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DECLARATION OF CONDOMINIUM

OF

WATERWAY CLUB NO.8 , A Condominium

SEYMOUR A. FINE, MARVIN B. TURK and GRANREAL OF FLORIDA, INC., a Florida corporation, d/b/a WATERWAY CLUB, being the owner of record of the fee simple title to the real property situate, lying and being in Palm Beach County, Florida, as more particularly described in the Survey Exhibit attached hereto as Exhibit 1, which is incorporated herein by reference, does hereby state and declare that said realty, together with improvements thereon, is submitted to condominium ownership pursuant to the CONDOMINIUM ACT of the State of Florida (F.S. 711 et.seq.) and does hereby file this DECLARATION OF CONDOMINIUM.

1. PURPOSE, NAME AND ADDRESS; LEGAL DESCRIPTION; EFFECT.

1.1 PURPOSE. The purpose of this DECLARATION is to submit the lands and improvements herein described to condominium ownership and use in the manner prescribed by the Laws of the State of Florida.

1.2 NAME AND ADDRESS. The name of this CONDOMINIUM is as specified in the title of this document. The address shall be the name of the CONDOMINIUM together with: WATERWAY CLUB, LANTANA, FLORIDA.

1.3 THE LAND. The real property described on EXHIBIT 1 is the CONDOMINIUM PROPERTY hereby submitted to condominium ownership. Such property is subject to such easements, restrictions, reservations and rights of way of record, together with those contained or provided for in this instrument and the EXHIBITS attached hereto.

1.4 EFFECT. All of the provisions of this DECLARATION OF CONDOMINIUM and of all of the EXHIBITS attached hereto, shall

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constitute enforceable equitable servitudes, which shall run with the land, shall be effective in perpetuity unless THE DECLARATION is revoked and the CONDOMINIUM is terminated as provided herein and shall be binding upon all UNIT OWNERS. In consideration of receiving and by acceptance of a grant, devise or mortgage, all grantees, devisees or mortgagees, their heirs, personal representatives, successors and assigns, and all parties claiming by, through, or under such persons agree to be bound by the provisions hereof. Both the burdens imposed and the benefits granted by this instrument shall run with each UNIT and as herein defined.

2. SURVEY AND DESCRIPTION OF IMPROVEMENTS: AMENDMENTS THERETO.

2.1 SURVEY. Annexed hereto and made a part hereof as EXHIBIT 1 is a survey of the land, graphic description, and plot plans of the improvements constituting the CONDOMINIUM, identifying the UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS, and their respective locations and approximate dimensions. Each UNIT is identified, on EXHIBIT 1, by a specific number. No UNIT bears the same number as any other UNIT. The parking and storage areas are delineated thereon. The percentage of ownership of undivided interests in the COMMON ELEMENTS appurtenant to each UNIT is designated thereon.

2.2 SPONSOR reserves the right to alter the interior design, boundaries and arrangement of all UNITS, as long as SPONSOR owns the UNITS so altered. Said alteration shall be accomplished by an amendment to this DECLARATION, which need only be signed by SPONSOR without the approval of any other party. SPONSOR shall unilaterally reapportion, if necessary, the shares of ownership in the COMMON ELEMENTS appurtenant to the UNITS concerned.

3. DEFINITION OF TERMS. The terms used in this DECLARATION and the EXHIBITS attached hereto shall have the meanings stated in the CONDOMINIUM ACT (Sec. 711.03, Fla. Stat., 1971, as amended) and as follows, unless the context otherwise requires.

3.1 "CONDOMINIUM" means that form of ownership of CONDOMINIUM PROPERTY under which UNITS of improvements are subject to ownership by one or more owners, and there is appurtenant to each UNIT as part

thereof an undivided share in the COMMON ELEMENTS. The term shall also mean the CONDOMINIUM established by this DECLARATION.

3.2 "DECLARATION", or "DECLARATION OF CONDOMINIUM" means this instrument and all EXHIBITS attached hereto as they may be from time to time amended.

3.3 "UNIT" or "CONDOMINIUM UNIT" means a part of the CONDOMINIUM PROPERTY which is to be subject to private ownership.

3.4 "COMMON ELEMENTS" means all of the real property, improvements and facilities of the CONDOMINIUM other than the UNITS.

3.5 "LIMITED COMMON ELEMENTS" means and includes those COMMON ELEMENTS which are reserved for the use of a certain UNIT or UNITS to the exclusion of other UNITS.

3.6 "ASSOCIATION" means the non-profit Florida corporation whose name and seal appears at the end of this DECLARATION which is the entity responsible for the operation of the CONDOMINIUM.

3.7 "BOARD" means the Board of Directors of the ASSOCIATION as it is constituted, from time to time.

3.8 "BY-LAWS" means the BY-LAWS of the aforescribed ASSOCIATION, as they exist from time to time. (EXHIBIT 4)

3.9 "CONDOMINIUM ACT" means the CONDOMINIUM ACT OF THE STATE OF FLORIDA (F.S. 711, et. seq.) as the same may be amended from time to time.

3.10 "COMMON EXPENSES" means the expenses for which the UNIT OWNERS are liable to the ASSOCIATION. COMMON EXPENSES shall include, but not be limited to, expenses of administration, maintenance, operation, repair or replacement of the COMMON ELEMENTS, and of portions of UNITS to be maintained by the ASSOCIATION; and all other expenses declared COMMON EXPENSES by provisions of this DECLARATION.

3.11 "COMMON SURPLUS" means the excess of all receipts of the ASSOCIATION, including, but not limited to, assessments, rents, profits, and revenues on account of the COMMON ELEMENTS, over the amount of COMMON EXPENSES of the CONDOMINIUM.

3.12 "CONDOMINIUM PROPERTY" means and includes the land in this CONDOMINIUM, whether or not contiguous, all improvements

thereon and all easements and rights appurtenant thereto intended for use in connection with the CONDOMINIUM.

3.13 "ASSESSMENT" means a share of the funds required for the payment of COMMON EXPENSES which from time to time is assessed against the UNIT OWNERS.

3.14 "CONDOMINIUM PARCEL" or "CONDOMINIUM UNIT" means a UNIT together with the undivided share in the COMMON ELEMENTS which is appurtenant to the UNIT.

3.15 "UNIT OWNER" means the owner of a CONDOMINIUM PARCEL.

3.16 "INSTITUTIONAL MORTGAGEE" means a State or Federal Bank, Federal Savings and Loan Association, Insurance Company, Real Estate Investment Trust, Union Pension Fund, or an Agency of the United States Government being a mortgagee on a UNIT.

3.17 "OCCUPANT" means the person or persons other than the UNIT OWNER in actual possession of a UNIT.

3.18 "CONDOMINIUM DOCUMENTS" means this DECLARATION, the SURVEY EXHIBIT, the LONG-TERM LEASE, the ARTICLES OF INCORPORATION OF THE ASSOCIATION, the BY-LAWS OF THE ASSOCIATION, and the MANAGEMENT AGREEMENT.

3.19 "SPONSOR" means SEYMOUR A. FINE, MARVIN B. TURK AND GRANREAL OF FLORIDA, INC., D/B/A WATERWAY CLUB, their successors and assigns.

3.20 "ARTICLES OF INCORPORATION", "CHARTER OF ASSOCIATION", or "CHARTER" means the ARTICLES OF INCORPORATION of the CONDOMINIUM ASSOCIATION, heretofore filed in the Office of the Secretary of State of the State of Florida.

3.21 "UTILITIES" or "UTILITY SERVICE" shall include water, electricity, gas, telephone (including intercom, if any), television (including cable televisions, if any) sewage and like services.

3.22 The phrase "PROVISIONS OF THIS INSTRUMENT" or "TERMS OF THIS INSTRUMENT", or "TERMS" or "PROVISIONS of this DECLARATION" shall include, unless specifically otherwise stated, all of the provisions of this DECLARATION OF CONDOMINIUM and the EXHIBITS attached thereto as they now exist or as they may be amended from time to time.

3.23 "PUBLIC RECORDS" means the public records of Palm Beach County, Florida.

3.24 "CORPORATION" when used with reference to the owner of a CONDOMINIUM PARCEL means any entity other than a natural person.

3.25 "PERSON" shall mean one or more natural persons.

3.26 "RECONSTRUCTION" or "RESTORE" shall include repairs or replacement of structures, fixtures, furnishings and furniture.

3.27 "RULES AND REGULATIONS" means the BY-LAWS and other use and occupancy provisions.

3.28 "LONG-TERM LEASE" means and refers to that LEASE AGREEMENT attached to this DECLARATION as EXHIBIT 2 and made a part hereof. All definitions as contained in the LONG-TERM LEASE are adopted by reference as though set forth herein verbatim. "RECREATION AREAS" and/or "LEASED FACILITIES" or "DEMISED PREMISES" means the RECREATION AREAS and/or LEASED FACILITIES described and demised in said LONG-TERM LEASE.

3.29 "LESSOR" means the LESSOR in the LONG-TERM LEASE attached to this DECLARATION as EXHIBIT 2.

3.30 "MANAGEMENT FIRM" means WATERWAY MANAGEMENT, INC., a Florida corporation, its successors and assigns, being the entity responsible for the management of the CONDOMINIUM PROPERTY and DEMISED PREMISES.

3.31 "MANAGEMENT AGREEMENT" means that certain AGREEMENT entered into by and between the ASSOCIATION and WATERWAY MANAGEMENT, INC. attached hereto as EXHIBIT 5 which provides for the management of the CONDOMINIUM PROPERTY.

The definitions herein contained shall prevail as the context requires whether or not the same are capitalized in their usage herein.

4. OWNERSHIP AND BOUNDARIES OF UNITS; INTEREST IN COMMON ELEMENTS; PARKING; STORAGE AREAS.

4.1 INTEREST IN COMMON ELEMENTS. Each UNIT OWNER shall own, as an appurtenance to his UNIT, an undivided interest in the COMMON ELEMENTS as assigned thereto in EXHIBIT 1. The percentage of undivided interest of each UNIT shall not be changed without the unanimous consent of all of the owners of all of the UNITS

(except as provided for in Paragraphs 2 and 16 hereof). No owner of any UNIT shall bring or have the right to bring an action for partition or division of his undivided interest in the COMMON ELEMENTS.

4.2 BOUNDARIES. A UNIT consists of an individual apartment lying within the following boundaries:

4.2.1 HORIZONTAL BOUNDARY:

a. UPPER AND LOWER BOUNDARIES. The upper and lower boundaries of the APARTMENT shall be the following boundaries extended to an intersection with the perimetrical boundaries:

(1) UPPER BOUNDARY -- The horizontal plane of the undecorated finished ceiling.

(2) LOWER BOUNDARY -- The horizontal plane of the undecorated finished floor.

4.2.2 PERIMETRICAL BOUNDARIES:

a. The perimetrical boundaries of the APARTMENT shall be the vertical planes of the undecorated finished interior of the walls bounding the APARTMENT extended to intersections with each other and with the UPPER and LOWER BOUNDARIES.

(1) Where there is an apperture in any perimetrical boundary, including but not limited to windows and doors, the vertical boundary shall be extended at all such places, at right angles, to the dimension of such apperture, so that the perimetrical boundary at such places shall be coincident with the exterior unfinished surface of such apperture, including the frame work thereto. Exterior walls made of glass or glass fired to metal framing, exterior windows and frames, exterior glass sliding doors, frames and casings, shall be included within the UNIT and shall not be deemed a COMMON ELEMENT.

(2) Where a balcony, loggia, terrace, porch, stairway or other portion of the building or any fixture attached to the building serves only the

APARTMENT being bounded, the perimetrical boundary shall vary with the exterior unfinished surface of any such structure extended in a vertical plane, where necessary, to the horizontal boundary.

(3) The interior partitions within a UNIT are part of said UNIT.

4.2.3 WEIGHT BEARING STRUCTURES. Each UNIT shall not include the area beneath the unfinished surface of any weight bearing structure which is otherwise within the horizontal and perimetrical boundaries.

4.2.4 MAINTENANCE EASEMENT. In addition to the space within the horizontal and perimetrical boundaries, each UNIT shall have an easement in the COMMON ELEMENTS adjacent to the UNIT for the purposes of providing maintenance, repair or service to the ducts, pipes, conduits, plumbing, wiring or other facilities for the furnishing of UTILITY SERVICES serving UNITS and the COMMON ELEMENTS, which, whether included in said boundaries or otherwise, are COMMON ELEMENTS.

a. Any pipes, ducts, wires, conduits, electrical panels, or any utility services serving only one UNIT are appurtenant to such UNIT and are not part of the COMMON ELEMENTS.

4.2.5 AIR CONDITIONING. Notwithstanding any of the provisions of this Paragraph 4 to the contrary, the air conditioning compressors located on or near any building and the refrigerant and electrical lines running from such compressors to the individual UNITS shall be deemed owned by the UNIT OWNERS and are not a part of the COMMON ELEMENTS.

4.3 AUTOMOBILE PARKING AREAS. After the filing of this DECLARATION, there shall be assigned to each UNIT the exclusive right to use one automobile parking space. Such parking space shall be used only by the owner of such UNIT and such owner's guests and invitees, and shall constitute LIMITED COMMON ELEMENTS for the use and benefit of said UNIT. The assignment of such parking space shall be made by either the SPONSOR and/or the ASSOCIATION and the assignment thereof shall be final. At the time of assignment, the

parking spaces shall convert from unassigned LIMITED COMMON ELEMENTS as shown on EXHIBIT 1 to assigned LIMITED COMMON ELEMENTS. Use of the parking spaces not assigned to a UNIT and reassignment or conveyance of all parking spaces shall be as provided in this instrument, the BY-LAWS, and the MANAGEMENT AGREEMENT.

4.3.1 NO CHANGE IN COMMON EXPENSE. Upon the assignment of an exclusive parking space, the owner of such UNIT shall have the exclusive right to use the same without additional charge therefor by the ASSOCIATION. Nothing herein contained shall relieve any UNIT OWNER from any portion of any assessment for COMMON EXPENSES, it being the intention hereof that the cost of maintenance and administration of all LIMITED COMMON ELEMENTS shall be included as a part of the COMMON EXPENSES applicable to all UNITS for the purposes of assessment.

4.3.2 EXCLUSIVE RIGHT OF PARKING APPURTENANT TO UNIT. Upon the assignment of an exclusive right of parking, said parking space shall be an appurtenance to said UNIT and shall be encumbered by and subject to any mortgage then or thereafter encumbering said UNIT. Upon the conveyance or passing of title to the UNIT such exclusive right shall pass as an appurtenance thereto in the same manner as the undivided interest in the COMMON ELEMENTS, appurtenant to such UNIT, passes.

4.3.3 Parking spaces which have not been assigned by the SPONSOR prior to the time SPONSOR shall have sold and conveyed all UNITS in the CONDOMINIUM PROPERTY shall be a part of the COMMON ELEMENTS.

4.4 STORAGE FACILITIES. There is contained on EXHIBIT 1 certain areas designated as storage areas for the use of the CONDOMINIUM and/or certain designated UNITS.

4.4.1 USE OF STORAGE SPACE AMONG UNIT OWNERS. The storage space shall be used in common among the UNITS as designated by the ASSOCIATION from time to time. Neither the SPONSOR nor the ASSOCIATION shall be liable to any UNIT OWNER as a bailee or otherwise for loss or damage to, or theft of any property stored therein except for such loss, damage or theft as may be covered by policies of insurance carried by the ASSOCIATION.

4.4.2 NO CHANGE IN COMMON EXPENSES. The designation by the SPONSOR or the ASSOCIATION of a storage area to be used by a particular UNIT OWNER shall be governed by the same provisions as the assignment of parking spaces as set forth in Paragraph 4.3.1 hereof.

5. RESTRICTION AGAINST FURTHER SUBDIVIDING OF UNITS AND SEPARATE CONVEYANCE OF APPURTENANT COMMON ELEMENTS.

5.1 SUBDIVISION OF UNITS. No UNIT may be divided or subdivided into a smaller UNIT or UNITS than as shown on EXHIBIT 1 hereto, nor shall any UNIT, or portion thereof, be added to or incorporated into any other UNIT, except as provided in Paragraph 2.2 hereof.

5.2 COMMON ELEMENTS -- CONVEYANCE. The undivided interest in the COMMON ELEMENTS and COMMON SURPLUS is declared to be appurtenant to each UNIT and shall not be conveyed, devised, encumbered or otherwise dealt with separately from said UNIT. The undivided interest in COMMON ELEMENTS and COMMON SURPLUS appurtenant to each UNIT shall be deemed conveyed, devised, encumbered or otherwise included with the UNIT even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with the UNIT. Nothing herein contained shall be construed as limiting or preventing ownership of any CONDOMINIUM PARCEL by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

5.3 EXCHANGE OF PARKING SPACES. UNIT OWNERS may, with consent of the ASSOCIATION and the INSTITUTIONAL MORTGAGEES having mortgages on the UNITS concerned, if any, exchange with each other the LIMITED COMMON ELEMENT constituting an exclusive parking space, PROVIDED, HOWEVER, that there must always remain appurtenant to each UNIT one such exclusive parking space. This exchange will be noted on the records of the ASSOCIATION.

6. EASEMENTS.

6.1 PERPETUAL NON-EXCLUSIVE EASEMENT. The COMMON ELEMENTS shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the UNIT

OWNERS in the CONDOMINIUM for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, including the providing of services for the benefit of all UNITS.

6.2 EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS. In the event that any UNIT, COMMON ELEMENT or LIMITED COMMON ELEMENT shall encroach upon any other UNIT, COMMON ELEMENT or LIMITED COMMON ELEMENT for any reason other than the purposeful or grossly negligent act of any person, then an easement appurtenant to such shall exist for so long as such encroachment shall naturally exist. In the event a portion of the CONDOMINIUM PROPERTY is partially or totally destroyed and then rebuilt, and any encroachment is occasioned thereby for any reason other than the purposeful or grossly negligent act of any person, then an easement appurtenant to such shall exist for the continuance of such encroachment for so long as such encroachment shall naturally exist. Should a discrepancy exist between the measurements shown on the EXHIBIT 1 attached hereto and the actual measurement to any point of reference, the actual measurement shall govern.

6.3 UTILITY EASEMENTS. Utility easements are reserved through the CONDOMINIUM PROPERTY as may be required for UTILITY SERVICE (construction and maintenance) in order to adequately serve the CONDOMINIUM.

6.4 INGRESS AND EGRESS. An easement for ingress and egress is hereby created for pedestrian traffic over, through and across sidewalks, paths, walks, driveways, passageways and lanes as the same, from time to time, may exist upon the COMMON ELEMENTS; and for vehicular traffic over, through and across such portions of the COMMON ELEMENTS as, from time to time, may be paved and intended for such purposes.

6.5 EASEMENT FOR AIR SPACE. The owner of each UNIT shall have an exclusive easement for the use of the air space occupied by said UNIT as it exists at any particular time.

6.6 USE. The use of any easement by a UNIT OWNER shall be subject to all of the PROVISIONS OF THIS DECLARATION and the LONG-TERM LEASE as the same may exist from time to time.

6.7 ACCESS. SPONSOR covenants that there shall be a perpetual access easement to the CONDOMINIUM for ingress and egress to one of the major entrances and exits to WATERWAY CLUB at Lantana, Florida and SPONSOR covenants to provide such easements required for drainage and utility service. All easements referred to herein shall be for the benefit of all persons residing on ALL CONDOMINIUM PROPERTY and for all other persons designated by the SPONSOR or LESSOR. The land upon which such access easement is located is a portion of the DEMISED PREMISES and is subject to the terms and conditions of the LONG-TERM LEASE thereon. The SPONSOR or LESSOR shall have the unequivocal continuous right to alter, change and relocate said easements as often as it deems necessary, without the consent of the ASSOCIATION, UNIT OWNERS, and any others entitled to use the easement as this easement shall not be deemed to create a burden on the land on which it exists at any particular time nor to run with this CONDOMINIUM. The SPONSOR or LESSOR shall also have the right to grant or dedicate such easements to the public, governmental authorities without the consent of any persons whomsoever. However, when requested, the ASSOCIATION and/or UNIT OWNERS shall join in the execution of the same.

6.8 SURVEY EXHIBIT. A portion of the easement referred to in Paragraph 6.7 is as designated and shall be governed by the language in EXHIBIT 1 attached hereto. SPONSOR, LESSOR or their designee shall have the right to enter the CONDOMINIUM PROPERTY for the purpose of constructing, maintaining and repairing said easements and the equipment thereon. Should the SPONSOR or LESSOR grant additional easements which connect with or are intended to supplement, replace or relocate the easements designated on EXHIBIT 1, the same shall automatically be part of the easements provided therein as if originally set forth.

6.9 WATER AND SEWER SERVICE. In order to provide WATERWAY CLUB and the CONDOMINIUM with adequate water service and sewage disposal service, SPONSOR shall have and hereby reserves the exclusive right to contract for this servicing of this CONDOMINIUM and the UNIT OWNERS with these services, either with a private company

or the Town of Lantana, Florida or any other governmental agency and the ASSOCIATION and UNIT OWNERS agree to pay the charges therefor and to comply with all of the terms and conditions thereof.

6.10 SPONSOR reserves unto itself, or its designee, the unequivocal right to create additional easements over, upon, or through the CONDOMINIUM PROPERTY, at any time, without the joinder of the ASSOCIATION or any UNIT OWNERS whomsoever provided that Said easements so created shall not cause a diminution of parking spaces or cause a taking of part of the actual building. However, if requested, the ASSOCIATION and/or UNIT OWNERS shall join in the creation thereof.

7. COMMON EXPENSE; COMMON SURPLUS. Each UNIT shall share in the COMMON SURPLUS and be liable for the COMMON EXPENSES (except those assessable to less than all UNITS) in the same percentage as the percentage representing the undivided interest of each UNIT in the COMMON ELEMENTS; provided, however, that portion of the COMMON EXPENSES due under the LONG-TERM LEASE shall be shared as provided therein. The right to share in the COMMON SURPLUS does not include the right to withdraw or to require payment or distribution thereof except upon termination and dissolution of the CONDOMINIUM, provided, however, such surplus may be distributed at the discretion of the ASSOCIATION.

