waiving the owner's rights to use the general area.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the residents in the property, for the improvement and maintenance of the general area and for any other matters as the Board of Directors of the Association may deem necessary or convenient to carry out the purposes of the Association.

Section 3. Adoption of Budget. The Board shall establish an annual budget in advance for each fiscal year which shall estimate all expenses for the forthcoming fiscal year required for the proper operation, management and maintenance of the Community, including, when deemed necessary or advisable by the Board, a reasonable allowance for contingencies and reserves and shall estimate all income to be collected during the year. The Board in establishing each annual budget, may include therein a sum to be collected and maintained as a reserve fund for the capital expenditures, deferred maintenance and replacement of general areas and personal property held for the joint use and benefit of the members. The amount to be reserved shall be determined by the Board of Directors. Upon adoption of each annual budget by the Board, 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. The assessment for the year shall be based upon such budget. In order to establish the assessment for each member, the total budget shall be divided by the number of residential dwelling units and undeveloped building plots in existence at the time that the budget is established. Members shall pay an equal amount for each residential dwelling unit or building plot owned except where two or more building plots are used for the site of one residential dwelling unit or where title is identical in ownership of multiple undeveloped building plots in which cases the property shall be considered a single unit for purposes of assessment and the owner shall pay a single assessment. Failure to deliver a copy of the budget to an owner shall not affect the liability of such owner for such assessment.

Section 4. Maximum Annual Assessment. The annual assessment may be increased each year, by the Board of Directors of the Association, not more than fifteen percent (15%) above the assessment for the previous year without a vote of the membership.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the general area or the roadways constructed upon the dams, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds

(2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for Any Action Authorized under Sections 4 and 5. Written notice for any meeting called for the purpose of taking any action authorized under Sections 4 and 5 shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. Any such meeting duly called, the presence of members in person or by proxy entitled to cast a majority of all the votes shall constitute a quorum.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all residential dwelling unit or building plots. Assessments will be collected on an annual basis in advance and shall be due on or before January 30 of each year. The first annual assessment shall be prorated from the date of closing to December 31 of the year in which the closing takes place.

Section 8. Date of Commencement of Annual Assessments: Due dates. The annual assessments provided for herein shall commence as to all residential dwelling unit or building plot on the first day following the conveyance of the residential dwelling unit and building plot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and the Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified residential dwelling unit or building plot have been paid. A properly executed certificate of the Association as to the status of assessments on a residential dwelling unit or building plot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the owner personally obligated to pay the same, or foreclose the lien against the property of the owner. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the General Area or abandonment of his residential dwelling unit or building plot.

Section 10. Subordination of the Lien to Mortgages. The lien of assessment provided for herein shall be subordinate to the lien of any first mortgage recorded prior to a claim of lien for such delinquent assessment. Sale or transfer of any residential dwelling unit or building plot shall not affect the assessment lien. A purchaser or mortgagor may acquire title as a result of a sale or transfer of any residential dwelling unit or building plot pursuant to mortgage foreclosure or any proceeding, which became due prior to such sale or transfer. However, no such sale or transfer shall thereafter relieve such residential dwelling unit or building plot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VI. ARCHITECTURAL PLANNING CRITERIA

Section 1. Architectural Review Committee. No building or structure shall be erected on, placed upon, altered, or permitted to remain on any building plot unless and until the owner submits the floor plan, elevation site clearing plan, drainage plan, and abbreviated specifications (including exterior material and colors) and such plans have been reviewed and approved by the Architectural Review Committee, as hereinafter provided. The Architectural Review Committee shall review the proposed building or structure (including plans and specifications for same) as to the quality of workmanship and materials, the harmony of the external design, the location of the building or structure with existing buildings or structures, the location of the building or structure with respect to the topography, vegetation, and the finished grade of elevation of the lot, and any other relevant considerations which are based on acceptable standards of planning, zoning, and construction, including considerations based exclusively on aesthetic factors. Any new structure on a lake lot or a new request from a lake lot owner for consent to pump or use water from the lake, the Architectural Review Committee must obtain consent from the current lake owner prior to granting consent to the homeowner to pump or use water from the lakes.

Section 2. Composition of the Committee. The Architectural Review Committee shall be composed of not less than three (3) nor more than five (5) persons as determined by the Board of Directors of the Association. The Board of Directors of the Association shall appoint the members of the Committee for staggered, three-year terms. In the event of death, resignation, inability to serve, or other vacancy in office of any member of the Architectural Review Committee, the Board of Directors shall promptly appoint a successor member who shall serve for the duration of the unexpired term of the member whom he replaced. The membership, rules of procedure and duties of the committee shall be prescribed by and may, from time to time, be changed or modified by the Board of Directors.

