

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made the date hereinafter set forth, by FAIRWAY LAKES DEVELOPMENT CORPORATION, a Florida corporation, hereinafter called "declarant".

WITNESSETH:

WHEREAS, declarant is the owner of certain real property located in Okaloosa County, Florida, more particularly described as:

FAIRWAY LAKES, Phase I, a subdivision, as recorded in Plat Book 10, Page 76, of the Public Records of Okaloosa, Florida.

Declarant hereby declares that all of the real property 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 described property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I. DEFINITIONS.

Section 1. "Association" shall mean and refer to The Fairway Lakes Owners' Association, Inc., a Florida non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more person or entities, of the fee simple title to any lot which is part of the properties, whether such lot be improved or unimproved.

Section 3. "Properties" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the association.

Section 4. "Common Area" shall mean all real property owned by the association for the common use and enjoyment of the owners. The common area to be assigned by declarant to the association prior to conveyance of the first lot is described as follows:

FAIRWAY LAKES, Phase I, a subdivision, as recorded in Plat Book 10, Page 76, of the Public Records of Okaloosa, Florida, less and except all numbered lots as shown thereon.

Section 5. "Lot" shall mean and refer to those individual lots as described on the plat of Fairway Lakes, Phase I, a subdivision, as recorded in Plat Book 10, Page 76, of the Public Records of Okaloosa County, Florida, with the exception of the common area.

Section 6. "Declarant" shall mean and refer to FAIRWAY LAKES DEVELOPMENT CORPORATION, a Florida corporation, its successors and assigns.

ARTICLE II. PROPERTY RIGHTS.

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the common area which shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

- (a) The right of the association to suspend the voting rights and right to use of the common area by an owner for any period

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during which any assessment against his lot remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations.

(b) The right of the association to dedicate or transfer all or any part of its title to the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication or transfer has been recorded.

(c) The right of the association to promulgate reasonable rules and regulations relative to the use of the common area.

Section 2. Delegation of Use. Any owner may delegate, in accordance with the by-laws, his right of enjoyment to the common area to the members of this family, his tenants, or contract purchasers who reside on the property.

ARTICLE III. MEMBERSHIP AND VOTING RIGHTS.

Section 1. Every owner of a lot shall be a member of the association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Section 2. The association shall have two classes of voting membership:

Class A. Class A members shall be all owners with the exception of the declarant (who shall become a Class A member when declarant's Class B membership ceases as provided hereafter) and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members. The vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any lot.

Class B. Class B members shall be declarant and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs first:

(a) One hundred twenty (120) days after seventy-five (75%) percent of the lots have been conveyed to lot purchasers;

or

(b) Three (3) years following conveyance of the first lot.

ARTICLE IV. COVENANT FOR MAINTENANCE ASSESSMENTS.

Section 1. Creation of the Lien and Personal Obligations of Assessments. The declarant, for each lot owned within the properties, hereby covenants, and each owner of any lot by acceptance of title thereunto, whether or not it shall be so expressed in such deed or other conveying instrument, is deemed to covenant and agree to pay to the association (1) annual assessments or charges, (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided, and (3) special assessments imposed upon an individual lot owner for repair or maintenance necessitated by the willful or negligent act of the owner, his family, or their guests, tenants or invitees. 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 continuing lien upon the property against which each such assessment is made. 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 fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

Section 2. Purposes of Assessments.

The assessments levied by the association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the properties and for the improvements and maintenance of the common area.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the owner, his family or guests, or invitees, the costs of such maintenance or repairs shall be added to and become a part of the assessment to which such lot is subject.

Section 3. Maximum Annual Assessment. Until January 1, 1989, the maximum annual assessment shall be \$210.00 per year per lot and shall be imposed on all improved lots from the first of the month following conveyance of the common area to the association and quarterly thereafter. An "improved lot" is defined to be a lot on which improvements have been constructed and as to which a certificate of occupancy or its equivalent have been issued by the governmental body having jurisdiction thereof. Unimproved lots, namely those lots which do not meet the definition of an improved lot, shall until attaining the status of an improved lot be assessed at an amount equal to 50% of the assessment of an improved lot. Subsequent to January 1, 1989, the association's board of directors, with the approval of a majority of the members present and voting at a meeting of the membership called for such purpose, shall establish the amount of the annual assessment. All improved lots must be assessed uniformly and equally. All unimproved lots shall also be assessed uniformly and equally at a rate equal to 50% of the assessment established for improved lots. The sole exception to the foregoing shall be in the event of maintenance or repair cost necessitated by the willful or negligent act of an owner, his family or their guests, tenants or invitees occasions an increased assessment to a particular owner. Annual assessments may be collected on a monthly, quarterly, semi-annual or annual basis as the board of directors may establish. Initially such annual assessments shall be payable annually.