8. ADMINISTRATION OF THE CONDOMINIUM; THE ASSOCIATION; MEMBERSHIP; REPORTS TO MEMBERS AND LENDERS; VOTING.

8.1 THE ASSOCIATION. The ASSOCIATION, a non-profit Florida corporation, has been organized to provide for the administration of the CONDOMINIUM PROPERTY. Said ASSOCIATION shall administer the operation and management of the CONDOMINIUM PROPERTY and undertake and perform all acts and duties incident thereto in accordance with the provisions of this instrument. A copy of the ARTICLES OF INCORPORATION and BY-LAWS of said ASSOCIATION are annexed hereto and made a part hereof as EXHIBITS 3 and 4, respectively.

8.2 MEMBERSHIP. Each UNIT OWNER hereby agrees that he shall automatically become a member of the ASSOCIATION upon his acquisition of title to any UNIT. The membership of such UNIT OWNER shall

terminate automatically upon said UNIT OWNER being divested of title to such UNIT, regardless of the means by which such ownership may be divested. No person holding any lien, mortgage or other encumbrance upon any UNIT shall be entitled, by virtue thereof, to membership in the ASSOCIATION, or to any of the rights or privileges of such membership.

8.3 POWERS OF ASSOCIATION. In the administration of the CONDOMINIUM, the ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this DECLARATION, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such Rules and Regulations governing the use of the UNITS, COMMON ELEMENTS and LIMITED COMMON ELEMENTS, as the Board of Directors of the ASSOCIATION may deem to be in the best interests of the CONDOMINIUM. The ASSOCIATION shall have all of the powers and duties set forth in the CONDOMINIUM ACT.

8.4 REPORTS TO MEMBERS AND LESSOR. The ASSOCIATION shall maintain accounting records according to good accounting practices, which shall be open to inspection by an expert employed by, and at the cost and expense of, the UNIT OWNERS and at such reasonable times as the ASSOCIATION shall agree; however such inspection cannot be made more than once during any calendar year. When this function is delegated to the MANAGEMENT FIRM the terms of the MANAGEMENT AGREEMENT shall govern. The LESSOR shall have continuous reasonable access to the records of the ASSOCIATION. Written summaries of the accounting records of the ASSOCIATION shall be supplied annually to each UNIT OWNER and the LESSOR. The accounting records of the ASSOCIATION shall include a record of all receipts, expenditures and an account for each UNIT which shall designate the name and address of the UNIT OWNER, the amount of each assessment, the dates and amounts in which the assessments came due, the amounts paid on the account, and the balance due.

8.5 REPORTS TO LENDERS. So long as an INSTITUTIONAL MORTGAGEE of any UNIT is the owner or holder of a mortgage encumbering a UNIT in the CONDOMINIUM, the ASSOCIATION shall furnish said INSTITUTIONAL MORTGAGEE with one (1) copy of the Annual Financial Statement and Report of the ASSOCIATION provided said INSTITUTIONAL

MORTGAGEE requests same.

8.6 VOTING. Each UNIT OWNER including the SPONSOR shall be entitled to one (1) vote for each UNIT owned. The vote of each UNIT OWNER shall be governed by the provisions of the BY-LAWS.

8.7 MANAGEMENT AGREEMENT. The ASSOCIATION may enter into an Agreement with any person, firm or corporation for the administration, maintenance and repair of the CONDOMINIUM PROPERTY and may delegate to such contractor or manager such of the powers and duties of the ASSOCIATION as the ASSOCIATION and such person, firm or corporation shall agree. To this end, the ASSOCIATION has entered into the MANAGEMENT AGREEMENT attached hereto as EXHIBIT 5.

8.8 CONSTRUCTION OF POWERS. All references and grants of power or authority to the ASSOCIATION or Board of Directors shall, including the power to discharge said responsibility, and the enforcement of the ASSOCIATION's legal rights, for the purposes of this DECLARATION, be deemed as grants of power and authority directly to the MANAGEMENT FIRM for such period of time as the MANAGEMENT AGREEMENT exists, and only thereafter the ASSOCIATION. This provision shall not be construed as binding the MANAGEMENT FIRM to perform all the duties of the ASSOCIATION but only those which shall be specified in the MANAGEMENT AGREEMENT. For the purposes of this DECLARATION, all references herein to the ASSOCIATION where the rights, duties and powers are encompassed by the MANAGEMENT AGREEMENT shall be deemed to read "The MANAGEMENT FIRM for so long as the MANAGEMENT AGREEMENT shall exist and thereafter the ASSOCIATION". Nothing in this instrument shall be deemed to make the MANAGEMENT FIRM liable for any expenses or costs for which the ASSOCIATION and/or UNIT OWNERS are liable.

9. USE AND OCCUPANCY.

9.1 RESIDENTIAL USE. Each UNIT is hereby restricted to residential use as single family residence by the owner or owners thereof, their immediate families, guests and invitees.

9.2 OWNERSHIP BY CORPORATION. In the event that a CORPORATION is a UNIT OWNER said CORPORATION shall, prior to the purchase of such UNIT, designate the PERSON who is to be the permanent OCCUPANT of such UNIT. Such CORPORATION shall not thereafter have

the right to designate other PERSONS as the OCCUPANTS of such UNIT whether such PERSONS be in substitution of or in addition to the PERSONS initially designated, except with the approval of the ASSOCIATION given pursuant to the provisions of Paragraph 12 hereof. All provisions of this instrument shall apply to such designated OCCUPANTS as though they had title to such UNIT and the CORPORATION owning such UNIT shall be bound thereby. The provisions hereof shall not be applicable to any CORPORATION formed or controlled by SPONSOR.

9.3 GENERAL USE RESTRICTION. No person shall use the COMMON ELEMENTS or any part thereof, or a CONDOMINIUM UNIT, or the CONDOMINIUM PROPERTY, or any part thereof, in any manner contrary to the TERMS OF THIS INSTRUMENT.

9.4 ALTERATIONS AND ADDITIONS. No UNIT OWNER shall make or permit to be made any material alteration, addition or modification to his CONDOMINIUM PARCEL without the prior written consent of the ASSOCIATION, SPONSOR, and any INSTITUTIONAL MORTGAGEE (should the terms of its mortgage require such consent). No UNIT OWNER shall cause the balcony or terrace which is abutting, or part of, his UNIT to be enclosed, or cause any improvements or changes to be made therein or on the exterior of the building, including painting or other decoration without the written permission of the ASSOCIATION, and SPONSOR. No UNIT OWNER shall cause to be made any modification or installation of electrical wiring, television antenna systems or connections, whether inside or outside the UNIT. No UNIT OWNER may cause any material puncture or break in the boundaries of his UNIT without the written permission of the ASSOCIATION, and SPONSOR. No UNIT OWNER shall grow any type of plant, shrub, flower, etc. outside their UNIT.

9.5 LAWFUL USE. No immoral, improper, offensive or unlawful use shall be made of any or all the CONDOMINIUM PROPERTY, and all laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance,

modification or repair of the CONDOMINIUM PROPERTY shall be the same as the responsibility for maintenance and repair of the property concerned.

9.6 PETS. No animals shall be kept or harbored on the CONDOMINIUM PROPERTY without the written consent of the ASSOCIATION. Such consent, if given, may be upon such conditions as the ASSOCIATION may prescribe and such consent shall be deemed provisional and subject to revocation at any time. When notice of revocation or removal of any pet is given, said pet shall be removed within twenty-four hours of the giving of the notice.

9.7 VENDING MACHINES. The SPONSOR or any designee shall have the exclusive and perpetual right to install and operate coin-operated vending and laundry machines, including, but not limited to, washing machines, dryers, dry cleaning machines and machines of an allied nature and the exclusive right to offer services for off-premises dry cleaning, laundry, pressing and tailoring and other allied services within the CONDOMINIUM PROPERTY on areas designated for such services. Neither the ASSOCIATION nor any UNIT OWNER shall be entitled to any remuneration on any profits from these machines or services unless otherwise authorized by the SPONSOR or designee.

9.8 NUISANCES. No nuisances nor any use or practice that is the source of unreasonable annoyance to other UNIT OWNERS or which interferes with the peaceful possession and proper use of the CONDOMINIUM PROPERTY by the UNIT OWNERS is permitted. No UNIT OWNER or OCCUPANT shall permit or suffer anything to be done or kept upon the CONDOMINIUM PROPERTY or his UNIT which will increase the rate of insurance on the CONDOMINIUM.

9.9 APPLICABILITY TO SPONSOR. Neither the UNIT OWNERS or the ASSOCIATION, nor their use of the CONDOMINIUM, shall interfere with the SPONSOR's completion and sale of the CONDOMINIUM UNITS whether in this CONDOMINIUM or otherwise. Anything contained herein to the contrary notwithstanding, the SPONSOR may make such use of any unsold UNIT and the COMMON ELEMENTS as may facilitate the sale leasing or construction of any UNIT and may use any unfinished UNIT as a storage and/or fabrication area.

9.10 CHILDREN. No person under twelve (12) years of age shall be permitted to reside in any UNIT except that minor children may be permitted to visit and reside for reasonable periods not to exceed two (2) consecutive weeks on any one occasion and thirty (30) days in any calendar year.

9.11 RULES AND REGULATIONS. All UNIT OWNERS and other persons shall use the CONDOMINIUM PROPERTY and DEMISED PREMISES in accordance with the RULES AND REGULATIONS promulgated by the entity in control thereof and the PROVISIONS OF THIS INSTRUMENT.

9.12 INITIAL RULES AND REGULATIONS. The initial RULES AND REGULATIONS for the use of the CONDOMINIUM PROPERTY are set forth in the BY-LAWS of the ASSOCIATION attached hereto as EXHIBIT 4 and the same shall be deemed effective until amendment as provided therein.

10. MAINTENANCE AND REPAIR OF THE CONDOMINIUM PROPERTY; ALTERATIONS AND IMPROVEMENTS.

10.1 MAINTENANCE BY ASSOCIATION. ASSOCIATION, at its expense, shall be responsible for and shall maintain, repair and replace all of the COMMON ELEMENTS, including those portions within the boundaries of a UNIT which contribute to the support of the building, and all conduits, ducts, plumbing, wiring and other facilities constituting a part of the COMMON ELEMENTS for the furnishing of UTILITY SERVICE to the UNITS and the COMMON ELEMENTS.

10.2 LIMITATION UPON LIABILITY OF ASSOCIATION AND MANAGEMENT FIRM. Notwithstanding the duty of the ASSOCIATION and the MANAGEMENT FIRM to maintain and repair parts of the CONDOMINIUM PROPERTY, they shall not be liable to UNIT OWNERS for injury or damage, whether caused by any latent condition of the property to be maintained and repaired by them, the natural elements or other persons, or caused by any other reason.

10.3 MAINTENANCE BY UNIT OWNER. The UNIT OWNER shall, subject to the other PROVISIONS OF THIS DECLARATION, maintain, repair and replace at his expense all portions of his UNIT including, but not limited to, all doors, windows, glass, screens, electric panels, electric wiring, electric outlets and fixtures, heaters,

hot water heaters, refrigerators, dish-washers, other appliances, drains, plumbing fixtures and connections, interior surfaces of all walls, floors and ceilings, and all other portions of his UNIT, except the portion specifically to be maintained, repaired and replaced by the ASSOCIATION. The UNIT OWNER shall maintain and repair the air conditioning compressor, filter, refrigerant and electrical line appurtenant to his UNIT.

10.4 LIABILITY OF UNIT OWNER. Should a UNIT OWNER undertake unauthorized additions and modifications to his UNIT or refuse to make repairs as required, or should a UNIT OWNER cause any damage to the COMMON ELEMENTS, the ASSOCIATION may make such repairs or replacements and the ASSOCIATION shall have the right to levy a Special Assessment against the said UNIT OWNER. Said assessment shall have the same force and effect as all other assessments hereunder. In the event a UNIT OWNER threatens to or violates the provisions hereof, the ASSOCIATION shall also have the right to proceed in a Court of equity for an injunction to seek compliance with the provisions hereof.

10.5 INSURANCE PROCEEDS. Whenever any maintenance, repair and replacement of any items for which the owner of a UNIT is responsible is made necessary by any loss covered by insurance maintained by the ASSOCIATION, the proceeds of the insurance received by ASSOCIATION or the INSURANCE TRUSTEE shall be used for the purpose of making such maintenance, repair or replacement. The UNIT OWNER shall be required to pay all of the costs thereof that exceed the amount of the insurance proceeds.

10.6 LIMITATION ON ALTERATIONS OR ADDITIONS. There shall be no alterations or additions to the COMMON ELEMENTS of this CONDOMINIUM during any year where the cost thereof is in excess of ten (10%) per cent of the annual budget of the ASSOCIATION for COMMON EXPENSES (including all sums due under the LONG-TERM LEASE), except as authorized by the Board of Directors of the ASSOCIATION and approved by not less than seventy-five (75%) per cent of the UNIT OWNERS. The cost of such alterations or additions shall be assessed as COMMON EXPENSES.

10.7 LIMITED BENEFIT. Where any alteration or additions are exclusively or substantially exclusively for the benefit of a UNIT

OWNER(s) requesting same, excluding normal repairs to COMMON (or LIMITED COMMON) ELEMENTS, then the cost of such alterations or additions shall be assessed against and collected solely from such UNIT OWNER(s) exclusively or substantially exclusively benefited thereby. The assessment shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors of the ASSOCIATION. The limitation contained in Paragraph 10.6 shall not apply where such UNIT OWNER(s) deposit the entire cost of such alteration or improvement with the ASSOCIATION.

10.8 PROVISIO. The provisions of Paragraph 10.6 above shall not be applicable to the SPONSOR or to any such alterations or repairs required due to casualty as contemplated in Paragraph 13 hereof which shall govern if such casualty occurs.

10.9 RIGHT OF ENTRY BY ASSOCIATION AND LESSOR. Whenever it is necessary to enter any UNIT for the purpose of inspection, including inspection to ascertain a UNIT OWNER's compliance with the provisions of this DECLARATION, or for performing any maintenance, alteration or repair to any portion of the COMMON ELEMENTS, the UNIT OWNER shall permit an authorized Agent of ASSOCIATION to enter such UNIT, or to go upon the COMMON ELEMENTS, PROVIDED that such entry shall be made only at reasonable times and with reasonable advance notice. In the case of emergency such as, but not limited to, fire or hurricane, entry may be made without notice or permission. The UNIT OWNERS acknowledge that the ASSOCIATION may retain a master pass key to all the UNITS in the CONDOMINIUM. Each UNIT OWNER does hereby appoint the ASSOCIATION as his agent for the purposes herein provided for and agrees that the ASSOCIATION shall not be liable for any alleged property damage or theft caused or accruing on account of any entry.

11. APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED OR ASSESSED AGAINST THE CONDOMINIUM PROPERTY. If any taxing authority levies or assesses any Tax or Special Assessment against the CONDOMINIUM PROPERTY as a whole, and not the individual UNITS, the same shall be paid as a COMMON EXPENSE by the ASSOCIATION and assessed to the UNIT OWNERS.

All personal property taxes levied or assessed against personal property owned by ASSOCIATION shall be paid by said ASSOCIATION and shall be a COMMON EXPENSE.

12. MAINTENANCE OF COMMUNITY INTERESTS. In order to maintain a community of congenial residents who are financially and socially responsible and thus protect the value of the CONDOMINIUM PROPERTY, the transfer of UNITS by other than the SPONSOR shall be subject to the following provisions as long as the CONDOMINIUM and the CONDOMINIUM PROPERTY exist:

12.1 TRANSFERS SUBJECT TO APPROVAL.

a. SALE. No UNIT OWNER may dispose of a UNIT or any interest in a UNIT by sale or otherwise without approval of the grantee by the ASSOCIATION.

b. LEASE. No UNIT OWNER may dispose of a UNIT or any interest in a UNIT by lease without approval of the lessee by the ASSOCIATION. No lease may be made for less than a three (3) month consecutive period nor shall any transient accommodations be provided.

c. GIFT. If any OCCUPANT shall acquire his title or right to occupy by gift, the continuance of his ownership or occupancy of the UNIT shall be subject to the approval of the ASSOCIATION.

d. DEVISE OR INHERITANCE. If any UNIT OWNER shall acquire his title by devise or inheritance, the continuance of his ownership of the UNIT shall be subject to the approval of the ASSOCIATION.

e. OTHER TRANSFERS. If any UNIT OWNER shall acquire his title by any manner not considered in the foregoing subsections, the continuance of his ownership of the UNIT shall be subject to the approval of the ASSOCIATION.

12.2 APPROVAL OF ASSOCIATION. The approval of the ASSOCIATION that is required for the transfer of all or part of ownership of UNITS shall be obtained in the following manner:

a. NOTICE TO ASSOCIATION.

(1) SALE. A UNIT OWNER intending to make a "bona fide" sale of his UNIT shall give to the ASSOCIATION notice of such intention, together with such information concerning the intended purchaser as the ASSOCIATION may require. Such notice, at the UNIT OWNER's option, may include a demand by the UNIT OWNER that the ASSOCIATION furnish a purchaser for the UNIT if the proposed purchaser is not approved; if such demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell.

(2) LEASE. A UNIT OWNER intending to make a "bona fide" lease of his entire UNIT shall give to the ASSOCIATION notice of such intention, together with the name, address, and such other information concerning the intended lessee as the ASSOCIATION may require, and a copy of the proposed lease. No individual rooms may be rented and no transient tenants accommodated. The demand for a substitute lessee may be made as heretofore provided.

(3) GIFT; DEVISE OR INHERITANCE; OTHER TRANSFERS. A UNIT OWNER who has obtained his title by gift, devise or inheritance, or by any other manner not previously considered, shall give to the ASSOCIATION notice thereof, together with such information concerning the UNIT OWNER as the ASSOCIATION may require, and a copy of the instrument evidencing the owner's title.

(4) FAILURE TO GIVE NOTICE. If the required notice to the ASSOCIATION is not given, then at any time after receiving knowledge of a transaction or event allegedly transferring ownership or possession of an apartment, the ASSOCIATION at its election and without notice may approve or disapprove of the same. If the ASSOCIATION disapproves the transaction or ownership, the ASSOCIATION shall proceed as if it had received the required notice on the date of such disapproval.

(5) A "bona fide" offer as used herein shall mean an offer in writing, binding upon the offeror, disclosing the name and address of the real party in interest

and containing all of the terms and conditions of such proposed lease or sale, and accompanied by an earnest money deposit in current legal funds.

b. CERTIFICATE OF APPROVAL.

(1) The granting of any certificate of approval shall be based upon the condition subsequent that the transferee pay to the ASSOCIATION an administrative transfer fee of \$40.00. Failure to pay this fee shall revoke the approval, provided however, that the appearance of the certificate of approval in the Public Records without a subsequent notice of revocation shall conclusively be deemed proof that said sum was paid.

(2) SALE OR LEASE. If the proposed transaction is a sale or lease, then within thirty (30) days after receipt of such notice and information concerning the proposed purchaser or lessee that the ASSOCIATION may request, the ASSOCIATION must either approve or disapprove the proposed transaction. If the transaction is a sale, the approval shall be stated in a certificate executed in accordance with the BY-LAWS of the ASSOCIATION, the form of which is attached thereto as EXHIBIT A which shall be recorded, at the expense of the purchaser, in the Public Records as an attachment to the instrument of conveyance. If the transaction is a Lease, the approval shall be executed in accordance with the BY-LAWS of the ASSOCIATION and delivered to the lessor. The liability of the UNIT OWNER under the terms of this DECLARATION shall continue notwithstanding the fact that the UNIT may have been leased.

(3) GIFT; DEVISE OR INHERITANCE; OTHER TRANSFERS.

If the UNIT OWNER giving notice has acquired his title by gift, devise or inheritance or in any other manner, then within thirty (30) days after receipt of such notice and such information required to be furnished concerning such owner, the ASSOCIATION must either approve or disapprove the continuance of the UNIT OWNER's ownership of the UNIT. If approved, the approval shall be stated in a certificate

executed by the ASSOCIATION and UNIT OWNER in accordance with the BY-LAWS of the ASSOCIATION, the form of which is attached thereto as EXHIBIT A and recorded in the Public Records of Palm Beach County, Florida.

(4) APPROVAL OF CORPORATE OWNER OR PURCHASER.

If the proposed purchaser of a UNIT is a CORPORATION, the approval of the ownership by the CORPORATION will be conditioned upon requiring that all persons who shall be OCCUPANTS of the UNIT be approved by the ASSOCIATION and that the OCCUPANTS and the principals of the CORPORATION guarantee the performance of the CORPORATION of this PROVISION OF THIS INSTRUMENT, including the LONG-TERM LEASE and execute either a copy thereof or a certificate to that effect.

12.3 DISAPPROVAL BY ASSOCIATION. If the ASSOCIATION shall disapprove a transfer of ownership or the leasing of a UNIT, the matter shall be disposed of in the following manner:

a. NO REQUEST FOR SUBSTITUTE. If the proposed transaction is not approved and the UNIT OWNER has made no demand for providing of a substitute purchaser or lessee, the ASSOCIATION shall deliver a certificate of disapproval executed in accordance with the BY-LAWS of the ASSOCIATION and the transaction shall not be consummated.

b. SALE OR LEASE -- REQUEST FOR SUBSTITUTE. If the proposed transaction is not approved and the request for substitute has been made, the ASSOCIATION shall deliver or mail by registered mail to the UNIT OWNER a bona fide agreement to purchase or rent the UNIT by a purchaser or lessee approved by the ASSOCIATION who will purchase or lease and to whom the UNIT OWNER must sell or lease the UNIT upon the following terms:

(1) The price to be paid and the terms of payment shall be that stated in the disapproved offer to sell or rent.

(2) The sale shall be closed within thirty (30) days after the delivery or mailing of the agreement to purchase.