Section 3. Approval Process and Procedure. The Architectural Review Committee shall indicate any approval or disapproval of the matters required to be acted upon by them, by a written instrument filed with the Secretary of the Board of Directors of the Association and served personally or by certified mail upon the owner. The written notice of approval or disapproval shall identify the proposed building, structure, modification, or variance and the reasons for any such disapproval. The decision of the Architectural Review Committee may be appealed in writing within ten (10) days of the receipt of the decision to the Board of Directors of the Association and the Board shall take action on such appeal and either approve or disapprove the decision of the Architectural Review Committee within two weeks after the receipt of said written appeal by the Board of Directors. The action of the Board shall be final. If there is no appeal within ten (10) days, then the decision of the Architectural Review Committee shall be final. If the Architectural Review Committee fails or refuses to approve or disapprove the aforesaid matters within thirty (30) days after the application or request for action is made and after a floor plan, evaluation, site clearing plan and abbreviated specifications (including exterior material and colors) have been certified as received by the Committee, then it shall be

conclusively presumed, as to all owners and interested persons, that the plans as submitted have been approved by the Architectural Review Committee.

ARTICLE VII. COVENANTS AND RESTRICTIONS

Section 1. Residential Use. The building plots may be used for residential living units and for no other purpose, except that (i) individual residential dwellings units may be used as model homes during the development of the property and adjacent properties; (ii) general areas may be improved for recreational purposes and for the ingress, egress, utilities, easements and other services to the building plots, and (iii) borne businesses that do not involve visible advertising, increased vehicular traffic, parking problems, noise, storage of supplies or equipment visible from outside the dwelling, or other nuisances as determined by the Board of Directors may be allowed. Such businesses must conform to the laws and regulations of Okaloosa County and the State of Florida and shall require the approval of the Board of Directors. No business or commercial building may be erected on any building plot.

Section 2. Permitted Structures. No structures of any kind shall be erected, altered, placed or permitted to remain on any of the platted subdivision lots within the property other than: one single family dwelling, not to exceed two and one-half (2-1/2) stories in height, one private garage for not more than three (3) cars, one pool house or storage facility located at the rear of the property and constructed with material similar in type and color to the single family dwelling and any other *structure* specifically approved in writing by the Architectural Review Committee. The Architectural Review Committee prior to construction must approve all such structures.

Section 3. Architectural Review. No building, fence, wall or other structure shall be commenced, erected or maintained upon a Building Plot nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in Writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee. In the event the Architectural Review Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied.

Section 4. Fences. All fences constructed on the Lots shall be no more than six (6) feet in height. Fences constructed on golf course lots shall be no more than four (4) feet in height. Notwithstanding the foregoing, prior to erecting a fence on any building plot, approval by the Architectural Review Committee as required by Section 3 of this Article and Article VI of these covenants shall be obtained.

Section 5. Minimum Criteria. The setbacks from the front, side and rear property lines shall be as set forth in applicable zoning requirements. No residence, designated therein as a single

family dwelling, shall contain less than 1700 square feet of enclosed living area, and no single family dwelling having two stories shall contain less than 1850 square feet of enclosed living area. Those single family dwellings further designated, as non-golf course lot(s) shall contain not less than 1,600 square feet of enclosed living area. All garages shall be attached to the residence, and each garage shall have no less than 450 square feet of usable floor space, provided however, a variance to the above-mentioned standards may be granted by the Architectural Review Committee. No structure or other improvement or change in the topography of the land shall be erected or made which interferes in any respect with the drainage or utility easements shown on the subdivision plat.

Section 6. Use of More than One Lot. If any one dwelling is erected on more than one lot, or on a building plot composed of parts of more than one lot, the side line restrictions contained in Section 5 above, shall apply only to the extreme side lines of the building plot occupied by such dwelling.

Section 7. Ownership of Multiple Lots. Where title is identical in ownership of undeveloped multiple lots, being two or more contiguous lots, said owner shall be responsible for no more than one assessment (regular or special). A lot shall become subject to assessment separately if non-contiguous lots or when it is developed or no longer owned under identical title with other undeveloped multiple lots. A lot shall be deemed developed when residential building permits are issued for said lot.