Section 4. Provision for Reserves and Working Capital.

(a) Reserves. There shall be included as a part of the annual assessment described in Section 3, sufficient funds to establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of the improvements to the common areas which the association is obligated to maintain.

(b) Working Capital Fund. A working capital fund shall be established for the purpose of insuring that the association will have cash available to meet the unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the association. Each improved lot owner shall contribute to such fund \$125.00. Each such contribution shall be collected and transferred to the association at the time of closing of each lot and maintained in a segregated account for the use and benefit of the association. These amounts contributed to the working capital fund are not to be considered as advance payment of regular assessments.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than 14 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent of all votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 6. Date of Commencement of Annual Assessments - Due Dates. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the conveyance of the common area by declarant to the association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The board of directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the board of directors. The association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the association setting forth whether the assessment on a specified lot has been paid.

Section 7. 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 (18%) percent 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. No owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the common area or abandonment of his lot.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE V. ARCHITECTURAL CONTROL.

No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, color, 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 board of directors of the association, or by an architectural committee composed of three or more representatives appointed by the board. In the event said board, or its designated 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 with. As to the following matters, the approval in writing of Bluewater Bay Development Company, Ltd. shall also be required:

(a) Any improvement visible from the adjacent golf course, Bay Drive or Bluewater Boulevard.

(b) Any variance or violation of building set-back requirements as set forth on the recorded plat.

(c) Any fences to be constructed in proximity to the lake or the adjacent golf course.

(d) Any additional improvements that are proposed to be constructed which shall be located in the area between the initial improvement made to a lot and the adjacent golf course or lake, including without limitation, awnings, decks, screen porches, above-ground pools, and dog houses.

ARTICLE VI. USE RESTRICTIONS.

Section 1. Each individual lot shall be used and occupied for residential purposes only. Only one residence shall be constructed on

each subdivision lot. The dwelling constructed on a lot shall contain not less than 1,000 square feet of heated floor space, exclusive of porches and garage, and shall not exceed two stories in height above ground level. A lot may be rented by its owner provided, however, that all leases or rental agreements pertaining to a lot shall be in writing and shall specifically subject the lessee to the requirement of this Declaration, and all rules and regulations which shall have been properly adopted for the operation of this development. Use of the property for other than residential purposes is expressly prohibited; provided, however, that declarant may use lots and improvements thereon as models.

Section 2. No lot shall be subdivided, and no building or residence, including porches or projections of any kind, shall be erected so as to extend over or across any of the building lines as shown on the recorded plat of Fairway Lakes, Phase I, or as shown on the plat of any other subdivision which may be annexed and made subject hereto.

Section 3. No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the owners of other lots, to the neighborhood or to the golf course located in proximity to the development.

Section 4. No garbage, trash, ashes, refuse, inoperative vehicles, travel trailers, or house trailers or boats, junk or other waste shall be thrown, dumped, placed or kept on any of the above described lots. Notwithstanding the foregoing prohibition, inoperative vehicles, travel trailers, house trailers or boats may be stored in the garage constructed by declarant on the above-described lots. All garbage shall be kept in sanitary containers.

Section 5. No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot above described, excepting dogs, cats or other household pets which may be kept, provided they are not kept, bred or maintained for any commercial purpose. No pet shall be allowed to roam free and shall be under control at all times. No pet shall be allowed in the lake or on the golf course located in proximity to the property.

Section 6. No signs of any kind shall be displayed to the public view on the property except one sign per lot of not more than three square feet in area advertising the lot for sale or rent and a reasonable sign identifying the address of each lot. Such signs as are authorized in accordance with the foregoing shall be displayed only at the front of each lot facing the internal streets of the subdivision. The foregoing restriction shall not preclude the erection of larger signs by the declarant during the time of its development of the subdivision and of the improvements to be constructed on the individual lot.

Section 7. No excavation, except such as is necessary for the construction of improvements, shall be permitted, nor shall any hole of any kind be dug, except wells for lawn irrigation purposes. No elevation or topography changes shall be permitted on any lot which materially affect the surface grade or drainage on said lot or any adjoining lot or property.