The lease shall take effect as of the date of the proposed lease.

(3) If the ASSOCIATION shall fail to provide a purchaser or lessee upon the demand of the UNIT OWNER in the manner provided, or if a purchaser or lessee furnished by the ASSOCIATION shall default in his agreement to purchase or lease then notwithstanding the disapproval, the proposed transaction shall be deemed to have been approved as elsewhere provided.

c. GIFTS; DEVISE OR INHERITANCE; OTHER TRANSFERS. If the UNIT OWNER has acquired his title by gift, devise or inheritance, or in any other manner, and the continuance is disapproved, the ASSOCIATION shall deliver or mail by registered mail to the UNIT OWNER an agreement to purchase the UNIT by a purchaser approved by the ASSOCIATION who will purchase and to whom the UNIT OWNER must sell the UNIT upon the following terms:

(1) The sale price shall be the fair market value determined by agreement between the Seller and Purchaser within thirty (30) days from the delivery or mailing of such agreement. In the absence of agreement, the price shall be determined by an independent appraiser appointed by the chairman of the local Board of Realtors. Upon determination of the price the owner and purchaser shall execute a bona fide contract of purchase and sale of the UNIT.

(2) The purchase price shall be paid in cash.

(3) The sale shall be closed within thirty (30) days following the determination of the sales price.

(4) The contract shall be in the form of the Standard Deposit Receipt and Contract for Sale and Purchase then in use in Palm Beach County, Florida.

(5) If the ASSOCIATION shall fail to provide a purchaser as required herein, or if a purchaser furnished by the ASSOCIATION shall default in his agreement to purchase, the provisions of paragraph 12.3b(3) shall apply.

12.4 MORTGAGE. No UNIT OWNER may mortgage his UNIT without the approval of the ASSOCIATION except to an INSTITUTIONAL MORTGAGEE or to a vendor to secure a portion or all of the purchase price

provided, however, that in either of such events, the ASSOCIATION and/or LESSOR shall have the prior right of approval over the form thereof. In the event of failure to grant said approval because of a conflict with the TERMS OF THIS INSTRUMENT said mortgage may not be granted until the terms thereof are acceptable to ASSOCIATION and/or LESSOR.

12.5 EXCEPTIONS; PROVISIO. The foregoing provisions of this section entitled "MAINTENANCE OF COMMUNITY INTERESTS" shall not apply to a transfer to or a transfer from an INSTITUTIONAL MORTGAGEE that acquires its title as the result of a deed from the mortgagor in lieu of foreclosure or through foreclosure proceedings or at a duly advertised public sale with open bidding as provided by law, such as but not limited to execution sale, foreclosure sale, judicial sale, or tax sale. Further, the transferee from an INSTITUTIONAL MORTGAGEE which acquires title as described above in this paragraph is not required to be approved as provided in the foregoing provisions of this section, however, such transferee shall thereafter be subject to all the PROVISIONS OF THIS INSTRUMENT.

a. PROVISIO. Should an INSTITUTIONAL MORTGAGEE acquire title to a UNIT as hereinabove provided, it shall immediately notify the ASSOCIATION of such fact.

b. PROVISIO. Should any purchaser, other than an INSTITUTIONAL MORTGAGEE, acquire title to a UNIT at a duly authorized public sale with open bidding as provided by law, then such person shall immediately notify the ASSOCIATION of such fact and shall be governed by all the PROVISIONS OF THIS INSTRUMENT.

12.6 CONDOMINIUM DOCUMENTS. It shall be the responsibility of the Transferor of a CONDOMINIUM UNIT to provide all the CONDOMINIUM DOCUMENTS provided to said Transferor, to the Transferee. Notwithstanding this Paragraph 12.6, the Transferee shall be bound by the TERMS OF THIS INSTRUMENT even though the Transferor has failed to comply herewith.

12.7 UNAUTHORIZED TRANSACTIONS. Any sale, mortgage or lease not authorized pursuant to the provisions of this DECLARATION

shall be void unless subsequently approved by the ASSOCIATION.

12.8 PROVISIO. No certificate of approval shall be issued by the ASSOCIATION, as provided in this Paragraph 12 and the BY-LAWS until all sums due by the UNIT OWNER pursuant to this DECLARATION and the LONG-TERM LEASE are current and paid.

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12.9 INAPPLICABILITY TO LESSOR OR SPONSOR. None of the provisions of this Paragraph 12 shall apply to any UNIT owned, initially or reacquired by the LESSOR or the SPONSOR, or any corporation that is a parent, affiliate or subsidiary of the SPONSOR, LESSOR, or MANAGEMENT FIRM.

12.10 INTER-FAMILY TRANSFERS. None of the provisions of this Paragraph 12 shall apply to a transfer between joint or co-tenants, or among spouses, or immediate families where the grantee is not to take immediate possession (i.e. Life-estate deed, joint tenancy with children, etc.). However, they shall govern at the time that any previously unapproved party takes possession.

13. INSURANCE PROVISIONS. The insurance which shall be purchased and maintained for the benefit of the CONDOMINIUM shall be governed by the following provisions:

13.1 PURCHASE OF INSURANCE. All insurance purchased pursuant to this Paragraph 13 shall be purchased by the ASSOCIATION for the benefit of the ASSOCIATION, the UNIT OWNERS and their respective mortgagees as their interest may appear, and shall provide for the issuance of certificates of insurance and mortgagee endorsements to any or all of the holder of institutional first mortgages. The policies shall provide that the insurer waives its rights of subrogation as to any claims against UNIT OWNERS, the ASSOCIATION and their respective servants, agents and guests. Each UNIT OWNER and the ASSOCIATION hereby agree to waive their respective rights of subrogation against each other and against other UNIT OWNERS for any loss or damage for which insurance hereunder is carried. Said policies and endorsements shall be deposited with the INSURANCE TRUSTEE (as hereinafter defined) who must first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms and conditions hereof.

13.2 COST AND PAYMENT OF PREMIUMS. The cost of obtaining all insurance hereunder, excluding only the insurance as may be purchased by individual UNIT OWNERS, is declared to be a COMMON EXPENSE, as are any other fees or expenses incurred which may be necessary or incidental to carry out the provisions hereof.

13.3 UNIT OWNERS' RESPONSIBILITY. Each UNIT OWNER may obtain insurance, at his own expense, affording coverage upon his own property, and for his own liability and living expenses as he deems advisable. All such insurance shall contain the same waiver of subrogation that is referred to herein and shall waive any right to contribution.

13.4 COVERAGE. The following coverage shall be obtained by the ASSOCIATION.

a. The building and all other insurable improvements upon the land, including all of the UNITS, COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and all personal property as may be owned by the ASSOCIATION shall be insured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavations and foundations) as determined annually by the insurance company providing the coverage. Said coverage shall afford protection against loss or damage by fire and other hazards covered by the standard extended coverage endorsement and all other such risks as from time to time may be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm, war damage and war risk insurance, if available.

b. Comprehensive general public liability and property damage insurance in such an amount and in such form as shall be required by the ASSOCIATION in limits of not less than \$300,000 for bodily injury or death to any person; not less than \$500,000 for bodily injury or death resulting from any one accident or occurrence; not less than \$50,000 for property damage. Said coverage shall include, but not be limited to, water damage, legal liability, hired automobile, non-owned automobile, and off-premises employee coverage. All liability insurance shall contain cross liability endorsements to cover liabilities of the UNIT OWNERS as a group to an individual UNIT OWNER and one UNIT OWNER against another.

c. Workmen's compensation policies shall be obtained to meet the requirements of law.

d. Such other insurance as the Board of Directors of the ASSOCIATION may, from time to time, determine to be necessary.

13.5 INSURANCE TRUSTEE. All insurance policies purchased in accordance with Paragraph 13.4.a. shall provide that all proceeds payable to the ASSOCIATION as a result of any insured loss, except those specifically herein excluded, shall be paid to any national bank doing business in Palm Beach County, having trust powers, who shall be designated as TRUSTEE, from time to time by the ASSOCIATION, (said Trustee, acting as such, is herein referred to as the "INSURANCE TRUSTEE"), and whose appointment is subject only to the approval of the INSTITUTIONAL MORTGAGEE holding the greatest dollar amount of mortgages against UNITS in the CONDOMINIUM. The INSURANCE TRUSTEE shall not be liable for payment of premiums nor for the renewal of the policies nor for the sufficiency or content of the policies, nor for failure to collect any insurance proceeds. The sole duty of the INSURANCE TRUSTEE shall be to receive said proceeds as are paid and to hold the same, IN TRUST, for the benefit of the ASSOCIATION, the UNIT OWNERS and their respective mortgagees, as follows:

a. Proceeds received on account of damage to COMMON ELEMENTS shall be held in the same proportion as the share in the COMMON ELEMENTS which are appurtenant to each of the UNITS.

b. Proceeds on account of damage to the UNITS shall be held in the following manner in undivided shares:

(1) PARTIAL DESTRUCTION WHEN THE BUILDING IS TO BE RESTORED: For the benefit of the UNIT OWNERS of the damaged UNITS in proportion to the cost of restoring the same suffered by each damaged UNIT. Upon the request of the INSURANCE TRUSTEE, the ASSOCIATION shall certify to the INSURANCE TRUSTEE the appropriate proportions, and each UNIT OWNER shall be bound thereby and the INSURANCE TRUSTEE may rely upon said certification.

(2) TOTAL DESTRUCTION WHEN THE BUILDING IS DESTROYED OR WHEN THE BUILDING IS NOT TO BE RESTORED: For all UNIT OWNERS of that building: The share of each being in the same proportion as the UNIT OWNER's undivided

share in the COMMON ELEMENTS which is appurtenant to his UNIT. In the event a mortgage endorsement has been issued hereunder, the share of the UNIT OWNER shall be held in trust for the mortgagee and the UNIT OWNER as their interest may appear.

13.6 DISTRIBUTION OF PROCEEDS. Proceeds of insurance policies received by the INSURANCE TRUSTEE shall be distributed to, or for the benefit of, the UNIT OWNERS (after first paying or making provision for payment of the expenses, including a reasonable fee for services rendered, of the INSURANCE TRUSTEE) in the following manner:

a. If the damage for which the proceeds were paid is to be reconstructed, the proceeds shall be paid to defray the costs thereof. Any proceeds remaining after defraying said costs shall be distributed to the ASSOCIATION.

b. If it is determined that the damage for which the proceeds are paid shall not be reconstructed, the proceeds shall be distributed to the UNIT OWNERS and their mortgagees as their interest may appear.

c. In making distribution to UNIT OWNERS and their mortgagees, the INSURANCE TRUSTEE may rely upon a certificate provided by the ASSOCIATION as to the names of the UNIT OWNERS and mortgagees and their respective shares of the distribution. Upon request of the INSURANCE TRUSTEE, the ASSOCIATION shall forthwith deliver said certificate.

13.7 ASSOCIATION AS AGENT. The ASSOCIATION is irrevocably appointed agent for each UNIT OWNER, for each owner of a mortgage upon a UNIT and for each owner of any other interest in the CONDOMINIUM PROPERTY to adjust all claims arising under insurance policies purchased by the ASSOCIATION and to execute and deliver releases upon the payment of claims.

13.8 DETERMINATION TO RECONSTRUCT. If any part of the CONDOMINIUM PROPERTY shall be damaged by casualty, whether or not it shall be reconstructed shall be determined in the following manner:

a. COMMON ELEMENT. If the damaged improvement is a COMMON ELEMENT, the damaged property shall be reconstructed unless it is determined in the manner elsewhere provided that the CONDOMINIUM shall be terminated.

b. CONDOMINIUM PROPERTY.

(1) LESSER DAMAGE. If the damaged improvement is the CONDOMINIUM PROPERTY and if UNITS to which 50% of the COMMON ELEMENTS are appurtenant are found by the Board of Directors of the ASSOCIATION to be tenantable, the damaged property shall be reconstructed, unless within 60 days after the casualty the UNIT OWNERS owning 75% or more of the COMMON ELEMENTS agree in writing not to reconstruct, in which event the CONDOMINIUM shall be terminated. Notwithstanding the foregoing, if such damage may be reconstructed for \$200,000 or less, the damage will be reconstructed.

(2) MAJOR DAMAGE. If the damaged improvement is the CONDOMINIUM PROPERTY, and if UNITS to which more than 50% of the COMMON ELEMENTS are appurtenant are found by the Board of Directors to be untenable, then the damaged property will not be reconstructed and the CONDOMINIUM will be terminated without agreement as elsewhere provided, unless within sixty (60) days after the casualty the owners of 75% of the COMMON ELEMENTS agree in writing to such reconstruction.

c. CERTIFICATE. The INSURANCE TRUSTEE may rely upon a certificate of the ASSOCIATION executed by its President or Vice President and Secretary or Assistant Secretary to determine whether or not the damaged property is to be reconstructed or repaired.

13.9 RESPONSIBILITY. If the damage is only to those parts of one UNIT for which the responsibility of maintenance and repair is that of the UNIT OWNER, then the UNIT OWNER shall be responsible for reconstruction after casualty. In all other instances, the responsibility of reconstruction after casualty shall be that of the ASSOCIATION.

13.10 NATURE OF RECONSTRUCTION. Any reconstruction included hereunder shall be substantially in accordance with the plans and specifications for the original building, or as the building was last constructed.

13.11 ESTIMATES. In all instances hereunder, immediately after a casualty causing damage to the property for which the ASSOCIATION has the responsibility of maintenance and repair, the ASSOCIATION shall obtain a reliable, detailed estimate of the cost to place the damaged property in a condition as good as that before said casualty. Such a cost may including professional fees and premiums for such bonds as the Directors of the ASSOCIATION desire or those required by any INSTITUTIONAL MORTGAGEE involved.

13.12 ASSESSMENTS. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction by the ASSOCIATION, or if at any time during reconstruction or upon completion of reconstruction, the funds for the payment of the costs of reconstruction are insufficient, assessments shall be made against all UNIT OWNERS in sufficient amounts to provide funds for the payment of such costs. Such assessments against UNIT OWNERS for damage to UNITS shall be in proportion to the cost of reconstruction of their respective UNITS. Such assessments on account of damage to COMMON ELEMENTS shall be in proportion to the OWNER's share in the COMMON ELEMENTS.

13.13 DISPOSITION OF PROCEEDS. The proceeds of insurance and any special assessments, if any, collected on account of a casualty and deposited with the INSURANCE TRUSTEE by the ASSOCIATION shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction in the following manner:

a. That portion of insurance proceeds representing damage for which the responsibility of reconstruction lies with the UNIT OWNER: to such contractors, suppliers, and personnel as do the work or supply the materials or services required for such reconstruction. Payments shall be in such amounts and at such times as the UNIT OWNERS may direct, or if there is a mortgagee endorsement, to such payee as the UNIT OWNER and the mortgagee direct. Nothing contained

herein shall be construed to limit or modify the responsibility of the UNIT OWNER to make such reconstruction.

b. If the amount of the estimated cost of reconstruction is less than \$25,000.00, and is the responsibility of the ASSOCIATION: The construction fund shall be disbursed directly to the ASSOCIATION in payment of such costs and upon the ASSOCIATION's order, provided, however, that upon the request of a mortgagee which is a beneficiary of the insurance policy, the construction fund shall be disbursed as the ASSOCIATION and such mortgagee may properly direct.

c. If the amount of the estimated cost of reconstruction is more than \$25,000.00, and is the responsibility of the ASSOCIATION, then the reconstruction funds shall be applied by the INSURANCE TRUSTEE to the payment of such costs and shall be paid to or for the account of the ASSOCIATION from time to time as the work progresses. Said Trustee shall make payments upon the written request of the ASSOCIATION, accompanied by an appropriate certificate signed by both an officer of the ASSOCIATION and by the architect or engineer in charge of the work, setting forth:

(1) That the sum then requested either has been paid by the ASSOCIATION or is justly due and certifying that the sum requested does not exceed the value of the services and materials described in the certificate.

(2) That except for the amounts stated in said certificate to be due as aforesaid, there is no outstanding indebtedness known which may become the basis of vendors, mechanics or materialmen's liens.

(3) That the cost as estimated of work remaining to be done subsequent to the date of said certificate does not exceed the amount of funds remaining in the hands of the INSURANCE TRUSTEE after the payment of the sum so requested.

d. It shall be presumed that the first monies disbursed in payment of such costs of reconstruction shall be from insurance proceeds and shall first be applied to reconstruction of the COMMON ELEMENTS and then to the UNITS. If there

is a balance in a construction fund after the payment of all costs of reconstruction, said balance shall be distributed to the ASSOCIATION.

e. Payment for any reconstruction made under Subparagraphs (b) and (c) of this paragraph shall be made by the INSURANCE TRUSTEE and the UNIT OWNER, or the ASSOCIATION, only upon presentation of proof of payment of bills for materials and place, and upon supplying or furnishing labor, services and materials or work covered and included in such payments, the failure of which might result in a lien on the COMMON ELEMENTS.

13.14 EFFECT OF MORTGAGEE ENDORSEMENTS CONCERNING INSURANCE PROCEEDS. In the event a mortgagee endorsement has been issued to any UNIT, the share of the UNIT OWNER shall be held in trust for the mortgagee as heretofore provided; FURTHER PROVIDED, HOWEVER, that no mortgagee shall have the right to determine or participate in the determination as to whether or not the damaged property shall be reconstructed, and no mortgagee shall have the right to apply or have applied to the reduction of its mortgage debt any insurance proceeds except distributions of such proceeds made to the UNIT OWNER and mortgagee where the responsibility for reconstruction is that of the UNIT OWNER. All mortgagees agree to waive the right to said proceeds if the same are used pursuant to the provisions of this DECLARATION to pay for the restoration of such damage. The provisions hereof shall not affect the rights of the mortgagee, if any, to require any surplus proceeds over and above the amounts actually used for such restoration to be distributed to it. All covenants contained herein for the benefit of any mortgagee may be enforced by such mortgagee. Nothing contained herein shall be construed as relieving the UNIT OWNER of his duty to reconstruct damage to his UNIT as heretofore provided.

13.15 AUTHORITY OF ASSOCIATION. In all instances herein, except when a vote of the membership of the ASSOCIATION is specifically required, all decisions, duties and obligations of the ASSOCIATION hereunder may be made by the Board of Directors of the ASSOCIATION; and the ASSOCIATION and its members shall jointly and severally be bound thereby.

14. ASSESSMENTS; LIABILITY, LIEN AND ENFORCEMENT.

14.1 GENERAL AUTHORITY. The ASSOCIATION, through its Board of Directors, shall have the power to make, levy and collect assessments for COMMON EXPENSES and special assessments, and such other assessments as are provided for by the CONDOMINIUM ACT, the provisions of the LONG-TERM LEASE, MANAGEMENT AGREEMENT, and the provisions of this DECLARATION. COMMON EXPENSES shall include, but not be limited to, costs and expenses of operation, maintenance and management of the CONDOMINIUM PROPERTY and DEMISED PREMISES as so provided in the LONG-TERM LEASE, property taxes and assessments against the CONDOMINIUM PROPERTY, as a whole, insurance premiums as provided for in Paragraph 13 hereof, legal and accounting fees, management fees, operating expenses of the DEMISED PREMISES (as provided in the LONG-TERM LEASE), CONDOMINIUM PROPERTY and the ASSOCIATION; maintenance, repairs and replacements, charges for utility services used in common for the benefit of the CONDOMINIUM; cleaning and janitor service for the COMMON ELEMENTS and LIMITED COMMON ELEMENTS, salaries of employees of the ASSOCIATION, expenses and liabilities incurred by the ASSOCIATION in and about the enforcement of its rights and duties against the members or others, the creation of reasonable contingency or reserve requirements for the protection of the members and the CONDOMINIUM PROPERTY, and all other expenses declared by the directors of the ASSOCIATION to be COMMON EXPENSES from time to time.

14.2 UNIT OWNERS GENERAL LIABILITY. All assessments levied against UNIT OWNERS and UNITS shall be on a uniform basis, in the same proportion as the percentages of the undivided shares in the ownership of the COMMON ELEMENTS unless specifically otherwise provided for herein, without increase or diminution for the existence, or lack of existence, of any exclusive right to use a part of the LIMITED COMMON ELEMENTS. Should the ASSOCIATION be the owner of any UNIT(s), the assessment which would otherwise be due and payable to the ASSOCIATION by the owner of such UNIT(s) shall be a COMMON EXPENSE.

14.3 PAYMENT. The assessment levied against the UNIT OWNER and his UNIT shall be payable in such installments, and at such times, as may be determined by the Board of Directors of the ASSOCIATION.

14.4 ANNUAL BUDGET; EMERGENCIES. The Board of Directors of ASSOCIATION may at its option establish an Annual Budget in advance for each fiscal year which shall project all expenses for the forthcoming year, including a reasonable allowance for contingencies and reserves. Upon adoption of such Annual Budget by the Board of Directors of the ASSOCIATION, copies thereof shall be delivered or mailed to each UNIT OWNER. If assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the CONDOMINIUM, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

a. RESERVE FUND. The Board of Directors of ASSOCIATION, in assessing for COMMON EXPENSES may include therein a sum to be collected and maintained as a reserve fund for replacement of COMMON ELEMENTS, for the purpose of enabling ASSOCIATION to replace structural elements and mechanical equipment constituting a part of the COMMON ELEMENTS, as well as the replacement of personal property which may be a portion of the COMMON ELEMENTS.

b. OPERATING RESERVE FUND. The Board of Directors of ASSOCIATION, in assessing for COMMON EXPENSES may include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial security during periods of special stress. Such sums may be used to meet deficiencies, from time to time, existing as a result of delinquent payment of assessments by UNIT OWNERS or as a result of emergencies.