Section 8. Noxious or Offensive Activities. No noxious or offensive trade or activity, in the sole Opinion of the Board of Directors, shall be carried on upon the property nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No mobile homes or shacks shall be placed on any lot without the Board of Directors' approval. No garage shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence.

Section 9. Animals. No animals, livestock, or poultry of any kind shall be raised, bred or kept on any lot, except that no more than two (2) dogs, two (2) cats, and two (2) of other household pets may be kept, provided they are not kept, bred or maintained for any commercial purposes.

Section 10. Vehicle Parking. No automobile, truck, boat, personal watercraft, boat and trailer, trailer, house trailer, mobile home, motor home, camper, or other similar vehicle shall be parked on any roadway (including the unpaved portion of the right-of-way thereof) overnight. No boat, personal watercraft, boat and trailer, trailer alone, house trailer, mobile home, motor home, camper, or similar vehicle shall be stored or otherwise permitted to remain on any building plot in excess of one (1) week during any calendar month except in an approved garage. No automobile, truck or other commercial vehicle which contains lettering or advertising thereon or which is identified with a business or commercial activity, shall be parked for any period of time, or stored or otherwise permitted to remain on any building plot except in a garage attached to the residence.

Section 11. Driveways. No driveway shall be constructed, maintained, altered or permitted to exist on any building plot if the driveway obstructs or impedes the flow of surface drainage in the area adjacent to the building plot or in the street right-of-way or swathe area adjoining or abutting the Lot. All driveways must not be wider than eighteen (18) feet, constructed of concrete material, and must be approved by the Architectural Review Committee.

Section 12. Swimming Pools. Any swimming pool to be constructed on any building plot shall be subject to the requirements of the Architectural Review Committee, which include, but are not limited to the following:

- a. Composition to be of material thoroughly tested and accepted by the pool construction industry;
- b. The outside of any pool wall may not be closer than four (4) feet to a line extended and aligned with the side walls of the dwelling;
- c. No screening of the pool area may extend beyond a line projected from and aligned with the sidewalls of the dwelling unless approved by the Architectural Review Committee;
- d. Pool screening may not be visible from the street in front of the dwelling unless approved by the Architectural Review Committee; and
- e. Any lighting of a pool or other recreation area shall be designed so as to buffer the surrounding residences from the lighting.

Section 13. Sight Distance at Intersection. No fence, wall hedge or shrub planting which obstructs sight lines and elevations between two (2) and six (6) feet above the roadways shall be placed or permitted to remain on any corner Lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five (25) feet from the intersection of the street lines, or in a case of rounded property corner, from the intersection of a street property line with the edge of a driveway or alley pavement. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at sufficient height to prevent obstruction of such sight lines.

Section 14. Solar, Wind and Other Energy Generating Sources, The installation and/or addition of solar panels, windmills, or other forms of energy generating equipment, are subject to the approval of the Architectural Review Committee, under the procedures established herein. Such equipment shall be installed or constructed in such manner as to conform to the architectural design of the approved dwelling, and shall be concealed from view as much as possible, and at the sole discretion of the Architectural Review Committee, shall conform to the overall development and aesthetic scheme of the Community.

Section 15. Window Air Conditioning Units. No window or wall air conditioning units shall be permitted. All air conditioner compressors shall be screened from view and insulated by a face, wall or shrubbery so as to minimize noise.

Section 16. Antennas. Installation of antenna masts, towers, satellite dishes or other antennae upon any Building Plot or affixed to the exterior of any building shall require approval for placement by the Architectural Review Committee.

Section 17. Mailboxes. Mailboxes shall be kept clean and well maintained.

Section 18. Garbage and Trash Containers. All trash containers will not be stored in public view, except when set out for trash pick up. Containers should be removed from the curbside pickup area the same day, after pick up. No building plot may be used or maintained as a dumping ground for rubbish, trash or other waste. All trash, garbage and other waste shall be kept in sanitary containers within an enclosure constructed as part of each dwelling in a location approved by the Architectural Review Committee. No incinerator or other fixed equipment shall be used for the collection, storage or disposal of solid waste material.

Section 19. Lawn Maintenance. Lawns will be maintained in a manner that does not cause a decrease in property value or take away from the attractiveness of other homes in the Association. All building plots shall be kept free of the accumulation of rubbish, trash, garbage, other solid waste materials, and all unsightly weeds, vines and underbrush.

Section 20. Septic and Storage Tanks. Septic tank, drain field, storage tank, or other similar container shall be permitted subject to applicable law provided, however, on all lots located on a lake, any septic tank on said lake lots shall not be placed closer than seventy five (75) feet to the water's edge of any lake and on all other lots the septic tank may be placed in any location on said lot permitted by applicable law provided no septic tank on said non-lake lots shall be closer than one hundred fifty (150) feet to the water's edge of any lake.