Section 8. In the event a lot shall abutt or be in proximity to the lake, no docks, bulkheads or structures of any sort shall be permitted adjoining, abutting or extending into said lake and, any owner of a lot abutting or in proximity to the lake shall take such steps as may be necessary to prevent erosion occurring on such lot that might have any affect on such lake.

Section 9. It shall be the responsibility of each lot owner to prevent the development of any unclean, unsightly or unkept condition of the building or grounds on such lot which shall tend to substantially decrease the beauty of the neighborhood as a whole or the specific area. All lots and buildings shall be maintained in a neat, clean and well kept condition. In the event of an owner's failure to properly maintain or repair in accordance with the requirements of this section, following written notice thereof from the association to such owner of its intention, the association shall be authorized to enter upon the property to accomplish such maintenance or repair, the expense of which

shall then be recoverable by the association by special assessment or other legal means.

Section 10. All electrical service, telephone lines, t.v. cables and similar items shall be placed underground and no exposed or exterior radio or television transmission or receiving antenna, including parabolic dishes or satellite dishes shall be erected, placed or maintained on the property.

Section 11. No clothesline or drying yard shall be located upon a lot so as to be visible from any street or from the golf course or from any adjoining real property.

ARTICLE VII. INSURANCE.

Section 1. Association Authorized to Insure. The association may purchase insurance to provide the following described coverages:

(a) Liability Insurance. Comprehensive general liability insurance coverage covering all the common areas, and public ways as are owned by the association. Coverage under such policies may include, without limitation, legal liability of the insureds for property damage, bodily injuries and death of persons in connection with the operation, maintenance or use of the common areas, and legal liability arising out of law suits related to employment contracts of the association. Such coverage shall include, if available, a cross liability endorsement to cover liabilities of the owners as a group or as an association to an individual lot owner.

(b) Fidelity Bonds. Fidelity bonds may be required to be maintained by the association for all offices, directors, trustees and employees of the association and all other persons handling or responsible for funds of or administered by the association. If the responsibility for the handling of funds has been delegated to a management agent, fidelity bonds shall also be required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the association. Such fidelity bond coverage shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the association or the management agent, as the case may be, at any given time during the term of each bond.

Section 2. Premiums. Premiums upon insurance policies purchased by the association is a common expense.

ARTICLE VIII. TOTAL OR PARTIAL CONDEMNATION

The association shall represent the lot owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common areas, or part thereof. Each lot owner hereby appoints the association as attorney-in-fact for such purpose. In the event of a taking or acquisition of part or all of the common area by a condemning authority, the award of proceeds of settlement shall be payable to the association for the use and benefit of the lot owners and their mortgagees as their interest may appear. Such proceeds, if not utilized by the association for the purpose of restoring or replacing common areas which have been taken, shall be disbursed in equal shares to the lot owners and their mortgagees, as their interest may appear.

ARTICLE IX. EASEMENTS.

Section 1. Easements for Drainage and Utility Services. There is hereby reserved by declarant for the benefit of all owners a perpetual easement across the roads and easement areas as shown on the recorded plat of Fairway Lakes, Phase J, and the plat of any other subdivision annexed hereunder, for the location, installation,

maintenance, repair and replacement of all drainage and utility services which have been installed or may hereinafter be installed by declarant to serve the development.

Section 2. Easements to Facilitate Operation of Adjacent Golf Course. Easements to permit the doing of every act necessary and proper in the playing of golf on the golf course adjacent to the lots are hereby granted and established in favor of Bluewater Bay Development Co., Ltd., its successors, invitees and assigns. These acts shall include but not be limited to, the recovery of golf balls from such lots, the flight of golf balls over and upon such lots, the use of necessary and usual equipment upon such golf course, the usual and common noise level created by the playing of the game of golf, and the normal maintenance of the golf course and lake system, together with all the other common and usual activity associated with the game of golf.

Section 3. Easement to Facilitate Maintenance of Improvements. There is hereby reserved by declarant for the benefit of all owners, a perpetual easement across all lots as will facilitate the maintenance and repair of the improvements constructed on lots in Fairway Lakes, Phase I, a subdivision. Such easement shall be only as to those portions of a lot adjacent to the improvements which are the subject of maintenance and repair, the use of which is necessary to facilitate reasonable access and working area to accomplish such maintenance and repair.

ARTICLE X. GENERAL PROVISIONS.

Section 1. Enforcement. The association, or any owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure of the association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Additionally, Bluewater Bay Development Co., Ltd., its successors and assigns, shall have the right to enforce the provisions of Articles V, VI and IX hereof.