14.5 SEPARATE PROPERTY. All monies collected by the ASSOCIATION shall, unless the same is collected for the benefit of others, be the separate property of the ASSOCIATION. Such monies may be applied by the ASSOCIATION to the payment of any expense of operating and managing the CONDOMINIUM PROPERTY, or to the proper undertaking of all acts and duties imposed upon it by virtue of the provisions of this DECLARATION. All monies received from assessments may be co-mingled with other monies held by the ASSOCIATION. All assess-

ments received by the ASSOCIATION shall be held for the benefit of the UNIT OWNERS. No UNIT OWNER shall have the right to assign, hypothecate, pledge or in any manner transfer his interest therein, except as an appurtenance to his UNIT. Such funds shall not be subject to attachment or levy by a creditor or judgment creditor of a UNIT OWNER. When the owner of a UNIT shall cease to be a member of the ASSOCIATION by the divestment of his ownership of such UNIT by whatever means, the ASSOCIATION shall not be required to account to such owner for any share of the funds or assets of the ASSOCIATION.

14.6 DEFAULT. The payment of any assessment or installment thereof due to the ASSOCIATION shall be in default if such payment is not paid to the ASSOCIATION when due. If in default for an excess of ten (10) days, the delinquent assessment or delinquent installment thereof and all advances permitted by Paragraph 14.8 hereof, shall bear interest at a rate equal to the maximum rate then allowed to be charged to individuals in the State of Florida. In addition, a late charge of \$25.00 shall be then due and payable. In the event that any UNIT OWNER is in default in payment of any assessments or installment thereof owed to the ASSOCIATION, said UNIT OWNER shall be liable for all costs of collecting the same, including reasonable attorneys' fees and court costs, if any.

14.7 NO WAIVER. No UNIT OWNER may exempt himself from liability for any assessment levied, by waiver of the use or enjoyment of any of the COMMON ELEMENTS, or by abandonment of the UNIT, or in any other manner.

14.8 LIEN. The ASSOCIATION is hereby granted a lien upon each CONDOMINIUM PARCEL, together with a lien on all tangible personal property located within said UNIT (except that such lien upon the aforesaid tangible personal property shall be subordinate to prior bona fide liens of record), which lien shall secure the payment of monies from each UNIT OWNER for which he is liable to the ASSOCIATION, including all assessments, interest and expenses provided for in this DECLARATION and sums advanced on behalf of the UNIT OWNER in payment of his obligation under the

LONG-TERM LEASE and reasonable attorneys' fees incurred as an incident to the enforcement of said lien. The lien granted to ASSOCIATION may be foreclosed as any other lien may be foreclosed. The lien granted to the ASSOCIATION shall further secure such advances for taxes and payments on account of INSTITUTIONAL MORTGAGES, liens or encumbrances which may be required to be advanced by the ASSOCIATION in order to preserve and protect its lien. The lien shall be effective, have priority, and be collected as provided by the CONDOMINIUM ACT, unless by the provisions of this DECLARATION such liens would have a greater priority or dignity in which event the lien rights in favor of the ASSOCIATION having the highest priority and dignity shall be the lien of the ASSOCIATION.

14.9 PROVISIO. In the event that any person or INSTITUTIONAL MORTGAGEE shall acquire title to any parcel as the result of a deed from the Mortgagor in lieu of foreclosure of a first mortgage or through foreclosure proceedings of a first mortgage, such acquirer of title, his successors and assigns shall not be liable for the share of COMMON EXPENSES or assessments by the ASSOCIATION pertaining to such CONDOMINIUM PARCEL or chargeable to the former UNIT OWNER of such parcel which became due prior to such acquisition of title unless such share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage. In the event of such acquisition of title to a UNIT by a first mortgagee or other person, such unpaid share of COMMON EXPENSES shall be deemed to be COMMON EXPENSES collectible from all of the UNIT OWNERS including such acquirer, his successors and assigns. Nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure. Thereafter, except as provided otherwise in the LONG-TERM LEASE, all UNIT OWNERS, of any nature, including, without limitation, a purchaser at a judicial sale or INSTITUTIONAL MORTGAGEE, shall be liable for all assessments coming due while he is the UNIT OWNER.

14.10 CERTIFICATE OF STATUS OF ASSESSMENTS. Whenever any UNIT may be leased, sold or mortgaged by the owner thereof, the ASSOCIATION shall upon written request furnish to the proposed transferee a statement setting forth the status of payment of any assessments, and any person other than the OWNER who relies upon such certificate shall be protected thereby.

14.11 NO OCCUPANCY UNTIL ASSESSMENTS PAID; EXCEPTION. In any voluntary conveyance of a parcel, except a conveyance in lieu of foreclosure of a first mortgage, the Grantee shall be jointly and severally liable with the Grantor for all unpaid assessments, including unpaid rent under the LONG-TERM LEASE and payments due under the MANAGEMENT AGREEMENT, against the Grantor made prior to the time of such voluntary conveyance. Any person who acquires an interest in a UNIT, except by conveyance in lieu of foreclosure of a first mortgage or by foreclosure proceedings of a first mortgage, including without limitation, persons acquiring title by operation of law, shall not be entitled to occupancy of such parcel until such time as all unpaid assessments including rent due under the LONG-TERM LEASE, payments due under the MANAGEMENT AGREEMENT and all court costs and attorneys' fees, if any, incurred by the ASSOCIATION or LESSOR and due and owing by the former UNIT OWNER have been paid in full. In the event of acquisition of title as a result of a conveyance in lieu of foreclosure of a first mortgage or by foreclosure proceedings, paragraph 14.9 hereof shall govern.

14.12 NO ELECTION OF REMEDIES. The institution of a suit at law for collection of any delinquent assessment shall not be deemed to be an election by ASSOCIATION which shall prevent its thereafter seeking enforcement of its lien, nor shall proceeding by foreclosure to attempt to effect such collection be deemed an election precluding the institution of suit at law for collection of the same. All UNIT OWNERS do hereby waive pleading the theory of "election of remedies" in any such proceedings.

15. TERMINATION. The CONDOMINIUM may be terminated in the following manner:

15.1 DESTRUCTION. If it is determined in the manner provided

in Paragraph 13 that the CONDOMINIUM PROPERTY shall not be reconstructed the CONDOMINIUM will be terminated, in which event the consent of the LESSOR shall not be required.

15.2 AGREEMENT. As provided in Section 16 of the CONDOMINIUM ACT, the CONDOMINIUM may be terminated at any time by the approval in writing of all UNIT OWNERS, all record owners of

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mortgages on UNITS, and the consent of the LESSOR shall also be required.

If the proposed termination is submitted to a meeting of the ASSOCIATION, and if the approval of the owners of not less than 75% of the COMMON ELEMENTS and their INSTITUTIONAL MORTGAGEES are obtained in writing not later than sixty (60) days from the date of such meeting, then the approving UNIT OWNERS (through the ASSOCIATION), shall have an option to buy all of the UNITS of the disapproving UNIT OWNERS for the period of one hundred twenty (120) days from the date of such meeting. The vote of those UNIT OWNERS approving the termination shall be irrevocable until the expiration of the option. Any UNIT OWNER voting against termination, or not voting, may, within fifteen (15) days from the date the vote was taken, change or cast his vote in favor of termination by delivering written notification thereof to the Secretary of the ASSOCIATION. The option shall be upon the following terms:

a. EXERCISE OF OPTION. The option shall be exercised by delivery, or mailing by registered mail, of an agreement to purchase signed by the ASSOCIATION to each of the OWNERS of the UNITS. The agreement shall be subject to the purchase of all UNITS owned by OWNERS not approving the termination.

b. PRICE. The sale price for each UNIT shall be the fair market value as determined between the seller and the ASSOCIATION within thirty (30) days from the delivery of said agreement. In the absence of agreement on the price of any UNIT, the price shall be determined by an appraiser appointed by the chairman of the local Board of Realtors. A judgment of specific performance of the sale at the price determined by the appraiser may be entered in any court of competent jurisdiction.

c. PAYMENT. The purchase price shall be paid in cash.

d. CONTRACT. The form of the agreement shall be that of the Standard Deposit Receipt and Contract for Sale and Purchase then in use in Palm Beach County, Florida.

e. CLOSING. The sale of all UNITS shall be closed simultaneously and within thirty (30) days following the determination of the sale price of the last UNIT to be purchased.

15.3 CERTIFICATE. The termination of the CONDOMINIUM in either of the foregoing manners shall be evidenced by a certificate of the ASSOCIATION executed by its President and Secretary certifying the fact of the termination, which shall become effective upon the certificate being recorded in the Public Records.

15.4 SHARES OF OWNERS AFTER TERMINATION. Subject to the provisions of Paragraph 13.8, after termination of the CONDOMINIUM the UNIT OWNERS shall own the CONDOMINIUM PROPERTY and all assets of the ASSOCIATION, including the ASSOCIATION's interest and obligations under the LONG-TERM LEASE, as tenants in common of undivided shares that shall be equal to the sum of the undivided shares in the COMMON ELEMENTS appurtenant to the UNITS prior to termination so that the sum total of the ownership shall equal one hundred (100%) per cent. Any such termination shall in no way affect the rights and obligations of the UNIT OWNERS or the LESSOR under the LONG-TERM LEASE.

15.5 EXCLUSIVE RIGHTS EXTINGUISHED BY TERMINATION. All exclusive rights of use of LIMITED COMMON ELEMENTS shall be extinguished by virtue of the termination of the CONDOMINIUM.

15.6 AMENDMENT. This Paragraph 15 concerning termination cannot be amended without written consent of all UNIT OWNERS, all record owners of mortgages upon the UNITS, the LESSOR and the SPONSOR.

16. AMENDMENTS. Except as herein or elsewhere provided this DECLARATION may be amended in the following manner:

16.1 NOTICE. Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

16.2 PROPOSAL OF AMENDMENT. An amendment may be proposed by either the unanimous vote of the Board of Directors of the ASSOCIATION or by 75% of the members of the ASSOCIATION. Directors and members not present in person, or by proxy, at the meeting considering the amendment may express their approval in writing,

providing such approval is delivered to the Secretary within 10 days after the meeting. Except as elsewhere provided, a resolution adopting the proposed amendment must be approved by either:

- a. Not less than 75% of the entire membership of the Board of Directors and by not less than 75% of the votes of the entire membership of the ASSOCIATION; or,
- b. Not less than 90% of the votes of the entire membership of the ASSOCIATION; or,
- c. Until the first election of directors by the membership as provided for in ARTICLE VIII of the CHARTER, only by all of the directors.

16.3 PROVISIO. Except as otherwise provided in this document:

- a. No amendment shall alter a UNIT OWNER's percentage in the COMMON ELEMENTS or his proportionate share in the COMMON EXPENSE or COMMON SURPLUS, or change a UNIT OWNER's voting rights, or alter the basis for apportionment of assessments which may be levied by the ASSOCIATION against a UNIT OWNER without the written consent of the UNIT OWNER.
- b. No amendment shall be passed which shall impair or prejudice the rights and priorities of any INSTITUTIONAL MORTGAGEE without the prior written consent of the INSTITUTIONAL MORTGAGEES affected.
- c. Until the last UNIT in WATERWAY CLUB at Lantana, Florida is delivered, no amendment to this DECLARATION shall be made or shall be effective without the written approval of the SPONSOR.
- d. No amendment to this DECLARATION shall be passed which shall impair or prejudice the rights and priorities of the LESSOR without prior written consent of the LESSOR.
- e. Prior to the recordation in the Public Records of a deed from the SPONSOR, the SPONSOR, without the joinder of any other person, may amend any of the provisions of this DECLARATION by filing an amendment hereto in the Public Records.
- f. The provisions of this Paragraph 16 shall not be applicable to any Amendment of the LONG-TERM LEASE, which may be amended only in accordance with the terms thereof.

16.4 EXECUTION AND RECORDING. Except as otherwise provided in this DECLARATION, a copy of each amendment shall be attached to a certificate, executed by the officers of the ASSOCIATION, certifying that the amendment was duly adopted. The amendment shall be effective when such certificate and copy of the amendment are recorded in the Public Records.

17. LONG-TERM LEASE.

17.1 LEASE AGREEMENT. The ASSOCIATION, as Lessee, has entered into a LONG-TERM LEASE AGREEMENT, of a non-exclusive, undivided, leasehold interest in and to the DEMISED PREMISES described therein, a copy of said LEASE being attached hereto as EXHIBIT 2 and made a part hereof just as though said LEASE was fully set forth herein. The ASSOCIATION has acquired the foregoing leasehold interest pursuant to Florida Statute 711.121, and all monies due and to become due under the provisions of said LEASE are and shall continue to be COMMON EXPENSES of the CONDOMINIUM for the full term of said LEASE.

17.2 LIEN OF LESSOR. Each UNIT OWNER, his heirs, successors, and assigns, shall make payment to the LESSOR, its successors and assigns of his share of the monies due, pursuant to, and in the amount specified in said LONG-TERM LEASE and this DECLARATION OF CONDOMINIUM. To secure the faithful performance of the ASSOCIATION's obligation to the LESSOR under the LONG-TERM LEASE and to secure the UNIT OWNER's obligation to pay his share of the COMMON EXPENSES attributable to the LONG-TERM LEASE, and to secure the UNIT OWNER's obligations thereunder as individual Lessee, the ASSOCIATION and each UNIT OWNER hereby grants unto the LESSOR and, where applicable, the LESSOR reserves and confirms unto itself a lien on each CONDOMINIUM UNIT in the CONDOMINIUM and all tangible personal property located in each CONDOMINIUM UNIT and in this CONDOMINIUM, and upon all CONDOMINIUM PROPERTY, to the extent and as provided in said LONG-TERM LEASE. The LESSEE ASSOCIATION hereby covenants and warrants unto the LESSOR that prior to admitting each INITIAL PURCHASER, i.e., each first purchaser from the SPONSOR, into the ASSOCIATION, it will cause said individual, joined by his or her spouse, to execute a copy of the LONG-TERM LEASE and memorandum thereof whereby said INITIAL PURCHASER impresses a lien upon his CONDOMINIUM PARCEL and all

tangible personal property located in his CONDOMINIUM UNIT in favor of the LESSOR to the extent and as provided in said LONG-TERM LEASE. Said LEASE or a memorandum thereof executed solely by said INITIAL PURCHASER, joined by his or her spouse, which shall be duly witnessed, notarized and acknowledged, shall be attached to the deed of conveyance from the SPONSOR to said UNIT OWNER and both instruments shall be recorded in the Public Records of Palm Beach County, Florida. The execution of said Lease and memorandum thereof by the INITIAL PURCHASER and spouse shall confirm the aforesaid lien in favor of the LESSOR and shall be deemed tantamount to the execution of the LEASE attached hereto as EXHIBIT 2 so that the said EXHIBIT 2 will be deemed to have been executed by the LESSOR, LESSEE ASSOCIATION and each UNIT OWNER as INDIVIDUAL LESSEE. In the event said INITIAL PURCHASER and spouse fail to execute a copy of said Lease in the manner required above, or said Lease and memorandum thereof is not recorded in the Public Records of Palm Beach County, or is recorded in a defective manner, this shall not affect the LESSOR's lien on said CONDOMINIUM UNIT and tangible personal property. The lien upon each CONDOMINIUM UNIT created by virtue of the LONG-TERM LEASE shall continue for the term of said LEASE and while subsequent UNIT OWNERS, i.e., after the INITIAL PURCHASER from the SPONSOR, are not required to execute a copy of said LONG-TERM LEASE, each and every UNIT OWNER shall own his CONDOMINIUM PARCEL subject to the lien under the LONG-TERM LEASE, as provided herein, and in said Lease. As a condition precedent to any UNIT OWNER, after the INITIAL PURCHASER, being vested with title to his CONDOMINIUM PARCEL he shall, in the instrument of conveyance, assume and agree to pay the rent and other sums coming due under said Lease and to be bound by the terms and provisions of said Lease. A CONDOMINIUM UNIT OWNER shall be automatically released from any and all personal liability under the LONG-TERM LEASE upon his conveying title to his CONDOMINIUM UNIT to another party, provided he has paid all sums due by him to the LESSOR and/or ASSOCIATION under the LONG-TERM LEASE and provided the assumption of the obligations of the LONG-TERM LEASE is properly affected.

17.3 USE. The UNIT OWNER shall be entitled to the use and enjoyment of the DEMISED PREMISES under the LONG-TERM LEASE, subject to the conditions therein and the RULES AND REGULATIONS for use thereof. The parties acknowledge that the use of the DEMISED PREMISES under said LEASE is non-exclusive and the LESSOR has the right to enter into leases with others.

17.4 CONFLICT. Whenever any of the provisions of the LONG-TERM LEASE and this DECLARATION and/or the other EXHIBITS attached hereto shall be in conflict, the provisions of the LONG-TERM LEASE shall be controlling.

17.5 BINDING EFFECT. Each UNIT OWNER, his heirs, successors and assigns, shall be bound by said LONG-TERM LEASE to the same extent and effect as if he had executed the LEASE for the purpose therein expressed, including but not limited to:

a. Subjecting all of his right, title and interest in his CONDOMINIUM PARCEL and tangible personal property located in his UNIT to the lien rights of the LESSOR.

b. Adopting, ratifying, confirming and consenting to the execution of said LONG-TERM LEASE by the ASSOCIATION.

c. Covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by UNIT OWNER as an INDIVIDUAL LESSEE thereunder.

d. Ratifying, confirming and approving each and every provision of said LONG-TERM LEASE, and acknowledging that all of the terms and provisions thereof are reasonable, including the rent and other sums due thereunder.

e. Agreeing that the persons acting as Directors and Officers of the ASSOCIATION, whether they are connected with the SPONSOR or LESSOR, or otherwise, by entering into said LONG-TERM LEASE have not breached any of their duties or obligations to the ASSOCIATION or to the UNIT OWNERS.

f. It is specifically recognized that some or all of the persons comprising the original Board of Directors and Officers of the ASSOCIATION are, or may be, partners and/or joint adventurers of said LESSOR, or SPONSOR, or beneficiaries of the LESSOR, and that such circumstances shall not and

cannot be construed or considered as a breach of their duties and obligations to the ASSOCIATION or to the UNIT OWNERS, nor as possible grounds to invalidate such LONG-TERM LEASE, in whole or in part.

g. The acts of the Board of Directors and Officers of the ASSOCIATION in acquiring the non-exclusive leasehold interest to the DEMISED PREMISES under said LONG-TERM LEASE, be and the same are hereby ratified, approved, confirmed and adopted.

17.6 PROVISIO. Neither the DEMISED PREMISES nor the LESSEE ASSOCIATION's and INDIVIDUAL LESSEE's rights thereunder shall be deemed a part of the CONDOMINIUM PROPERTY of this CONDOMINIUM.

17.7 LESSOR'S RIGHT TO ALTER. The LESSOR shall have the right to change and add to the facilities which are a part of the DEMISED PREMISES and this right shall include the right to add additional areas and facilities as a part of the DEMISED PREMISES under the LONG-TERM LEASE pursuant to and as provided for therein. The LESSOR shall be the sole judge of the foregoing, including the plans, designs, size and contents of any areas and facilities or changes.

The provisions of this Paragraph do not require LESSOR to construct improvements to be added to the DEMISED PREMISES. This right of LESSOR is conditioned upon no increase in rent under the LONG-TERM LEASE because of said improvements, except such increase to which the LESSOR shall be entitled in accordance with the terms of the LONG-TERM LEASE. Any increased rent shall be shared in accordance with the terms thereof. Notwithstanding the foregoing, the LESSOR shall have the right to specify that certain Lessees shall not have the right to use said additional area and in such event said Lessees entitled to the use of the same shall bear the increased rent attributable thereto, if any. In the absence of specific designation, all Lessees shall have the right to use the additional facilities. Notwithstanding anything in this DECLARATION to the contrary, an amendment to the LONG-TERM LEASE and correspondingly this DECLARATION in accordance with this Paragraph shall only require the signature of the LESSOR and need

not be approved by the ASSOCIATION, UNIT OWNERS, LESSEES, LIENORS, MORTGAGORS or any other persons whomsoever. Said amendment shall, upon recording in the Public Records, be deemed to relate back as though said EXHIBIT 2 had initially reflected the inclusion of the additional area.

18. MANAGEMENT AGREEMENT.

18.1 MANAGEMENT CONTRACT. The Board of Directors of the ASSOCIATION may enter into a contract with any firm, person or corporation, in contracting for the management, maintenance and repair of the CONDOMINIUM PROPERTY and/or DEMISED PREMISES. The Board of Directors of the ASSOCIATION is authorized to delegate to any such MANAGEMENT FIRM all the powers and duties of the ASSOCIATION which are contained in any such agreement between the parties.

18.2 EXISTING AGREEMENT, Pursuant to the authority granted herein, the ASSOCIATION, through its Board of Directors, has entered into a MANAGEMENT AGREEMENT, attached hereto as EXHIBIT 5 and made a part hereof as if fully set forth herein, in which it has delegated, among other things, the power of the ASSOCIATION to determine the budget, make and collect assessments, enforce the provisions of this DECLARATION and do all things therein expressed.

18.3 BINDING EFFECT. Each UNIT OWNER, his heirs, successors and assigns, shall be bound by said MANAGEMENT AGREEMENT to the same extent and effect as if he had executed said MANAGEMENT AGREEMENT for the purposes therein expressed, including but not limited to:

a. Adopting, ratifying, confirming and consenting to the execution of said MANAGEMENT AGREEMENT by the ASSOCIATION.

b. Covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by UNIT OWNERS in the cases provided therefor in said MANAGEMENT AGREEMENT.

c. Ratifying, confirming and approving each and every provision of said MANAGEMENT AGREEMENT, and acknowledging that all of the terms and provisions thereof, including the MANAGEMENT FIRM'S fees, are reasonable.

d. Agreeing that the persons acting as directors and officers of the ASSOCIATION entering into such MANAGEMENT AGREEMENT have not breached any of their duties or obligations to the ASSOCIATION. It is specifically recognized that some or all of the persons comprising the original Board of Directors and Officers of the ASSOCIATION may be owners of some or all of the stock of the MANAGEMENT FIRM, and are or may be some of the Officers and Directors of said firm, and that such circumstances shall not and cannot be construed as a breach of their duties and obligations to the ASSOCIATION nor as possible grounds to invalidate the MANAGEMENT AGREEMENT in whole or in part.

e. The ratification of the MANAGEMENT AGREEMENT attached hereto as EXHIBIT 5 shall be, if requested by SPONSOR or MANAGEMENT FIRM, accomplished in writing on a form for that purpose at the closing of the purchase of the UNIT from SPONSOR and thereafter shall be accomplished at subsequent conveyances of the UNIT on the instrument of conveyance referring therein to a copy of said agreement which will have been recorded in the Public Records.