Section 21. Lighting. No lighting shall be permitted which alters the residential character of the property, No lighting of outdoor activity areas shall be permitted without Architectural Review Committee approval.

Section 22. Outdoor Drying of Laundry. Outdoor drying of laundry must be done in areas that are completely screened from view from adjacent building plots and any street. Clothes lines or drying racks must be of the umbrella type, no more than six (6) feet in height from ground level unless otherwise approved in writing by the Association. No rugs, drapes, or other items shall be hung from any portion of the exterior of any building.

Section 23. Signs. No signs of any kind shall be erected, permitted to remain on or displayed in public view on or from any building plot, except an approved sign giving the name of the occupant of the residence located on said building plot or an approved sign advertising the premises for sale or rent, or a security sign for a home security system. The Association shall approve all signs.

Section 24. Games, Play Structures and Storage Buildings. All games, play structures, and storage buildings shall be located at the rear of the dwelling, or on the inside portion of corner lots within the setback lines. With no exception, no platform, basketball backboards, doghouse, playhouse, storage building, or structure of a similar kind or nature, shall be constructed on any part of a lot located in front of the rear line of the residence constructed thereon. Any such structure, regardless of where it is to be located, must have prior approval of the Architectural Review Committee.

Section 25. Utility Connections. Building connections for all utilities, including but not limited to water, electricity, telephone, and televisions shall be run underground from the proper connection points to the building structure in such manner as is acceptable to the governing utility authority.

Section 26. Installation and Maintenance. The owner or builder shall assume and pay as and when the same shall become due, the costs of installation and maintenance of the underground utility system from primary utility lines.

Section 27. Water and Lawn Systems. Lawn pumps/wells must be located in areas away from public view. For water conservation and safety reasons, owners are responsible for ensuring their water sprinkler heads do not cycle across the roadways. No sewage may be discharged on the open ground or into the marshlands or lakes. No water from air conditioning systems or swimming pools shall be disposed of into the marshlands or lakes. The entity which shall provide water service or its successors or assigns, has a non-exclusive perpetual easement in, over and under the areas described on the Plat as "easement for utilities" or similar wording, for the purpose of installation, maintenance and operation of water service facilities.

Section 28. Oil Drilling. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any building plot, nor shall oil wells, tanks, funnels, mineral excavations or shafts be permitted upon or in any building plot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any building plot.

Section 29. Lakes: Maintenance Easements. The right of any homeowner to pump or otherwise remove water from any lake near the general area for the purpose of irrigation or other use and the placement of any matter or object in such lakes shall require the written consent of the Architectural Review Committee and the Association. The Association shall have the right but no obligation to control the growth and eradication of plants, fowl, reptiles, animals, fish and fungi in and on any lake in the general area. No docks, bulkheads, margins, pilings, boat shelter or other structures shall be constructed on any embankments adjacent to such lakes or within such lakes. Lots which may now or may hereafter be adjacent to a lake (the "lake lots") shall be maintained by the owners of such lots so that grass, planting or other lateral support shall prevent erosion of the embankment of the lake and the height, grade and contour of such embankments shall not be changed without the prior written consent of the Architectural Review Committee. The area, if any, between the rear lot line of any lake lot and the water's edge of any lake shall be designated as LIMITED COMMON AREA (hereinafter defined), subject

to the conditions and use restrictions as elsewhere herein described, and shall be maintained by the owner of said lake lot as if said area were a portion of the lot owned. If the owner of any lake lot fails to maintain such embankment or area as part of the landscaped maintenance obligations in accordance with the foregoing, the Association or its agent or representative shall have the right, but no obligation, to enter upon any such lake lot or area to perform such maintenance work which may be reasonably required, all at the expense of the owner of such lake lot. With respect to lakes within general areas defined by Article I, Section 9, no owner shall:

- a. Place rocks, stones, trash, garbage, untreated sewage, rubbish, debris, ashes or other refuse in such lake or lakes or in any other portion of the land lying adjacent to or near the properties;
- b. Construct, place or maintain therein or thereon any docks, piers, or other similar facilities, without the prior approval of the Association;
- c. Construct any bulkhead, without the prior written consent of the Association;
- d. Fish with the use of nets or with any other trap, spear or device other than a fishing pole, fishing is limited to members of the association unless those rights have been restricted due to violation referenced above;
- e. Operate or maintain thereon any boat, except where required for maintenance of the general areas and related equipment.