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

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years unless a majority of members of the association and 67% of the holders of first mortgages against lots in the development decide that such covenants, conditions and restrictions shall abate, which decision, if made, shall be evidenced by an agreement in writing signed by a majority of the membership and by 67% of the first mortgage holders, setting forth their decision, which document shall be effective when duly recorded in the Public Records of Okaloosa County, Florida. Notwithstanding the foregoing, there shall be no abatement of any right or privilege granted Bluewater Bay Development Company, Ltd., unless Bluewater Bay Development Company, Ltd. has consented in writing to such abatement.

Section 4. Annexation. Additional lands may be annexed by Declarant without the consent of members within ten years of the date of this instrument. Upon recordation of a Declaration of Annexation, setting forth declarant's intention and subjecting such additional lands to the provisions of this declaration, the owners of lots within such annexed subdivision shall become members of the association.

Section 5. Availability of Records and Other Documents. The association shall make available to the owner of any lot, to any mortgagee, or to any insurer or guarantor of any first mortgage, current copies of this Declaration, the Articles of Incorporation of the association, and the books, records and financial statements of the association. Such items shall be available to any of the described parties

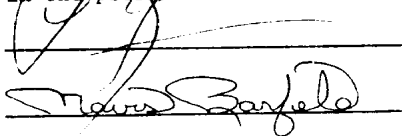
for inspection upon request during normal business hours or under other reasonable circumstances. Additionally, any mortgagee, or insurer or guarantor of a first mortgage shall be entitled, upon request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. In the event such financial statement is requested, the same shall be furnished within a reasonable time following such request.

Section 6. Lot Owners' Non-Entitlement to Lake and Golf Course. The conveyance of a lot by the declarant does not include any right to use the lake or golf course adjacent to or in proximity to the property as declarant is not the owner of either such lake or golf course. Declarant makes no representation or warranty to lot owners that the golf course shall be continuously used for such purpose nor that a lot owner will be entitled to the use thereof.

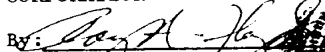
Section 7. Amendment. This Declaration may be amended by an instrument signed by not less than 67% of the lot owners. Any amendment must be recorded in the Public Records of Okaloosa, Florida. No amendment shall be effective as to any of the rights or privileges granted herein to Bluewater Bay Development Company, Ltd. and no amendment made to Articles V, VI and IX hereof unless Bluewater Bay Development Company, Ltd. has consented thereto in writing.

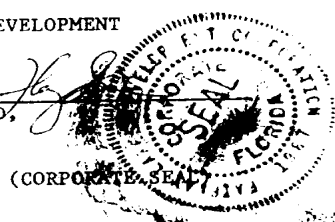
IN WITNESS WHEREOF, the undersigned, being the declarant herein, has caused these presents to be signed and sealed this 9th day of February, 1988.

Signed, sealed and delivered
in the presence of:



FAIRWAY LAKES DEVELOPMENT
CORPORATION

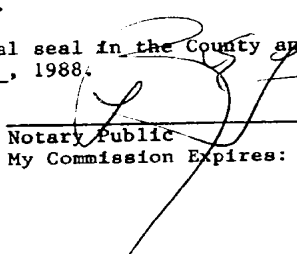
By: 
RAY A. FLOYD,
President



STATE OF FLORIDA)
COUNTY OF OKALOOSA)

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared RAY A. FLOYD, President of FAIRWAY LAKES DEVELOPMENT CORPORATION, a Florida corporation, to me well known to be the person described in and who executed the foregoing instrument and he acknowledged the execution thereof to be his free act and deed as such officer, for the uses and purposes therein mentioned; and that he affixed thereto the official seal of said corporation and that the said instrument is the act and deed of said corporation.

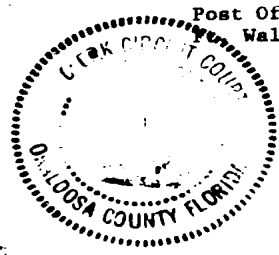
WITNESS my hand and official seal in the County and State aforesaid this 9th day of February, 1988.


Notary Public
My Commission Expires: 8/10/88



THIS INSTRUMENT PREPARED BY:

ROBERT E. LEE
Attorney at Law
Post Office Box 1447
Walton Beach, Florida 32549



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OKALOOSA COUNTY, FLORIDA

RCD: MAR 1 1988 @ 11:42 AM
NEWMAN C BRACKIN, CLERK