19. REMEDIES IN EVENT OF DEFAULT.

19.1 Each UNIT OWNER shall be governed by and shall comply with the provisions of this DECLARATION as they may exist from time to time. A violation thereof by any UNIT OWNER shall entitle the appropriate party to the following relief: An action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, or any other action available pursuant to the CONDOMINIUM ACT. Suit may be sought by ASSOCIATION, the MANAGEMENT FIRM, the SPONSOR, the LESSOR, or, if appropriate, by an aggrieved UNIT OWNER. Each UNIT OWNER acknowledges that the failure to comply with any of the provisions of this DECLARATION shall or may constitute an injury to the ASSOCIATION, the LESSOR, the MANAGEMENT FIRM, the SPONSOR and the other UNIT OWNERS and that such injury may be irreparable.

19.2 COSTS AND ATTORNEYS' FEES. In any proceeding arising

because of an alleged default, act, failure to act, or violation by the UNIT OWNER or ASSOCIATION, including the enforcement of any lien granted pursuant to the TERMS OF THIS INSTRUMENT; the ASSOCIATION (if not the Defendant), the MANAGEMENT FIRM, the LESSOR, or the SPONSOR, shall be entitled to recover the costs of the proceeding, including reasonable attorneys' fees.

19.3 NO WAIVER. The failure of ASSOCIATION, the MANAGEMENT FIRM, the UNIT OWNER, the LESSOR, or the SPONSOR to enforce any right, provision, covenant, or condition which may be granted by the PROVISIONS OF THIS DECLARATION shall not constitute a waiver of the right of said party to enforce such right, provision, covenant or condition in the future.

19.4 RIGHTS CUMULATIVE. All rights, remedies and privileges granted to ASSOCIATION, the MANAGEMENT FIRM, SPONSOR, LESSOR or UNIT OWNER pursuant to any of the provisions of this DECLARATION shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional right, remedies, or privileges as may be available to such party at law or in equity. Each UNIT OWNER agrees in any proceeding brought pursuant to the provisions hereof not to plead or defend the same on the theory of "election of remedies".

19.5 VENUE; WAIVER OF TRIAL BY JURY. Every UNIT OWNER or OCCUPANT and all persons claiming any interest in a UNIT does agree that in any suit or proceeding brought pursuant to the provisions of this DECLARATION that such suit shall be brought in the Circuit Court of the 15th Judicial Circuit in and for Palm Beach County, Florida, or the United States District Court, Southern District of Florida, as the same is now constituted or any court in the future that may be the successor to the courts contemplated herein. All such parties, except the SPONSOR, LESSOR or MANAGEMENT FIRM, do further waive the right to trial by jury and consent to a trial by the court without a jury.

19.6 APPOINTMENT OF AGENT; PROVISIO. Should suit be instituted, the UNIT OWNERS or OCCUPANT and all persons claiming any

interest in a UNIT, do hereby irrevocably appoint the Secretary of State of the State of Florida as their Agent for the acceptance of service of process should at the time of such service of process any such person not be then residing in Lantana, Florida. The provisions hereof shall not be applicable to the SPONSOR, LESSOR or MANAGEMENT FIRM.

19.7 PROVISIO. In the event of any default or violation of the terms and provisions of the LONG-TERM LEASE, the rights of all affected parties shall be as provided in the LONG-TERM LEASE.

20. MISCELLANEOUS RIGHTS OF SPONSOR.

20.1 SELECTION OF BOARD. Until the SPONSOR has conveyed the last UNIT in the development known as WATERWAY CLUB, located in Lantana, Florida, the SPONSOR shall have the right to designate and select all the persons who shall serve as members of the Board of Directors of the ASSOCIATION.

20.2 MANNER OF SELECTION. Whenever SPONSOR shall be entitled to designate and select any person to serve on the Board of Directors of the ASSOCIATION, the manner in which such person shall be designated shall be as provided in the CHARTER and/or BY-LAWS of the ASSOCIATION.

20.3 CONFLICT OF INTERESTS. No representative of the SPONSOR serving on the Board of Directors of the ASSOCIATION shall be required to disqualify himself upon any vote upon any management contract, lease, or other matter between the SPONSOR and the ASSOCIATION where the SPONSOR may have a pecuniary or other interest. SPONSOR, as a member of ASSOCIATION, shall not be required to disqualify itself in any vote which may come before the membership of the ASSOCIATION upon any management contract, lease, or other matter between the SPONSOR and ASSOCIATION where SPONSOR may have a pecuniary or other interest nor shall any conflict of interests be a cause of partial or total invalidity of the matter voted upon whether or not such vote was necessary for the adoption, ratification, or execution of the same.

20.4 RIGHT TO USE FACILITIES. Notwithstanding any provisions of this DECLARATION to the contrary, the SPONSOR shall have the

right to use and occupy any unsold UNIT, and the COMMON ELEMENTS, and any of the LIMITED COMMON ELEMENTS, the exclusive use of which have not been assigned for the purpose of a Sales Office or for any other purpose. Until the SPONSOR has conveyed the last UNIT in WATERWAY CLUB, Lantana, Florida, the SPONSOR shall not be subject to the use or other restrictions contained in any of the provisions of this DECLARATION or EXHIBITS attached hereto.

21. MORTGAGE OF UNITS. A UNIT OWNER may not mortgage his UNIT, nor any interest therein, without the approval of the ASSOCIATION, except to the SPONSOR, immediate Grantor as a portion of the purchase money, and/or to an INSTITUTIONAL MORTGAGEE as defined in this DECLARATION. The approval of any other mortgagee may be made upon conditions determined by the ASSOCIATION in recordable form, executed by the proper officers of the ASSOCIATION.

22. NOTICES. Whenever notices are required to be sent hereunder the same may be delivered to UNIT OWNERS, either personally or by mail, at their place of residence in the CONDOMINIUM. Notices to the ASSOCIATION shall be delivered or mailed to the Secretary of the ASSOCIATION, or in case of the Secretary's absence, then to the President of the ASSOCIATION.

Notices to the SPONSOR shall be made by delivery to SPONSOR at: 888 North Federal Highway, Lantana, Florida.

23. CONSTRUCTION. All of the provisions of this DECLARATION shall be construed in accordance with the Laws of the State of Florida. This construction shall govern in all matters including matters of substantive and procedural law.

24. GENDER. Unless the contrary appears to have been intended, words in the plural number shall include the singular and words in the singular shall include the plural, and words of the male gender shall include the female gender and the neuter gender.

25. CAPTIONS AND TABLES OF CONTENTS. The captions to the paragraphs of this DECLARATION and the index hereto are intended for convenience only; are not deemed to be all inclusive as to the matters contained in such paragraphs; and are not to be considered in connection with the construction of any of the provisions of this DECLARATION.

26. SEVERABILITY. If any term or provision of this DECLARATION, or the application thereof to any person or circumstance, shall, to any extent, be determined to be invalid or unenforceable, the remainder of this DECLARATION, or the application of such term or provision to persons or circumstances other than those to which such term may be held invalid or unenforceable, shall not be affected thereby and each term and provision of this DECLARATION shall be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF the SPONSOR has executed this DECLARATION on this 18th day of July, 1977.

Signed, Sealed and Delivered in the presence of:

[Signature]
As to FINE
[Signature]
As to TURKS
[Signature]
As to GRANREAL

SEYMOUR A. FINE, MARVIN B. TURK,
JOINED BY THEIR RESPECTIVE SPOUSES,
AND GRANREAL OF FLORIDA, INC. A
JOINT VENTURE, D/B/A WATERWAY CLUB
[Signature] (SEAL)
SEYMOUR A. FINE
[Signature] (SEAL)
HARRIET FINE
[Signature] (SEAL)
MARVIN B. TURK
[Signature] (SEAL)
BONNIE TURK

GRANREAL OF FLORIDA, INC.
By [Signature] (SEAL)
ITS V.P.

STATE OF FLORIDA)
COUNTY OF PALM BEACH)

BEFORE ME, the undersigned authority, personally appeared SEYMOUR A. FINE and HARRIET FINE, his wife, to me well known to be the persons described in and who executed the foregoing instrument and they acknowledged that said instrument is their free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid this 5th day of August, 1977.

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

[Signature] (SEAL)
NOTARY PUBLIC
State of Florida at Large

STATE OF FLORIDA)
COUNTY OF PALM BEACH)

BEFORE ME, the undersigned authority, personally appeared MARVIN B. TURK and BONNIE TURK, his wife, to me well known to be the persons described in and who executed the foregoing instrument and they acknowledged that said instrument is their free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid this 5th day of August, 1977.

My Commission Expires:

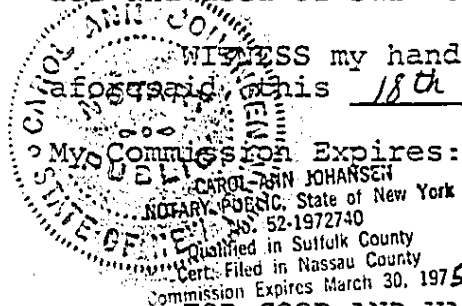
Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

[Signature] (SEAL)
NOTARY PUBLIC
State of Florida at Large

RECORD 2337 PAGE 229

STATE OF New York)
)
COUNTY OF NASSAU)

BEFORE ME, the undersigned authority, personally appeared CLIFFORD A. BREINING, to me well known to be the person described in and who executed the foregoing instrument as VICE PRESIDENT of GRANREAL OF FLORIDA, INC., a Florida corporation, and he severally acknowledged before me that he executed such instrument as such officer of said Corporation, and that the seal affixed thereto is the corporate seal of said Corporation, and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said Corporation.



WITNESS my hand and official seal, at the State and County aforesaid, this 18th day of July, 1974.

Carol Ann Johansen (SEAL)
NOTARY PUBLIC
State of ~~Florida~~ at Large New York

FOR GOOD AND VALUABLE CONSIDERATION, the receipt whereof is hereby acknowledged WATERWAY CLUB NO. 8 ASSOCIATION, INC., a Florida corporation not for profit, hereby agrees to accept all of the benefits and all of the duties, responsibilities, obligations and burdens imposed upon it by the provisions of this Declaration of Condominium and Exhibits attached hereto.

IN WITNESS WHEREOF, the above named CONDOMINIUM ASSOCIATION a Florida corporation not for profit, has caused these presents to be signed in its name by its President, attested to by its Secretary this 5th day of August, 1974.

Executed in the presence of:

Michael Kennedy
Jeffrey D. Kuer

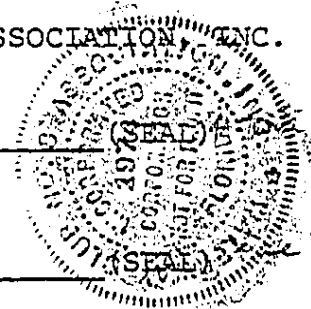
STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

WATERWAY CLUB NO. 8 ASSOCIATION, INC.

By H. B. [Signature] (SEAL)

ATTEST:

Samuel [Signature]
Secretary



BEFORE ME, the undersigned authority, personally appeared Marvin B. Turk and Seymour A. Fine to me well known to be the persons described in and who executed the foregoing instrument as President and Secretary respectively of WATERWAY CLUB NO. 8 ASSOCIATION, INC., a Florida corporation not for profit, and they severally acknowledged before me that they executed such instrument as such officers of said corporation, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal, at the State and County aforesaid, this 5th day of August, 1974.

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

Jeffrey D. Kuer (SEAL)
NOTARY PUBLIC
State of Florida at Large

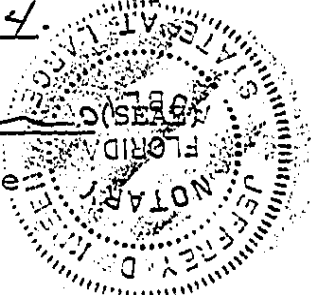


EXHIBIT "A"
CERTIFICATE OF APPROVAL
OF
WATERWAY CLUB NO. _____ ASSOCIATION, INC.

THIS IS TO CERTIFY that _____
has have been approved by WATERWAY CLUB NO. _____ ASSOCIATION, INC.,
as the _____ purchaser or _____ transferee (check the appropriate space)
of the following described real property in Palm Beach County, Florida

Condominium Parcel No. _____
a Condominium according to the Declaration thereof
recorded in Official Record Book _____ at Page _____
thru _____, inclusive, of the Public Records of _____
Palm Beach County, Florida.

Such approval has been given pursuant to the provisions of
the aforesaid Declaration of Condominium, and is conditioned upon
the Deed of conveyance containing in unqualified language, the
following:

1. "SUBJECT TO: The Long-Term Lease recorded in Official
Record Book _____, at Page _____, Public Records of Palm
Beach County, Florida, which Long-Term Lease the
Grantees (Transferees) herein assume."
2. "SUBJECT TO: The Management Agreement recorded in
Official Record Book _____, at Page _____, Public
Records of Palm Beach County, Florida, to which the
Grantees (Transferees) herein agree to be bound."

Should such language be not contained in such Deed, then this approval
shall be automatically and retroactively null and void. A photocopy
of the recorded Deed shall be furnished the Condominium Association
within twenty (20) days from the date of Closing.

In the event a previously unapproved party is assuming posses-
sion of the premises, then this certificate shall be recorded without
an instrument of conveyance and shall be deemed, pursuant to said
party's application for approval, binding as if it has been recorded
with an instrument of conveyance.

In the event that any of the aforementioned Items #1 and 2
are not in effect as of the date hereof and such fact is evidenced
by a Certificate to that effect recorded in the Public Records of
Palm Beach County then the requirements of this approval shall be
modified accordingly.

Dated this _____ day of _____, 19____.

Signed, Sealed and Delivered
in the presence of:

WATERWAY CLUB NO. _____ ASSOCIATION, INC.

By _____
Its _____

ATTEST:

Secretary

STATE OF FLORIDA

COUNTY OF _____

BEFORE ME, the undersigned authority, personally appeared _____
and _____ to me well
known to be the persons described in and who executed the foregoing
instrument as _____ President and _____ Secretary, respectively, of
WATERWAY CLUB NO. _____ ASSOCIATION, INC. and they severally acknow-
ledged before me that they executed such instrument as such officers
of said Association, and that said instrument is the free act and deed
of said Association and was executed for the purposes therein expressed.

WITNESS my hand and official seal in the State and County last
aforesaid this _____ day of _____, 19____.

OFFICIAL RECORD 2337 PAGE 231

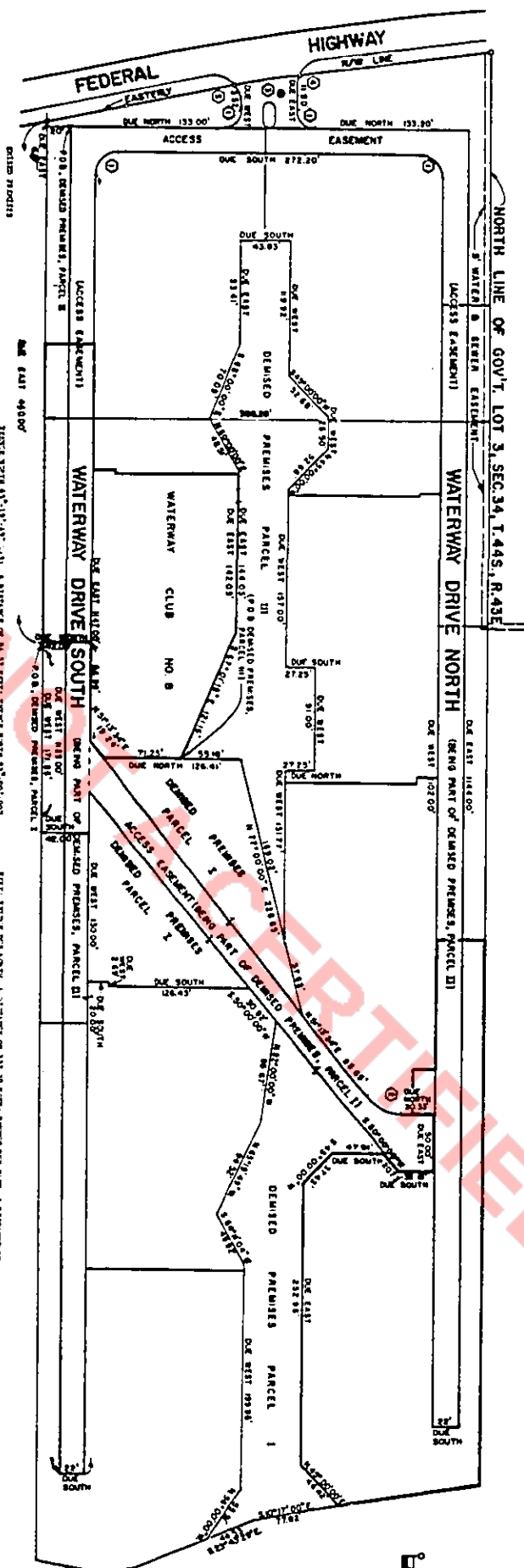
My Commission Expires:

Notary Public, State of Florida at
Large

**WATERWAY CLUB NO. 8
A CONDOMINIUM
ACCESS ROAD EASEMENT**

CURVE DATA

① A: 90° 00' 00" B: 34° 45' 00"	② A: 01° 46' 10" B: 13° 06' 00"	③ A: 3° 31' 45" B: 23° 00' 00"	④ A: 43° 47' 10" B: 11° 38' 00"
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INDEX

[illegible]

DATE: 12/1/94

1964-1965

(C) AND TO THE SOUTH-EST CORNER OF THE LOT, A DISTANCE OF 111.00 FEET; THENCE ALONG THE SOUTHWEST CORNER OF SAID LOT, A DISTANCE OF 93°00'00"; A DISTANCE OF 16.00 FEET; A DISTANCE OF 11.43 FEET; THENCE BEING PART, A DISTANCE OF 117.00 FEET; THENCE

[illegible]

Abstract

[illegible]

DEMISED PREMISES
ACCESS ROAD EASEMENT

FP 839
7/577

OFFICIAL RECORD 2337 PAGE 232
PAGE 1 OF EXHIBIT 1

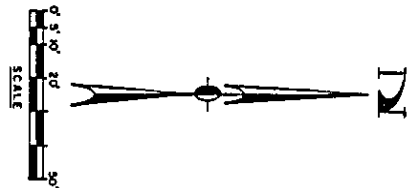
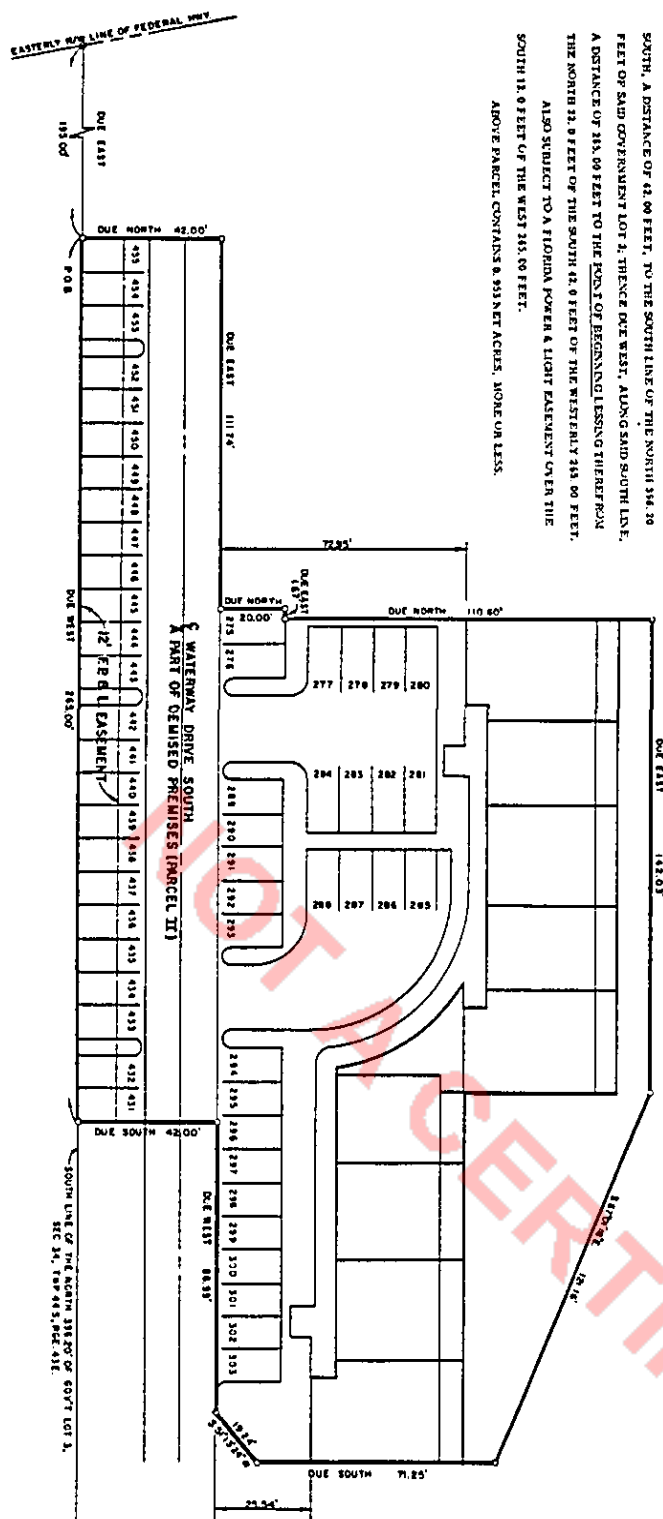
RECORDER'S MEMO: Legibility of writing, Typing or Printing unsatisfactory in this document when received.