Section 30. Wetlands. No swimming, bathing, fishing, or boating is permitted in, about or upon any stream, pond, lake, marsh or other wetlands situated in whole or in part in the general areas except where the use of a boat may be required for maintenance of the general areas and related equipment.

Section 31. Construction. During construction of a dwelling or other improvements upon a building plot, the owner shall be required to maintain the building plot in a clean condition, providing for trash and rubbish receptacles and disposal. Construction debris shall not be permitted to remain upon any building plot. All main structures constructed upon the property shall be completed within one (1) year after commencement of construction, except where such completion is impossible due to strikes, fires, national emergencies, or natural calamities, or unless waived in writing by the Association. The Association may, at its option, establish reasonable hours for construction activities so as to result in minimal disturbance to owners of land adjacent to the property.

Section 32. Casualty Damage. In the event of damage or destruction by fire or other casualty to any improvements located upon the property, the owner of such improvement shall repair or rebuild such damage or destroyed improvements in a good and workmanlike manner, within a reasonable time not to exceed one (1) year and in accordance with the provisions of these

covenants. All debris must be removed and the building plot restored to an orderly condition within sixty (60) days of such damage or destruction.

Section 33. Restrictions on Renovations. Following completion of construction, an owner may not cause or permit any alteration, modification, renovation or reconstruction to be made to the structural components or exterior appearance of his dwelling (except general home maintenance) including the installation of window air conditioners, nor make any additions to the exterior of his dwelling without the prior written approval of the Architectural Review Committee. Owner shall replace broken windows and doors with windows, repair and replace roofing material, repair and repaint exterior of home, using the same style or equal or greater quality as originally installed as part of the construction. No garage shall be permanently enclosed or converted to another use without the written approval of the Architectural Review Committee.

Section 34. Plat Easements. Reference is made to the utilities, drainage, ingress and egress, and other easements shown on the Plat. The owners of the building plots subject to easements shown on the plat shall acquire no right, title, or interest in any of the cables, conduits, pipes, mains, lines or other equipment or facilities placed on, over or under the property subject to the easements. The owner of any building plot subject to any easement or easements shall not construct any improvements or structures upon the easement areas nor alter the flow of drainage nor landscape items that might interfere with the exercise of the easement rights. If any owner constructs any improvements or structures on the easement areas shown on the Plat or landscapes such areas as aforesaid, the owner of the building plot shall remove the improvements or structures or landscape items upon written request of the Association, or the grantee of the easement. The Association may grant additional easements for utility purposes on the general area defined by Article I, Section 9.

ARTICLE VIII. RIGHTS OF INSTITUTIONAL MORTGAGES

Section 1. Notices. Any Institutional Mortgagee of a portion of the property who makes a request in writing to the Association for the items provided in this section shall have the following rights:

- a. To be furnished with at least one (1) copy of any annual financial statement or report of the Association, including a statement of annual carrying charges or income collected and operating expenses, such financial statement or report to be furnished within sixty (60) days following the end of the fiscal year.
- b. To be given written notice by the Association of the call of a meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration or the Articles of Incorporation and By-Laws of Association, which notices shall state the nature of the amendment being proposed.

- c. To be given notice of default by any member owning any property encumbered by a mortgage held by such Mortgagee, such notice to be given in writing and to be sent to the principal office of such Mortgagee or the place which it or they may designate in writing to the Association.

- d. To examine the books and records of the Association upon reasonable notice during ordinary working hours.

ARTICLE IX. MISCELLANEOUS

Section 1. Amendments. The Board of Directors of the Association shall have the right:

- a. To amend these covenants and restrictions for the purpose of curing any ambiguity in or any inconsistency between the provisions contained herein, but all such amendments shall conform to the general purposes and standards of the covenants and restrictions herein contained;

- b. To release any Lot from any part of the covenants and restrictions which have been violated if the Board of Directors of the Association in its sole judgment, determines such violation to be a minor or insubstantial violation;

- c. In addition, The Association shall have the right to amend or alter these covenants and restrictions and any parts thereof in any other respects provided such amendments or alterations are approved by the association members by casting affirmative votes equal to 51% of the votes of all eligible members at a meeting duly called for that purpose. Any amendments to this Declaration of Covenants, Conditions and Restrictions shall be recorded in the County Public Records of Okaloosa County, Florida.