WATERWAY CLUB NO. 8
A CONDOMINIUM

BEING A PARCEL OF LAND IN GOVERNMENT LOT 3, SECTION 34,
TOWNSHIP 41 SOUTH, RANGE 43 EAST, PALM BEACH COUNTY, FLORIDA, MORE
PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF THE
NORTH 34.30 FEET OF SAID GOVERNMENT LOT 3 WITH THE EASTLY RIGHT-
OF-WAY LINE OF FEDERAL HIGHWAY 43 NOW LAIN OUT AND IN USE, THENCE
ON AN ASSUMED BEARING OF ONE EAST, ALONG THE SOUTH LINE OF THE
NORTH 34.30 FEET OF SAID GOVERNMENT LOT 3, (ALL OTHER BEARINGS
RELATIVE THERE TO) A DISTANCE OF 131.60 FEET TO THE POINT OF BEGINNING;
THENCE ONE NORTH, A DISTANCE OF 42.00 FEET, THENCE ONE EAST, A
DISTANCE OF 111.14 FEET, THENCE ONE NORTH, A DISTANCE OF 28.00 FEET,
THENCE ONE EAST, A DISTANCE OF 1.47 FEET, THENCE ONE NORTH, A DISTANCE
OF 118.00 FEET, THENCE ONE EAST, A DISTANCE OF 141.00 FEET, THENCE
SOUTH 87°-01'-18" EAST, A DISTANCE OF 31.16 FEET, THENCE ONE SOUTH, A
DISTANCE OF 91.33 FEET, THENCE SOUTH 31°-13'-14" WEST, A DISTANCE OF
15.14 FEET, THENCE ONE WEST, A DISTANCE OF 18.39 FEET, THENCE ONE
SOUTH, A DISTANCE OF 42.00 FEET, TO THE SOUTH LINE OF THE NORTH 34.30
FEET OF SAID GOVERNMENT LOT 3, THENCE ONE WEST, ALONG SAID SOUTH LINE,
A DISTANCE OF 315.00 FEET TO THE POINT OF BEGINNING LESSING THEREFROM
THE NORTH 32.00 FEET OF THE SOUTH 42.00 FEET OF THE WESTLY 315.00 FEET,
ALSO SUBJECT TO A FLORIDA POWER AND LIGHT EASEMENT OVER THE
SOUTH 12.00 FEET OF THE WEST 315.00 FEET.
ABOVE PARCEL CONTAINS 0.933 NET ACRES, MORE OR LESS.

WATERWAY CLUB NO. 8
A CONDOMINIUM
PLAT OF SURVEY
BUILDING 300



PLAT OF SURVEY

RECORDER'S MEMO: Legibility
of writing, Typing or Printing
unsatisfactory in this document
when received.

FILED	2
FP 839	2
11/6/77	3

Adair & Brady
INCORPORATED
CONSULTING ENGINEERS
1958 South Congress Avenue
West Palm Beach, Florida 33406

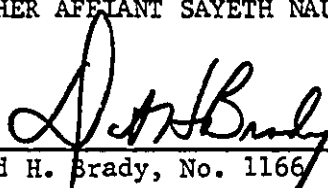
Surveyor's Certificate

STATE OF FLORIDA)
) SS: WATERWAY CLUB NO. 8,
COUNTY OF PALM BEACH) A CONDOMINIUM

BEFORE ME, the undersigned authority duly authorized to administer oaths and take acknowledgments, personally appeared DAVID H. BRADY, who, after first being duly cautioned and sworn, deposed and stated as follows:

1. That he is a duly registered land surveyor under the Laws of the State of Florida, being Surveyor No. 1166.
2. Affiant hereby certifies that the Declaration of Condominium of WATERWAY CLUB NO. 8, A CONDOMINIUM, together with the Exhibits attached thereto, constitute a correct representation of the improvements located upon the real property described therein, and that there can be determined therefrom the identification, location, dimension and size of the common elements, and of each Condominium unit therein.

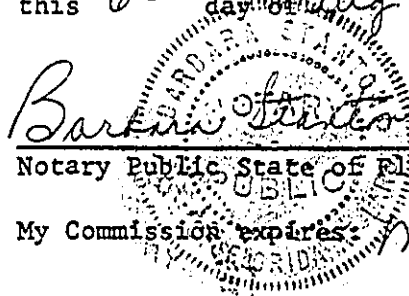
FURTHER AFFIANT SAYETH NAUGHT.



David H. Brady, No. 1166

(SEAL)

SWORN TO AND SUBSCRIBED before me
this 6th day of Aug, 1974.



Notary Public, State of Florida at Large
My Commission expires May 31, 1976

Prepared by

JEFFREY D. KNEEN

Law, Pines, Perry, Raiter & Shapiro
P.O. Box 1151
Palm Beach, Fla. 33400

JOINDER OF MORTGAGEE

W I T N E S S E T H :

WHEREAS, GRANREAL FUNDING CORP. (sometimes referred to as Granreal Funding Corporation), a corporation existing under the laws of the State of New York, is the holder of the following certain mortgage:

From Waterway Club, a joint venture of Seymour A. Fine and Marvin B. Turk, joined by Harriet Fine and Bonnie Turk, their spouses respectively, and Granreal Corp., a corporation existing under the laws of New York to Granreal Funding Corp., dated August 3, 1972 and recorded August 9, 1972 in Official Record Book 2042, Page 864 encumbering the following described real estate situated in Palm Beach County, Florida:

The North 396.20 feet of Government Lot 3, Section 34, Township 44 South, Range 43 East, lying East of Federal Highway.

WHEREAS, GRANREAL FUNDING CORP. does now desire to join in the filing of the foregoing Declaration of Condominium and transfer its lien to each unit in said condominium.

NOW, THEREFORE, for and in consideration of the sum of TEN (\$10.00) DOLLARS and other good and valuable considerations to GRANREAL FUNDING CORP. by Seymour A. Fine and Marvin B. Turk, joined by Harriet Fine and Bonnie Turk, their spouses, respectively, and Granreal Corp., in and paid, the receipt and sufficiency of which is hereby acknowledged, GRANREAL FUNDING CORP. does join in said Declaration of Condominium as follows:

GRANREAL FUNDING CORP., a corporation existing under the laws of New York, the owner and holder of that certain mortgage described herein, to the extent that may be required to do so under the laws of the State of Florida, joins in making the foregoing Declaration of Condominium of Waterway Club No. ____, A Condominium, and agrees that its lien shall hereafter be upon each and every of the apartments set forth and referred to in said Declaration.

Signed, Sealed and Delivered
in our presence:

GRANREAL FUNDING CORP.

Deane Humphreys
Susan Koutsis

By Clifford A. Breining (SEAL)
Its V.P.

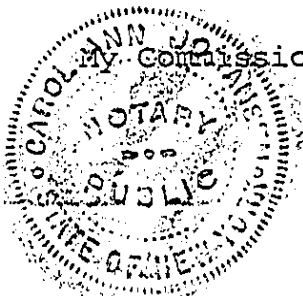
STATE OF New York)
COUNTY OF Nassau)

Before me, the undersigned authority, personally appeared CLIFFORD A. BREINING as VICE PRESIDENT, who acknowledged before me that he executed this Joinder on behalf of GRANREAL FUNDING CORP., a New York corporation, in his official capacity for the uses and purposes herein set forth.

WITNESS my hand and official seal, in the State and County aforesaid, this 18th day of July, 1979.

My Commission Expires:

Carol Ann Johansen
NOTARY PUBLIC



CAROL ANN JOHANSEN
NOTARY PUBLIC, State of New York
No. 52-1972740
Qualified in Suffolk County
Cert. Filed in Nassau County
Commission Expires March 30, 1975

Prepared by

JEFFREY D. KNEEN

Levy, Plisco, Perry, Reiter & Shapiro
P. O. Box 1151
Palm Beach, Fla. 33480

JOINDER OF MORTGAGEE

KNOW ALL MEN BY THESE PRESENTS:

That FIRST NATIONAL BANK AND TRUST CO. OF RIVIERA BEACH, Florida, a national banking association, the holder of a mortgage recorded in Official Record Book 2250, Page 1162, in the Public Records of Palm Beach County, Florida, does hereby consent to and join in the foregoing Declaration of Condominium of Waterway Club No. 8, A Condominium.

DATED this 24th day of July, 1974.

Signed, Sealed and Delivered
in our presence:

[Signature]
[Signature]

FIRST NATIONAL BANK AND TRUST
CO. OF RIVIERA BEACH

By [Signature]
Its Exec. V. President

STATE OF FLORIDA

COUNTY OF PALM BEACH

Before me, the undersigned authority, personally appeared JOHN H. GRIEB as EXECUTIVE VICE PRESIDENT who acknowledged before me that he executed this Joinder on behalf of FIRST NATIONAL BANK AND TRUST CO. OF RIVIERA BEACH, a national banking association, in his official capacity for the uses and purposes herein set forth.

WITNESS my hand and official seal, in the State and County aforesaid, this 24th day of July, 1974.

My Commission Expires:

[Signature]
NOTARY PUBLIC
State of Florida at Large

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC. 7, 1976
BONDED THRU GENERAL INSURANCE UNDERWRITERS

LONG-TERM LEASE

THIS LEASE, made and entered into at Palm Beach County, Florida, on the date last appearing in the body of this instrument, by and between SEYMOUR A. FINE, MARVIN B. TURK and GRANREAL OF FLORIDA, INC., a Florida corporation, d/b/a WATERWAY CLUB, hereinafter called the "LESSOR", and that certain CONDOMINIUM ASSOCIATION, whose name appears at the end of this instrument as LESSEE ASSOCIATION, a non-profit Florida corporation, hereinafter called the "LESSEE ASSOCIATION", joined by that person or persons whose names appear at the end of this instrument, or at the end of a duplicate of this instrument and memorandum thereof, as INDIVIDUAL LESSEE(S), hereinafter called "INDIVIDUAL LESSEE" or "UNIT OWNER".

W I T N E S S E T H :

That the LESSOR, LESSEE ASSOCIATION, and INDIVIDUAL LESSEE, for and in consideration of the keeping by the parties of their respective obligations hereinafter contained, and ONE DOLLAR (\$1.00) and other good and valuable consideration by each of the parties unto the other in hand paid simultaneously with the execution and delivery of these presents, the receipt whereof is hereby acknowledged, have covenanted and agreed as follows:

1. DEFINITIONS. Unless the context otherwise requires the following definitions shall be applicable herein:

1.1 "THE DECLARATION" means the DECLARATION OF CONDOMINIUM to which this LEASE is attached as EXHIBIT 2. All definitions contained in THE DECLARATION are adopted by reference as though set forth herein verbatim.

1.2 "LESSOR" means the LESSOR herein, its heirs, successors and assigns.

1.3 "INITIAL LESSEE", or "INITIAL PURCHASER" means the first purchaser of each CONDOMINIUM PARCEL from the SPONSOR.

1.4 "PARTIES HERETO" means the LESSOR, the LESSEE ASSOCIATION, and all INDIVIDUAL LESSEES, their heirs, successors and assigns, who shall or should have become parties hereto and who will be, or are intended to be bound by the provisions hereof.

1.5 "LESSEE" or "LESSEES" means the LESSEE ASSOCIATION and all INDIVIDUAL LESSEES, their heirs, successors and assigns, who are members of said LESSEE ASSOCIATION, who shall or should become parties hereto and who will or are intended to be bound by the provisions hereof.

1.6 "DEMISED PREMISES" The lands, improvements, furnishings, fixtures, machinery, equipment, goods and personal property, etc. referred to in Paragraphs 2 and 3 hereof.

1.7 "INDIVIDUAL LESSEE" means each person or corporation and their heirs, successors and assigns thereof who executes or who should have executed this instrument as a lessee other than a LESSEE ASSOCIATION.

1.8 "MEMBERS OF THE ASSOCIATION" or "MEMBERS" shall mean all of the membership of the LESSEE ASSOCIATION who will be the owners of the CONDOMINIUM PARCELS in the CONDOMINIUM.

1.9 "ALL CONDOMINIUM PROPERTIES". The land and improvements encompassed by all DECLARATIONS OF CONDOMINIUM filed by the SPONSOR, its successors and assigns embracing lands in Palm Beach County, Florida, known as WATERWAY CLUB, LANTANA, FLORIDA, less the premises demised herein.

1.10 "CONDOMINIUM PROPERTY". The land and improvements encompassed by THE DECLARATION.

1.11 "ALL LESSEES" means all lessees who, regardless of membership in a particular CONDOMINIUM ASSOCIATION have or should have acquired a leasehold interest in the DEMISED PREMISES.

1.12 "LIVING UNIT" means all residential dwellings in which INDIVIDUAL LESSEES of the DEMISED PREMISES reside, including but not limited to single family dwellings, CONDOMINIUM UNITS, apartments in an apartment building, or apartments in a co-operative apartment building leased by a member or shareholder, if applicable.

2. DEMISE.

2.1 Upon the terms and conditions hereinafter set forth and in consideration of the payment, from time to time, by the LESSEE of the rents hereinafter set forth, and the prompt continuous performance by the LESSEE of each and every of the covenants and agreements hereinafter contained by the LESSEE to be kept and

performed, each being material, the LESSEE does hereby lease of and from the LESSOR, but not exclusively so, certain real property situate, lying and being in Palm Beach County, Florida, more particularly described on EXHIBIT A attached to this LEASE and made a part hereof; together with all improvements, buildings and structures now or hereafter placed thereon, and all furniture, furnishings, fixtures, machinery, equipment, goods and personal property of every type and nature now or hereafter brought or placed thereon or intended for use thereon, and all additions and accessions thereto and any replacements thereof.

2.2 The DEMISED PREMISES is subject to easements, restrictions, reservations, rights of way, conditions, limitations, now or hereafter of record; taxes; zoning ordinances now or hereafter existing; this lease and other leases and instruments creating rights in and to the DEMISED PREMISES for such persons or parties as the LESSOR determines; and mortgages, all as now exist or may hereafter exist during the term of this LEASE. The LESSOR, at all times reserves unto itself the exclusive right to grant to others or to create upon, over, and under the DEMISED PREMISES, easements or licenses for ingress, egress, public utilities or for any purpose, from time to time, as the LESSOR shall deem appropriate, free and clear of the provisions of this LEASE. The LESSOR shall have the right, during the term of this LEASE, to relocate and change the size and dimensions of any easements or licenses for such purposes as LESSOR, in its discretion, deems advisable. The dedication and creation of such easements and licenses by LESSOR shall not require the consent and approval of any LESSEE.

3. CONSTRUCTION OF IMPROVEMENTS BY LESSOR. The LESSOR has or will construct, at LESSOR's sole cost and expense, upon the DEMISED PREMISES certain recreation facilities which shall consist initially of clubhouse, swimming pool and shuffleboard courts and such other improvements and personalty as LESSOR, in its sole discretion, determines. The aforesaid may also contain offices for the exclusive use of the LESSOR and such persons or firms as the LESSOR may designate. The LESSOR shall be the sole judge of

the size, contents, design, style, plans and specifications of all improvements, including equipment, on the DEMISED PREMISES. The LESSOR reserves the absolute right to, from time to time, in its sole discretion, construct, at its own expense, additional improvements upon any lands owned by LESSOR and to modify and change the facilities and improvements now or then constituting the DEMISED PREMISES. IT IS UNDERSTOOD AND AGREED between the PARTIES HERETO that by this provision the LESSOR is not obligated to, nor has LESSOR represented that it would, modify or add to the DEMISED PREMISES as they are constituted as of the date hereof.

4. TERM. The term and duration of this LEASE shall be for a period commencing as of the date hereof and continuing up to and including the 31st day of December, 2071, unless sooner terminated in accordance with the terms hereof.

5. RENT.

5.1 Reference is hereby made to EXHIBIT 1 of THE DECLARATION wherein each CONDOMINIUM UNIT in this CONDOMINIUM is designated. The BASIC MONTHLY RENTAL shall be determined by multiplying the number of UNITS set forth therein by \$ 19.00 . The BASIC MONTHLY RENT shall be due and payable according to Paragraph 5.9 herein during each and every month of the term of this LEASE.

5.2 LESSEE shall, in addition to the sums called for above, pay all Florida Sales and like taxes, whether by law payable by a landlord or tenant, if applicable, to the LESSOR, who shall remit the same to the appropriate State Agency.

5.3 BASIC MONTHLY RENTAL due shall be adjusted based upon the cost of living for the month of October 1972 as reflected in the "Consumers Price Index", United States average -- all items and food, published in the monthly Labor Review of the Bureau of Labor Statistics of the United States Department of Labor. The adjustments shall be two (2) year intervals, for the term of this LEASE, commencing January 1, 1976. Subject to the foregoing, the BASIC MONTHLY RENT shall be adjusted in the following manner to reflect increases and decreases in the cost of living as set forth in said Index, or if there be no such Index, then by the most nearly comparable

successor to the Index, adjusted to the October 1972 base: The amount of the increased or decreased rental shall be arrived at by multiplication of the BASIC MONTHLY RENT provided for in Paragraph 5.1 by a fraction of which the numerator shall be the Index number for the October preceeding each January 1st, and the denominator shall be the Index figure for October 1972. The product of such multiplication shall be the amount of the monthly sums to be paid hereunder for the succeeding year until the next computation provided for hereunder shall be made. Any increase in the BASIC MONTHLY RENTAL so obtained shall be payable in addition to and with the BASIC MONTHLY RENTAL. Nothing in this paragraph shall, however, require or allow the rent to ever be reduced below the BASIC MONTHLY RENTAL as initially provided for in Paragraph 5.1 above, but that said BASIC MONTHLY RENTAL is and shall be for the term of this LEASE the minimum rental due monthly from LESSEE to LESSOR. If there is no Consumers Index or comparable successor thereto and the parties are unable to agree upon the use of a new Index, then the parties agree to submit the question of the proper increases or decreases contemplated herein to arbitrators selected in accordance with the arbitration laws of the State of Florida. The determination made by such arbitrators shall be binding upon the PARTIES HERETO. In the event of any controversy arising as to the proper adjustment for the monthly sum due as herein provided, LESSEE shall continue to pay the monthly sum to the LESSOR as determined under the last preceeding adjustment until such time as the controversy has been concluded. At the conclusion of the controversy, the adjustment will be retroactive to the beginning of the adjustment period and the increased rental, if any, shall be forthwith due and payable. The failure of LESSOR to make this cost of living adjustment in any one or more years shall not be deemed a waiver of LESSOR's right to do so in any succeeding year(s) for the then balance of the term of this Lease.

5.4 All increases in the BASIC MONTHLY RENTAL pursuant to Paragraph 5.2 and all monies due for insurance, taxes, maintenance, operational and other expenses pursuant to Paragraph 15 shall be shared by the LESSEE ASSOCIATION in the following manner: The number of INDIVIDUAL LESSEES who are members of the LESSEE ASSOCIATION

shall be the numerator and the number of ALL LESSEES shall be the denominator; such fraction converted to a percentage shall be the percentage of the increase that the LESSEE ASSOCIATION and its members shall bear. Thereafter said increased amount shall be shared amongst the INDIVIDUAL LESSEES in accordance with the provisions of Paragraph 5.5.

5.5 All increases in the BASIC MONTHLY RENTAL as provided in Paragraph 5.3 herein and elsewhere in this LEASE and all additional monies due as provided in Paragraph 5.4 herein and elsewhere in this LEASE, from the INDIVIDUAL LESSEES, shall be shared by such LESSEES in the following manner: After the total adjustment has been made and assessed to the LESSEE ASSOCIATION, each INDIVIDUAL LESSEE shall pay his proportionate share of such increase in the same percentage as the percentage of undivided interest of said UNIT in the COMMON ELEMENTS. (EXHIBIT 1 of THE DECLARATION)

5.6 Should any UNIT OWNER, his guests, invitees, licensees, agents, servants or employees, do anything which increases the cost of maintaining or operating the DEMISED PREMISES, or causes damage to any part of the DEMISED PREMISES, the LESSOR and thereafter the Executive Committee as provided in Paragraph 20 shall determine, assess and collect against the UNIT OWNER the amount of money necessary to repair such damage.

5.7 The LESSOR and thereafter the Executive Committee may assess against a UNIT OWNER special assessments in reasonable amounts for the use of the DEMISED PREMISES for guests and invitees of such UNIT OWNER and the same shall constitute rent due from the UNIT OWNER to the LESSOR.

5.8 All additional monies and increases in the BASIC MONTHLY RENTAL due the LESSOR under this LEASE shall be effective on the date determined by the LESSOR and set forth in the notice thereof to the LESSEE ASSOCIATION and/or INDIVIDUAL LESSEES. The LESSOR may give notice to the INDIVIDUAL LESSEES or may require the LESSEE ASSOCIATION to give such notice. All such sums due shall be payable at the time and in the manner and amount provided in such notice. Failure to give notice shall not relieve the LESSEE from liability for such sums due.

5.9 Every INDIVIDUAL LESSEE shall be obligated to pay the monthly rent and all additional rent and other sums due from him hereunder and shall be obligated to pay the same to the ASSOCIATION, or designee, who shall remit the same to the LESSOR, or directly to the LESSOR, should the LESSOR so determine. Until further notice each INDIVIDUAL LESSEE shall be obligated to make payments of rent to the MANAGEMENT FIRM as the designee of the ASSOCIATION as long as the MANAGEMENT AGREEMENT remains in effect and thereafter to the ASSOCIATION. Should the LESSOR elect to have the INDIVIDUAL LESSEES make payments directly to the LESSOR, then and in that event the LESSOR shall give notice thereof in writing to each INDIVIDUAL LESSEE. Thereafter the payments shall be payable to the LESSOR at the address set forth in such notice.

5.10 Should the LESSEE ASSOCIATION fail to pay any sums when due, time being of the essence, then and in that event all said payments that are in default shall bear interest at the highest rate of interest then allowed to be charged to corporations in the State of Florida. Upon such default, after ten (10) days prior written notice thereof, the LESSOR may elect to accelerate the rent due from the LESSEE ASSOCIATION for a total of up to twelve (12) months from the date that such rental payment first became delinquent.

5.11 Should any INDIVIDUAL LESSEE fail to pay any sums when due, time being of the essence, then and in that event, all said payments that are in default shall bear interest at the highest rate of interest then allowed to be charged to individuals in the State of Florida. Upon such default, after ten (10) days prior written notice thereof, the LESSOR may elect to accelerate the rent due from such INDIVIDUAL LESSEE for a total of up to twelve (12) months from the date that such rental payment first became delinquent.

5.12 All rental due shall be payable in current legal tender of the United States as the same is constituted by law at the time said sums become due. For the present, and until further notice, such rental shall be included in the INDIVIDUAL LESSEES monthly assessment and paid to WATERWAY MANAGEMENT, INC. for the benefit of the LESSOR.

5.13 All monies due under this LEASE shall be the joint and several obligation of the LESSEE ASSOCIATION and the INDIVIDUAL LESSEE(S). The sums due under this LEASE are COMMON EXPENSES of the CONDOMINIUM. Notwithstanding the power of the Board of Directors of the ASSOCIATION or MANAGEMENT FIRM to determine assessments for COMMON EXPENSES, that portion of the COMMON EXPENSES attributable to this LEASE shall be as determined by the LESSOR.

5.14 The monthly rent shall begin to accrue on the date of the filing of THE DECLARATION, and shall thereafter be due and payable in advance without notice or demand on the first day of each month during the term of this LEASE. Should THE DECLARATION to which this LEASE is an Exhibit be recorded on other than the first day of a month, the first monthly rental installment shall be prorated as to the remaining number of days in said month, and shall be paid with the first regular payment.

5.15 Should the clubhouse described in Paragraph 3 of this LEASE be not substantially completed upon the date of the recording of THE DECLARATION, then and in that event the BASIC RENTAL called for hereunder shall abate until such time as a Certificate of Occupancy therefor (partial, temporary or permanent) is issued by the Town of Lantana, Florida, or upon the certification by an architect duly licensed to practice in the State of Florida that such improvements have been substantially completed.

5.16 IF AN INDIVIDUAL LESSEE FAILS TO PAY THE RENT DUE HEREUNDER WITHIN TEN (10) DAYS AFTER THE DUE DATE, THE LESSOR MAY LEVY A \$25.00 LATE CHARGE WHICH THE INDIVIDUAL LESSEE HEREBY AGREES TO PAY FORTHWITH.

6. USE OF DEMISED PREMISES.

6.1 During the term of this LEASE the DEMISED PREMISES shall be used and enjoyed by the LESSEE on a non-exclusive basis in common with other persons, entities, and corporations who may but are not required to be other lessee associations and/or other INDIVIDUAL LESSEES of the DEMISED PREMISES. Neither the LESSEE ASSOCIATION nor the INDIVIDUAL LESSEE(S) shall have an exclusive right of possession of or to the DEMISED PREMISES. The LESSOR has the right, at any and all times during the term of this LEASE, and from time

to time, to further additionally lease, let and demise the DEMISED PREMISES to other lessee associations and other INDIVIDUAL LESSEES and any other persons, firms or corporations, as LESSOR deems fit. All such other leases shall be valid for the purposes therein expressed, and neither the granting of such leases nor the creation of the leasehold estate therein shall invalidate this lease, reduce, or abate the rent due pursuant to this LEASE from the LESSEE to the LESSOR, or give the LESSEE the right to avoid any of the covenants, agreements or obligations to be performed hereunder. The LESSEE ASSOCIATION and all INDIVIDUAL LESSEES executing this LEASE are hereby put on notice of other leases, if any, now in existence and recorded among the Public Records of Palm Beach County, Florida, affecting the DEMISED PREMISES. The lease of the DEMISED PREMISES entered into with others shall be generally in the form of this LEASE (except that the amount of rent as provided for herein may vary) to the end and extent that the use, occupancy, and possession of the DEMISED PREMISES by others shall be in recognition of and co-extensive with, the rights of the LESSEE under this LEASE. No default by any INDIVIDUAL LESSEE in the performance of the covenants and promises contained in this LEASE or of any tenant in any other lease of the DEMISED PREMISES, or any other act of omission by any other INDIVIDUAL LESSEE, or any other person, firm or corporation, shall, concerning the INDIVIDUAL LESSEE signing this LEASE, be construed or considered: (a) as a breach by the LESSEE ASSOCIATION, the INDIVIDUAL LESSEE, or LESSOR of any of their promises or covenants in this LEASE made, or (b) as an actual, implied or constructive eviction of the LESSEE from the DEMISED PREMISES by LESSOR or anyone acting by, through, under, or for LESSOR, or (c) as an excuse, justification, waiver or indulgence by the LESSOR to the LESSEE or INDIVIDUAL LESSEE of their covenants and promises herein.

6.2 No INDIVIDUAL LESSEE shall commit or permit members of their families, their guests, or invitees to commit any acts or carry on any practices which may possibly injure the DEMISED PREMISES, or be a nuisance or menace to, or interfere with, the rights of other INDIVIDUAL LESSEES, the LESSOR, or others validly using the DEMISED PREMISES.

6.3 The DEMISED PREMISES shall be used by the LESSEES solely for "RECREATIONAL PURPOSES". Unless otherwise consented to in writing by the LESSOR, "RECREATIONAL PURPOSES" shall not include the use of the DEMISED PREMISES by any group, club, association, society, party, affiliation, or the like, for any religious, political, charitable, fraternal, civic, or other such purpose.

6.4 The DEMISED PREMISES shall be under the complete supervision, operation, control and management of the LESSOR, subject, however, to the provisions of paragraph 20 hereof.

6.5 Each INDIVIDUAL LESSEE and the members of their family, invitees and guests shall observe and comply with all RULES AND REGULATIONS which now or may hereafter be promulgated from time to time by the LESSOR and thereafter the Executive Committee as the LESSOR or Executive Committee, in its sole discretion, deems necessary for the use, care, safety and cleanliness of the DEMISED PREMISES, for the preservation of good order therein, and for the comfort, quiet and convenience of all users of the DEMISED PREMISES. The RULES and REGULATIONS as promulgated from time to time under this Paragraph shall be posted in a conspicuous place on the DEMISED PREMISES and shall be effective from the date of posting. The LESSOR shall not be liable to the LESSEE ASSOCIATION or any INDIVIDUAL LESSEE due to any violation of the RULES and REGULATIONS by any INDIVIDUAL LESSEE or person using the DEMISED PREMISES. The RULES and REGULATIONS as promulgated from time to time shall be specifically enforceable by injunction or otherwise, and shall have the effect of covenants as if set forth herein verbatim, the compliance therewith agreed to by the LESSEE.

6.6 Notwithstanding any of the provisions of this Paragraph 6 to the contrary, the LESSOR may, in its sole discretion, grant to any party, including the SPONSOR or itself the right to use such portions of the DEMISED PREMISES as the LESSOR deems necessary in connection with the development and sale of the lands described in Paragraph 1.9. In connection therewith, such party shall have the right to maintain a sales office and to occupy such portions of the DEMISED PREMISES as the LESSOR shall specify. Said party shall have the right to use portions of the DEMISED PREMISES for

parking as necessary to effectuate the aforementioned purposes. The right of use of the DEMISED PREMISES shall include, but shall not be limited to, the right to display and erect signs, billboards and placards; to keep, store and exhibit the same, distribute audio and visual promotional materials, and the right to use portions of the DEMISED PREMISES for display purposes. The LESSOR shall have the perpetual right to use the DEMISED PREMISES, or any portion thereof as it deems necessary, for administering the LESSOR's interests under the terms of this LEASE. All of the foregoing may be accomplished and enjoyed by the said party without any cost or expense and without abatement or reductions of the rental due under the terms of this LEASE, nor shall the same give the LESSEE the right to avoid any of its covenants, agreements or obligations to be performed hereunder, nor shall the same be construed as an actual, implied or constructive eviction of the LESSEE from the DEMISED PREMISES by the LESSOR or any one acting by, through or under the LESSOR.

6.7 The transfer of the fee title to each CONDOMINIUM PARCEL in the CONDOMINIUM, whether voluntarily or by operation of law, terminating the INDIVIDUAL LESSEES' membership in the LESSEE ASSOCIATION shall terminate said party's rights to the use and enjoyment of the DEMISED PREMISES hereunder. The INDIVIDUAL LESSEES' rights and privileges under this LEASE are not assignable. The OWNER of each CONDOMINIUM PARCEL when he automatically becomes a member of the LESSEE ASSOCIATION is entitled to the use and enjoyment of the DEMISED PREMISES and is burdened with the duties and responsibilities in accordance with the provisions of this LEASE. All parties acquiring any right, title and interest in and to the lands described in Paragraph 1.10 of this LEASE or any CONDOMINIUM PARCEL thereon are hereby put on notice that in acquiring said interest, that they shall be fully bound by the terms of this LEASE. In no event shall an OWNER of a CONDOMINIUM PARCEL subsequent to an INITIAL PURCHASER acquire any rights in the DEMISED PREMISES or against the LESSOR or against the LESSEE ASSOCIATION that are greater than the rights granted to and limitations placed upon an INITIAL PURCHASER pursuant to the terms of this LEASE.

6.8 LESSOR may grant franchises or concessions to commercial concerns on all or part of the DEMISED PREMISES and the LESSOR shall be entitled to all income derived therefrom.

6.9 Any INDIVIDUAL LESSEE together with members of the INDIVIDUAL LESSEE's immediate family and guests, may use the DEMISED PREMISES subject to the RULES and REGULATIONS concerning such use.

6.10 Where an INDIVIDUAL LESSEE is not a natural person the person designated as OCCUPANT pursuant to THE DECLARATION shall be deemed to be the INDIVIDUAL LESSEE for purposes of regulating use of the DEMISED PREMISES.

6.11 If an INDIVIDUAL LESSEE, or his family, or guests violates the RULES and REGULATIONS concerning the use of the DEMISED PREMISES the LESSOR and thereafter the Executive Committee may unilaterally suspend the INDIVIDUAL LESSEE for a reasonable time from the use of the DEMISED PREMISES at no abatement or reduction in rent from the suspended INDIVIDUAL LESSEE.

6.12 If an INDIVIDUAL LESSEE leases his CONDOMINIUM PARCEL(S) only the lessee thereof shall have the use of the DEMISED PREMISES provided however, that both the INDIVIDUAL LESSEE and said party shall be jointly and severally liable for all sums due hereunder and the LESSOR's lien rights shall continue undiminished.

7. EMINENT DOMAIN.

7.1 If any part of the DEMISED PREMISES shall be taken under the power of eminent domain, the rent and other sums due and the obligations of the LESSEE under this LEASE shall continue unaffected unless such portion of the DEMISED PREMISES is taken so as to completely destroy the usefulness of the DEMISED PREMISES for the purposes for which such premises were leased, then, from that day, the LESSEE ASSOCIATION shall have the right to terminate this LEASE on behalf of all LESSEES that are members of the LESSEE ASSOCIATION by written notice given by the LESSEE ASSOCIATION to the LESSOR, within thirty (30) days after such property be taken, or to continue in the possession of an undivided leasehold interest in the remainder of the DEMISED PREMISES under all of the terms of this LEASE. All damages awarded for such taking shall belong to and be the property of the LESSOR, whether such

damages shall be awarded as compensation for diminution in the value of this LEASE or the LESSOR's interest in the DEMISED PREMISES. The right of termination herein granted shall only have effect in the event the LESSOR elects not to replace the DEMISED PREMISES that was taken with other property for use as the DEMISED PREMISES in which event the LESSEES shall have no right of termination and shall be bound by the terms hereof as if the substituted property were the original DEMISED PREMISES.

7.2 If a part of the DEMISED PREMISES, as provided above is taken under the power of eminent domain and such taking does not completely destroy the usefulness of the DEMISED PREMISES for the purposes for which such premises were leased, all sums awarded for the appropriation shall be payable to the LESSOR and the LESSEE shall not be entitled to any portion thereof. However, where the appropriation is as to a portion of a building, the LESSOR may restore that portion of the building not so taken at LESSOR's cost and expense. Where there is an appropriation of an entire building or improvement which is not sufficient to terminate this LEASE, as hereinbefore set forth, the LESSOR shall determine, in its sole discretion, whether to replace the appropriated building or improvement upon the remaining land area of the DEMISED PREMISES. Should LESSOR determine to replace same, it shall be of such size, dimension, contents, decor, plans and specifications as the LESSOR determines in its sole discretion. The time within which same shall be accomplished shall be a reasonable time.

7.3 If during the term of this LEASE there shall be a taking of all or a portion of the CONDOMINIUM PROPERTY, by eminent domain which involves a "total taking" of the fee simple title to ten per cent (10%) or less of the UNITS contained upon said lands immediately prior to the time of taking, such taking shall not be construed or considered as a taking within the provisions of Paragraph 7.3. If there is a taking where more than sixty per cent (60%) of the floor space of any such UNIT is taken, or where the taking makes the UNIT uninhabitable as a dwelling, the same shall be deemed a "total taking". If such taking involves more than ten per cent (10%) of the UNITS contained upon said lands, this LEASE shall

terminate as to those UNITS so taken effective as of the date of taking and the rent provided in Paragraph 5.1 shall be reduced, as of the date of taking, as if the UNITS taken had never existed as part of the CONDOMINIUM PROPERTY.

8. BANKRUPTCY. This LEASE and any interest herein shall not pass to any trustee or receiver or assignee for the benefit of creditors, or otherwise by operation of law. Should the LESSEE ASSOCIATION be adjudged a bankrupt, or make a voluntary assignment for the benefit of creditors, or if a receiver or trustee in bankruptcy is appointed for the property of the ASSOCIATION, and such receiver or trustee is not discharged within thirty (30) days after date of appointment, then the LESSOR herein shall have the right, at LESSOR's option, of terminating this LEASE as to the LESSEE ASSOCIATION upon giving fifteen (15) days written notice thereof, and this LEASE shall cease and terminate as to such LESSEE ASSOCIATION on the date specified in said notice. In that event, this LEASE shall not terminate as to the INDIVIDUAL LESSEE(S), but shall remain in full force and effect.

9. LESSOR'S LIENS -- CREATION, EFFECT AND ENFORCEMENT; PROVISIO.

9.1 The LESSEE ASSOCIATION hereby covenants and warrants unto the LESSOR that prior to admitting each INITIAL LESSEE into the ASSOCIATION it will cause or allow the SPONSOR to cause said INITIAL LESSEE, joined by his or her spouse, to execute a copy of this LEASE and memorandum thereof, such copy not being executed by the LESSOR and LESSEE ASSOCIATION, and will cause said memorandum to be recorded in the Public Records of Palm Beach County, Florida, together with the deed of conveyance from the SPONSOR to each INITIAL LESSEE. The INITIAL LESSEE's CONDOMINIUM PARCEL and the recording data as to THE DECLARATION shall be described and set forth in the copy of each said LEASE and the memorandum thereof in the space provided therefore, and said INITIAL LESSEE and SPOUSE shall be deemed to have executed the LEASE attached to THE DECLARATION. In such LEASES and memorandum as are executed by the INITIAL LESSEES, where reference is made to THE DECLARATION to which this LEASE is an EXHIBIT, the same shall mean and refer to THE DECLARATION to which this LEASE, executed by the LESSEE ASSOCIATION and LESSOR is attached.

9.2 LESSOR retains and shall have a first lien, paramount to all others, on every right and interest of the LESSEE ASSOCIATION and INDIVIDUAL LESSEES in and to this LEASE and on any furniture, furnishings, appliances, equipment, fixtures and goods of every kind, and on the equity therein, which is owned or purchased by the LESSEE ASSOCIATION, and upon the LESSEE ASSOCIATION's assets and COMMON SURPLUS. This lien is granted for the purpose of securing the payment of rents to LESSOR, and taxes, assessments, charges, liens, penalties and damages herein covenanted to be paid by the LESSEE, and for the purpose of securing the performance of any, all and singular, the covenants, conditions and obligations of this LEASE to be performed and observed by the LESSEE.

9.3 In order to secure the obligations by the INDIVIDUAL LESSEE to the LESSOR for the payment of all rent and any other monies due and to become due hereunder and to secure the performance by the INDIVIDUAL LESSEE of each of the terms and provisions of this LEASE, the INDIVIDUAL LESSEE, as the OWNER of a CONDOMINIUM UNIT does hereby grant, sell, bargain, convey and confirm unto the LESSOR in fee simple, a lien upon that certain CONDOMINIUM UNIT, together with its proportionate interest in the COMMON ELEMENTS and together with those certain other items, all of which are described on Page 41 of this LEASE.

This lien upon the tangible personal property described therein shall be subordinate to prior bona fide liens properly perfected.

The execution of a copy of this LEASE and memorandum thereof by the INITIAL LESSEE whereby said INITIAL LESSEE impresses a lien upon and encumbers his CONDOMINIUM PARCEL shall be a confirmation of said lien in favor of the LESSOR. However, in the event said INITIAL LESSEE fails to execute a copy of this LEASE and memorandum as required above, or said memorandum is not recorded in the Public Records of Palm Beach County, or is executed, witnessed, notarized or recorded in a defective manner, the same shall not affect the LESSOR's liens on said CONDOMINIUM PARCEL. The lien upon each CONDOMINIUM PARCEL in the INDIVIDUAL LESSEE's CONDOMINIUM created by virtue of this LEASE shall continue for the term of this LEASE and subsequent OWNERS, (i.e., OWNERS after the INITIAL LESSEE's

purchase from the SPONSOR who are not to execute a copy of this LEASE) shall own said CONDOMINIUM PARCEL subject to the lien created herein. Such subsequent OWNER(S) taking title to a CONDOMINIUM PARCEL or LIVING UNIT shall be deemed to have assumed and agreed to pay the sums due and coming due under this LEASE and to be bound by the terms and provisions of this LEASE and said assumption and agreement shall be noted in the instrument of conveyance to the subsequent OWNER(s) in accordance with the provisions of THE DECLARATION. A CONDOMINIUM PARCEL OWNER shall be released from all personal liability under this LEASE upon his conveying title to his CONDOMINIUM PARCEL to another party provided that said assumption and agreement is properly affected by an approved purchaser and he has paid all sums due the LESSOR under this LEASE as to his CONDOMINIUM PARCEL.

9.4 The liens herein granted may be foreclosed at the option of the LESSOR in the manner in which a mortgage on real property is foreclosed, or in the manner in which statutory liens on real property are foreclosed, or by any other remedy available to the LESSOR for the foreclosure of said liens. In the event of a foreclosure, the OWNER of a CONDOMINIUM PARCEL shall be required to pay a reasonable rental for the CONDOMINIUM PARCEL to the LESSOR and the LESSOR shall be entitled to the appointment of a receiver to collect the same.

9.5 The LESSOR hereby agrees that it will not terminate or cancel this LEASE by statutory summary proceedings, or otherwise, because of an INDIVIDUAL LESSEE's failure to pay the sums provided and reserved to be paid hereunder, PROVIDED that the lien created herein remains available to and is enforceable by the LESSOR.

9.6 The LESSEE's leasehold interest in and to the DEMISED PREMISES has been acquired pursuant to §711.121, Florida Statutes. All monies due and to become due under the provisions of this LEASE are declared to be COMMON EXPENSES of the CONDOMINIUM. The LESSOR shall have the right, in its sole discretion, to require the LESSEE ASSOCIATION to pay any or all of the rent due under this LEASE to the LESSOR or designee and the LESSEE ASSOCIATION will then assess the UNIT OWNERS therefor as COMMON EXPENSES.

9.7 In the event that the LESSOR's liens provided for in this LEASE shall, for any cause or reason whatsoever, be determined to be invalid, extinguished, or unenforceable, then the LESSEE ASSOCIATION agrees that such event shall not extinguish or diminish the LESSEE ASSOCIATION's and the INDIVIDUAL LESSEE's financial or other obligations hereunder, and the LESSEE ASSOCIATION will, in the manner as now prescribed by Chapter 711, Florida Statutes, make such assessments and enforce its lien therefor on the INDIVIDUAL CONDOMINIUM PARCELS in the CONDOMINIUM PROPERTY in order to comply with and fulfill the LESSEE ASSOCIATION's and INDIVIDUAL LESSEE's obligations to the LESSOR hereunder. The LESSOR shall be deemed a Third Party Beneficiary of this Agreement by the LESSEE ASSOCIATION and to any Agreements by the LESSEE ASSOCIATION in this LEASE.

9.8 A default arising from the nonpayment of rent or other monies due to the LESSOR by the LESSEE ASSOCIATION or by any INDIVIDUAL LESSEE will not be a default on the part of those INDIVIDUAL LESSEES who have paid the share of rent and other monies for which they are severally liable, and the LESSOR may exercise those rights and remedies as described in this LEASE only against the defaulting INDIVIDUAL LESSEES and the LESSEE ASSOCIATION.

9.9 Should an INDIVIDUAL LESSEE fail to pay any sum due under this LEASE within ten (10) days after the day same shall become due, the LESSOR may deny to said INDIVIDUAL LESSEE and/or authorized user of the DEMISED PREMISES the use and enjoyment of same until such time as all said sums then due are paid.

9.10 Notwithstanding anything herein to the contrary, where an INSTITUTIONAL MORTGAGEE, or other purchaser of a CONDOMINIUM PARCEL obtains title to said CONDOMINIUM PARCEL as a result of a foreclosure of an INSTITUTIONAL MORTGAGE, or when an INSTITUTIONAL MORTGAGEE accepts a Deed to said CONDOMINIUM PARCEL in lieu of foreclosure, or where the LESSOR under this LEASE obtains title as a result of foreclosure of LESSOR's lien, such acquirer of title, his successors and assigns, shall not be liable for sums which became due prior to acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure.