Section 2. Consent for Additional Covenants. No Owner, without the prior written approval of the Board of Directors of the Association, may impose any additional covenants or restrictions on any part of the property.

Section 3. Duration. These covenants and restrictions, as amended and added to, from time to time, as provided herein, shall, subject to the provisions hereof and unless released as herein provided, be deemed to be covenants running with the title to said land and shall remain in full force and effect until January 1, 2024, and thereafter the said covenants and restrictions shall be automatically extended for successive periods of ten (10) years each, unless within the six (6) months prior to January 1, 2024, or within the six (6) months prior to the end of any such ten (10) year period, as the case may be, a written agreement executed by the then owners of a majority of the Building Lots shown on the Plat of the Property, amending this Declaration or any part hereof, shall be placed on record in the office of the appropriate agency of Okaloosa County, Florida. In the event that such written agreement shall be executed and recorded as

provided for above in this Section, these covenants and restrictions, as therein modified, shall continue in force for successive periods of ten (10) years each, unless and until further changed or modified in the manner provided in this Section. Notwithstanding the foregoing, this Declaration cannot be amended to extinguish the Association's obligation to maintain the lake located in the general area unless adequate provision for transferring this obligation to the then lot owners on a pro rata basis is made and said transfer of obligation meets the then existing requirements of the Northwest Florida Water Management District or its successor or any other governmental body that may have authority over such transfer of obligation.

Section 4. Enforcement of Covenants. If any person, firm, corporation, trust or other entity shall violate or attempt to violate any of these covenants or restrictions, it shall be lawful for the Association or any persons or persons owning any lot on said property: (a) to prosecute proceedings for the recovery of damages against those so violating or attempting to violate any such covenant or restriction, or (b) to maintain a proceeding in any court of competent jurisdiction against those so violating or attempting to violate any such covenant or restriction for the purpose of preventing or enjoining all or any such violations or attempted violations. The remedies contained in this Section shall be construed as cumulative of all other remedies now or hereafter provided by law. The failure of the Association or lot owner or their respective successors or assigns, to enforce any covenant or restriction or any obligations, right, power, privilege, authority or reservation herein contained, however long continued, shall, in no event, be deemed a waiver of the right to enforce the same thereafter as to the same breach or violation, or as to any other breach or violation thereof occurring prior or subsequent thereto. In addition, the Association may suspend for a reasonable time the rights of a member or a member's tenants, guests, or invitees, or both to use general areas and facilities and may levy reasonable fines, not to exceed \$100 per violation, against the responsible member. A fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, except that no such fine shall exceed \$1000 in the aggregate per year. All such fines or penalties are subject to the provisions herein relating to collection and enforcement of assessments. Any impositions of such fines or penalties are subject to the owner's right to a hearing. A fine or suspension may not be imposed without notice of at least 15 days to the person sought to be fined or suspended and an opportunity for a hearing before a committee of at least three members appointed by the board who are not officers, directors, or employees of the association, or the spouse, parent, child, brother, or sister of an officer, director or employee. Owner must request a hearing within 10 days of receiving said notice. If a hearing is requested, an opportunity must be given to the owner charged to appear at said hearing and to present such evidence as he desires to the committee in support of his assertion, if any, that: (1) no violation occurred and/or, (2) the fine, penalty or cost is not warranted. If the committee, by majority vote, does not approve a proposed fine or suspension it may not be imposed.

Section 5. Captions. The captions of each paragraph hereof are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or addition to the particular paragraph to which they refer.

Section 6. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable and the use of the masculine pronoun shall include the neuter and feminine, wherever applicable.

Section 7. Provisions Severable. The invalidation of any provisions or provisions of the covenants and restrictions set forth herein by judgment or court order shall not affect or modify any of the other provisions of said covenants and restrictions, which shall remain in full force and effect.

IN WITNESS WHEREOF, we being the President and Secretary of the SHOAL RIVER HOMEOWNERS' ASSOCIATION have hereunto set our hands this 16 day of October 2014.

Ian Weaver
President

Ruth Labhart
Secretary *FL DR W160-404-56-291-0*

The undersigned hereby declare under penalty of perjury that the foregoing is true and correct. We are the duly elected and acting President and Secretary of SHOAL RIVER HOMEOWNERS' ASSOCIATION, a Florida Corporation; and the foregoing is a true copy of the Revised Declaration of Covenants, Conditions and Restrictions which have been properly approved by the requisite percentage of the Lot Owners of SHOAL RIVER HOMEOWNERS' ASSOCIATION on or about the 16th day of October 2014.

Signed