9.11 The LESSOR understands and acknowledges that in connection with the sale of each INDIVIDUAL UNIT in the CONDOMINIUM the purchaser thereof may desire to purchase his UNIT utilizing the proceeds of a mortgage loan encumbering the UNIT being acquired. The LESSOR hereby covenants that the LESSOR's lien described in this LEASE is subordinate to the extent hereinafter specifically set forth to the lien of such INSTITUTIONAL MORTGAGEE. The subordination provisions of this Paragraph shall be self-operative. If requested, the LESSOR shall confirm said subordination in writing. The subordination provided in this Paragraph is limited to the following provisions:

(a) In the event the INSTITUTIONAL MORTGAGEE, to which the lien above referred to has been made subordinate, forecloses its mortgage against said CONDOMINIUM PARCEL and obtains title to the same by public sale held as a result of such foreclosure suit, or said INSTITUTIONAL MORTGAGEE acquires title by conveyance in lieu of foreclosure, said INSTITUTIONAL MORTGAGEE, for so long as it shall continue to hold title, shall receive an abatement of the sums due pursuant to Paragraphs 5 and 15 of this LEASE for said CONDOMINIUM PARCEL, and said sums coming due pursuant to Paragraphs 5 and 15 of this LEASE shall be reduced to the extent as if said CONDOMINIUM PARCEL did not exist, provided said INSTITUTIONAL MORTGAGEE must receive in full the benefit of such reduction by credit against its portion of the COMMON EXPENSES of the CONDOMINIUM. This subordination shall not reduce nor abate any other of the promises, covenants or obligations of the LESSEE ASSOCIATION and INDIVIDUAL LESSEES under this LEASE. Upon said INSTITUTIONAL MORTGAGEE conveying its title to the CONDOMINIUM PARCEL so acquired by it, the foregoing abatement shall immediately cease and terminate. If during any period of time that the title to the CONDOMINIUM PARCEL is held by the INSTITUTIONAL MORTGAGEE said CONDOMINIUM UNIT is occupied or leased there shall be no such abatement.

(b) INSTITUTIONAL MORTGAGEES are requested to give written notice to the LESSOR if the promissory note and mortgage given as security therefor are in default. LESSOR shall have the right, but not the obligation, to cure said Mortgagor's default and to make any payments due by the Mortgagor within the same time period

allowed to the Mortgagor or, in no event, less than ten (10) days from the date of receipt of the notice. In the event that the LESSOR makes any such payments, it shall, in addition to all other rights reserved in this LEASE be subrogated to all rights of the INSTITUTIONAL MORTGAGEE.

9.12 The foreclosure or maintenance of any action to enforce the lien herein provided by the LESSOR shall not be considered or construed as a termination or cancellation of all or any part of this LEASE or of the lien rights created herein. If an INSTITUTIONAL MORTGAGEE shall foreclose its mortgage, the same shall not operate as an extinguishment of all or any part of this LEASE, or of the LESSOR's lien against the CONDOMINIUM UNIT. Such lien shall be effective without any act on the part of the LESSOR, mortgagee, or subsequent owner, for money which shall become due and payable hereunder after the foreclosure or conveyance, SUBJECT, HOWEVER, to the paramount provisions concerning temporary abatement of such sums due LESSOR as provided in Paragraph 9.11.

10. RIGHT OF LESSOR AND LESSEE ASSOCIATION TO ENCUMBER, CONVEY OR ASSIGN.

10.1 The LESSOR shall have the unequivocal right to, at all times, and may have previous to the execution hereof, mortgage and encumber LESSOR's interest in this LEASE and/or in and to the DEMISED PREMISES. The LESSEE's interest in and to the use of the DEMISED PREMISES shall at all times be subordinate and inferior to such mortgages, provided that the LESSEE's shall at all times have the rights provided under this LEASE as long as they shall perform all of the covenants herein provided. The LESSEE ASSOCIATION does hereby agree that it will for itself (and if required by the Mortgagees) and/or as agent for all of the INDIVIDUAL LESSEES forthwith execute such documents as may be requested to confirm the provisions hereof including the joinder, as mortgagor, in such mortgage. Such joinder by the LESSEE ASSOCIATION and/or principals for which it acted as agent shall not be an assumption of the obligations of the Mortgagor. Notwithstanding the foregoing, any interest or right of the LESSEE ASSOCIATION and the INDIVIDUAL LESSEES to the DEMISED PREMISES shall not be a lien thereon and shall be deemed subordinate and inferior to

a mortgage granted by the LESSOR on said DEMISED PREMISES. The failure of the LESSEE ASSOCIATION to execute such instrument of subordination or joinder shall be deemed a default by the LESSEE ASSOCIATION of this LEASE.

10.2 The LESSOR may freely assign or convey all or any part of its right, title and interest in and to this LEASE and/or the DEMISED PREMISES. In such event, upon the assignee's or purchaser's, as the case may be, assuming and agreeing in writing to perform the terms and covenants of the LESSOR herein contained, the LESSOR shall be relieved of all liability under this LEASE.

10.3 Neither the LESSEE ASSOCIATION nor any INDIVIDUAL LESSEE shall have the right to mortgage, encumber, assign or convey any of its or their leasehold right, title and interest in and to this LEASE or the DEMISED PREMISES.

11. DEFAULT.

11.1 If the LESSEE ASSOCIATION defaults in the payment of any of the sums herein provided, or if the LESSEE ASSOCIATION shall fail to perform any of the covenants of this LEASE by it to be kept and performed, the LESSOR, may, at its election, declare this LEASE terminated. Thereafter, the LESSEE ASSOCIATION and/or the members of said ASSOCIATION shall have no rights to the use and enjoyment of the DEMISED PREMISES nor any rights hereunder. In addition, the LESSOR shall have all such other remedies as the law and this instrument afford.

(a) The LESSOR shall not declare this LEASE terminated where the default consists of nonpayment of sums due hereunder until such nonpayment shall have continued for fifteen (15) days after written notice of such default shall have been given by the LESSOR to the LESSEE ASSOCIATION.

(b) Where the default consists of some other violation of the terms hereof, the LESSOR may not declare this LEASE terminated until such violation shall have continued for thirty (30) days after the LESSOR shall have given the LESSEE ASSOCIATION written notice of the violation and the LESSEE ASSOCIATION shall not have undertaken, during said thirty day period, action to cure said violation. Nothing herein contained shall be construed as precluding the LESSOR from

having any remedy necessary to preserve the LESSOR's rights and interest in the DEMISED PREMISES and in this LEASE before the expiration of the notice period if the allowance of such grace period or the giving of such notice would prejudice or endanger LESSOR's rights and interest in this LEASE and/or the DEMISED PREMISES.

(c) All notice periods shall run concurrently and not consecutively.

(d) In the event one or more INDIVIDUAL LESSEES violates any of the terms hereof and such violation is not subject to the notice provisions of this Paragraph 11, the LESSOR shall have the unequivocal right to take any necessary action, including the suspension of said individual's rights of use of the DEMISED PREMISES for reasonable periods of time, at LESSOR's discretion, without any abatement or reduction in rent due from the suspended LESSEE and/or termination of the LEASE as to said INDIVIDUAL LESSEE.

11.2 The various rights, powers, options, elections, privileges and remedies of the LESSOR in this LEASE shall be construed as cumulative, and no one shall be construed as being exclusive of another or exclusive of any rights or priorities provided by law.

11.3 The relationship between the parties hereto is that of landlord and tenant and therefore all statutory proceedings shall be available to LESSOR for collection of rent or possession of the premises, except as herein specified to the contrary.

11.4 The right given to the LESSOR to collect the rent and other sums due under the terms of this LEASE or to enforce the terms and provisions of this LEASE, shall not affect the right of such LESSOR to declare this LEASE terminated as herein provided.

11.5 If, at any time, due to the failure of the LESSEE ASSOCIATION and/or any INDIVIDUAL LESSEE to keep and perform any covenant or agreement in this LEASE that they, jointly or severally are bound to keep and perform, it becomes necessary for LESSOR to employ an attorney to protect the rights and interests of the LESSOR in the DEMISED PREMISES or to enforce the terms and provisions of this LEASE or proceed under this LEASE in any particular, including a proceeding in the nature of a suit for declaratory judgment, then in any such event, the LESSEE ASSOCIATION and/or any INDIVIDUAL LESSEE, as the case may be, will owe and pay

to LESSOR all costs, including court costs and attorneys' fees, incurred or expended by the LESSOR in taking or defending such actions.

11.6 In the event of termination of this LEASE, at any time, prior to the natural expiration hereof, due to a breach by the LESSEES, then all of the right, estate and interest of the LESSEES in and under this LEASE shall cease and be held for naught without any compensation therefor unto the LESSEE ASSOCIATION and/or INDIVIDUAL LESSEES.

12. LESSOR'S INTEREST NOT SUBJECT TO MECHANIC'S LIENS.

12.1 The LESSEE ASSOCIATION and INDIVIDUAL LESSEES shall never, under any circumstances, have the power to subject the interest of the LESSOR in the DEMISED PREMISES and the DEMISED PREMISES themselves to any mechanic's or materialman's lien or liens of any kind. Any mortgage lien or encumbrance granted by a UNIT OWNER is not a lien upon the DEMISED PREMISES nor the INDIVIDUAL LESSEES' rights thereto, nor upon any right, title or interest the LESSEE ASSOCIATION may have under this LONG-TERM LEASE. If any mechanics' liens or other liens are filed or asserted against the LESSOR's interest in the DEMISED PREMISES or against the DEMISED PREMISES by virtue of any action of the LESSEE ASSOCIATION and/or any INDIVIDUAL LESSEE, such party shall, within thirty (30) days from the filing thereof, cause such lien to be released from the LESSOR's interest in the DEMISED PREMISES and as to the DEMISED PREMISES in the manner provided by the Statutes of the State of Florida. It is the intent hereof that, if an INDIVIDUAL LESSEE has caused the lien to be filed, both the LESSEE ASSOCIATION and such INDIVIDUAL LESSEE shall be responsible for the release thereof.

13. INDEMNIFICATION. The LESSEE ASSOCIATION and INDIVIDUAL LESSEES agree to and by these presents do indemnify and save harmless the LESSOR against any and all claims, debts, demands or obligations, including costs and attorneys' fees, which may be made against the LESSOR, or against the LESSOR's title in the premises, arising by reason of or in connection with the making of this LEASE and/or the ownership by the LESSEES of the leasehold interest hereby created. If it becomes necessary for the LESSOR to defend

any action seeking to impose any such liability, the LESSEES will pay to the LESSOR all costs of court and reasonable attorneys' fees incurred by the LESSOR in effecting such defense, plus any other sums which the LESSOR may be called upon to pay by reason of the entry of a judgment against the LESSOR in said litigation.

14. OPTION TO PURCHASE. The LESSEES are hereby granted an option to purchase the DEMISED PREMISES upon the following terms and conditions:

14.1 The LESSEE ASSOCIATION may exercise this option only in conjunction with other LESSEES who also have this option and elect to exercise it. The LESSEE ASSOCIATION, in the event it chooses to exercise this option, shall be liable for a prorata share of the purchase price determined by multiplying the purchase price by a fraction, the numerator of which shall be the number of CONDOMINIUM UNITS contained in this CONDOMINIUM PROPERTY and the denominator of which shall be the total number of LIVING UNITS represented by all LESSEES exercising this option.

14.2 Between twelve (12) and six (6) months prior to expiration of this LEASE, the LESSOR shall be notified in writing by the LESSEE ASSOCIATION of the exercise of this option to purchase. The notice shall be irrevocable.

14.3 The INDIVIDUAL LESSEE(S) does hereby irrevocably appoint and authorize the LESSEE ASSOCIATION to give the above required notice to exercise such option as their duly authorized agent and attorney-in-fact, and any such acts by the LESSEE ASSOCIATION shall be binding upon and shall be the act of all the INDIVIDUAL LESSEES in that ASSOCIATION.

14.4 Within thirty (30) days from the giving of the notice, the LESSOR and all LESSEES who elect to exercise this option, will enter into a contract for sale and purchase of the DEMISED PREMISES as follows: .

(1) The closing date shall be the last day of the term of this LEASE.

(2) The LESSOR shall deliver to the LESSEES good and insurable title subject only to:

(a) Conditions, restrictions and limitations of record;

- (b) Applicable zoning ordinances;
- (c) Restrictions and prohibitions imposed by governmental authority;
- (d) Public utility easements of record;
- (e) Questions of locations, measurements and survey;
- (f) Current ad valorem or like taxes.

(3) Purchasing LESSEES will pay all costs incurred in the sale, including but not limited to documentary stamps and sur-tax on deed, title insurance premiums and recording fees.

(4) Any existing mortgages on said premises shall be satisfied with the proceeds of the sale.

14.5 The purchase price will be an amount equal to the total annual rental payable to LESSOR by all LESSEES in 2071 A.D., multiplied by a factor of 6.9 payable in cash at closing.

14.6 In the event that the option to purchase is not exercised this LEASE shall terminate and the LESSEES shall immediately peaceably and quietly deliver possession of the DEMISED PREMISES to the LESSOR.

14.7 Any LESSEE remaining in possession of the DEMISED PREMISES after the expiration of this LEASE shall be deemed to be occupying said premises as a tenant from month to month and shall be subject to all the conditions, provisions and obligations of a LESSEE under this LEASE.

15. INSURANCE, TAXES, MAINTENANCE AND OPERATING EXPENSE.

15.1 INSURANCE. All LESSEES shall at their sole expense for the entire term of this LEASE keep in force insurance policies as follows:

(a) Public Liability. Comprehensive, general public liability insurance in which the LESSOR, and the LESSEES shall be named insureds against claims for bodily injury, sickness, disease, or death at any time resulting therefrom and for injury to or destruction of property, including the loss of use thereof arising out of ownership, maintenance, use or operation of the DEMISED PREMISES and any building or improvement or personalty located thereon. The limits of liability shall not be less than

\$500,000.00 for injury or death to one person and not less than \$100,000.00 for property damage with regard to each occurrence.

(b) Rent Insurance. Rent insurance wherein the LESSOR shall be a named insured to insure against loss of all or any part of the rental due under all leases to the DEMISED PREMISES by virtue of said rental hereunder being temporarily and/or permanently discontinued by fire, windstorm or other perils or hazards to the DEMISED PREMISES and/or any structures now or hereafter situated thereon.

(c) Property Insurance. Policies of insurance insuring against loss or damage to the buildings and improvements now or hereafter located upon the DEMISED PREMISES and all furniture, fixtures, machinery, equipment and furnishings now or hereafter brought or placed thereon insuring against loss by:

(1) Fire. Fire, windstorm and such other hazards as may be included in the broadest form of extended coverage from time to time available; and,

(2) Boiler and Machinery. By boiler, machinery or air conditioning explosion or malfunction; and,

(3) Flood. By floods if LESSOR considers such is reasonably available; and,

(4) Other. To the extent required by the LESSOR, war damage or damage by civil insurrection or commotion as the same may be covered by other policies above described should such coverage be available.

All policies required by this paragraph 15.1(c) shall be for the benefit of the LESSOR, the LESSEES and MORTGAGEES as to the DEMISED PREMISES, as their interests may appear.

The insurance required hereunder shall be in an amount equal to the maximum insurable value of the items insured. In compliance with the foregoing, LESSEES shall furnish policies insuring actual replacement costs without deduction for depreciation and in such case the term "maximum insurable value" as used in the preceding sentence shall mean the actual replacement cost of the property required to be insured without deduction for depreciation, but excluding excavation and foundation costs. If policies insuring replacement costs are not available, then the said term "maximum

insurable value" shall mean the actual cash value with due allowance for depreciation of the property required to be insured, to the extent insurance may be afforded under policies covered in that manner.

(d) Workmen's Compensation Insurance as Required by Law.

15.2. The original of all insurance policies required under this LEASE, together with the receipted bills evidencing the fact that the premiums therefor are paid, shall be delivered to LESSOR immediately upon purchase of said insurance. Said LESSEES shall additionally furnish LESSOR evidence that such insurance has been renewed from time to time, not less than thirty (30) days prior to the expiration date of any such policy and shall furnish to LESSOR the originals of all such renewal policies and receipts evidencing the fact such renewal premiums have been paid. All insurance policies required to be carried hereunder shall contain a provision that the same shall remain in full force and effect and cannot be cancelled by the insurer without thirty (30) days prior written notice delivered or mailed to LESSOR by registered (not certified) United States mail, postage prepaid, return receipt requested, and addressed to LESSOR at such address as LESSOR designates.

15.3. Distribution of Proceeds. All policies required by Paragraph 15.1(c) shall provide that all proceeds covering property loss shall be paid to the LESSOR or LESSOR's designee, as Trustee, or to any bank in Florida with trust powers as may be directed by the LESSOR, as Trustee, which such Trustee is hereinafter referred to as the "INSURANCE TRUSTEE". The INSURANCE TRUSTEE shall not be liable for the payment of premiums nor for the renewal or sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the INSURANCE TRUSTEE shall be to receive such proceeds as are paid and hold the same IN TRUST for the purposes elsewhere stated herein and for the benefit of the person named as the Insured.

Proceeds of insurance policies received by the INSURANCE TRUSTEE shall be distributed to or for the benefit of the named Insureds in the following manner:

(a) Expense of the Trust. All expenses of the INSURANCE TRUSTEE shall be first paid or provision made therefor.

(b) Balance. The remaining proceeds shall be disbursed in accordance with Paragraph 15.4.

15.4. RECONSTRUCTION AND REPAIR. Upon the occurrence of any damage or destruction to any portion of the DEMISED PREMISES including improvements, buildings and structures, and personal property thereon, whether or not the casualty causing such damage be insured against, and whether or not, if insured, any proceeds are paid therefor, the following provisions shall apply:

(a) Reconstruction and Repair by LESSEES. ALL LESSEES at their expense, shall repair and reconstruct, if necessary, any and all improvements, buildings and structures so damaged and replace or repair all personal property so damaged so as to restore the same to INITIAL CONDITION as hereinafter defined. Such work shall be commenced no later than sixty (60) days after the occurrence of damage and shall be completed no later than ten (10) months after date of commencement. The foregoing time limitations shall be extended due to any time lost by reason of an act of nature, war, civil commotion or disorder, material shortages, strikes, or other events over which the LESSEES have no control.

(b) Plans, Specifications and Estimates. Within thirty (30) days after the occurrence of damage, said LESSEES shall supply to the LESSOR plans and specifications for reconstruction and repair which must be substantially of the nature to restore the damaged improvements, buildings, structures, and personal property to INITIAL CONDITION, which is the condition at the time of issuance of the first Certificate of Occupancy by the Town of Lantana, Florida. In addition, any reconstruction or repair shall include the use of the latest building materials and techniques approved by governmental agencies having jurisdiction thereover, should such building materials and techniques be superior to those used at the time of the issuance of the first Certificate of Occupancy. Said plans and specifications shall be prepared by and be under the certificate of an architect, licensed to practice as such in the State of Florida. Within thirty (30) days after furnishing said plans and specifications, said LESSEES shall furnish to the LESSOR a contract in form and substance reasonably satisfactory to LESSOR, executed by an independent general contractor wherein the work, labor and

materials indicated by such plans and specifications will be furnished at an agreed price and a performance, completion and payment bond in a form and written by a company reasonably satisfactory to LESSOR is a part thereof. To the extent that the damages shall occur to personal property, other than fixtures, a contract need only be furnished from a supplier or suppliers of the same with a firm price indicated thereon.

(c) Fund. If the damage occasioned by such casualty is covered by insurance and proceeds therefor have been paid to the INSURANCE TRUSTEE as provided in Paragraph 15.3, and the same are not sufficient to defray the cost of reconstruction and repair as determined by the contract of the general contractor or contractors of suppliers of personal property, as set forth in Paragraph 15.4(b) above, or if at any time during reconstruction and repair or upon completion thereof the funds held by such INSURANCE TRUSTEE shall not be sufficient to defray the cost of reconstruction and repair, then said LESSEES shall pay to the INSURANCE TRUSTEE their proportionate share of such funds as may be estimated which, together with the insurance proceeds, if any, will fully defray the cost of reconstruction and repair. Said LESSEES shall forthwith and expeditiously proceed to collect a special assessment therefor. The total of such insurance proceeds and other moneys paid to the INSURANCE TRUSTEE shall constitute the construction fund and shall be disbursed in payment of such costs in the following manner:

(1) Mortgagee. While such fund exists the INSURANCE TRUSTEE shall pay, should the terms of any mortgage so require, to the MORTGAGEE of the DEMISED PREMISES any moneys being due to such MORTGAGEE. The LESSOR shall within a reasonable time repay such moneys to the INSURANCE TRUSTEE as are paid to such MORTGAGEE hereunder.

(2) Costs of Reconstruction and Repair. The INSURANCE TRUSTEE shall next pay the actual costs and expenses incurred in reconstruction and repair by direct disbursement to the general contractor, suppliers of personal property, and

if required under contract, or by the Mechanics' Lien Law of the State of Florida, to subcontractors, materialmen and laborers and all other persons covered under such Act. All such disbursements shall be subject to the approval of an architect qualified to practice in the State of Florida and having supervision of the work except no architect shall be required if the replacement and repair relates solely to personal property.

(3) Lessor. The INSURANCE TRUSTEE shall next pay to the LESSOR all funds which are then due from any of the LESSEES. The provisions hereof shall not be construed as an agreement to abate any rental payments.

(4) Surplus. If, upon the completion of reconstruction and repair and after the payment of all costs thereof, and after the payments made pursuant to Paragraph 15.4(c)(3), there shall remain undistributed a balance in such construction fund, the same shall be distributed in a prorata amount to the LESSEES.

(5) Certificate. Notwithstanding the provisions herein, the INSURANCE TRUSTEE shall not be required to determine whether any funds are properly due and payable for reconstruction and repair nor to determine the proportionate distribution of any surplus among the parties hereto. The INSURANCE TRUSTEE may rely upon the certificate of the architect supervising the work that sums for reconstruction and repair are due and payable and the certificate of the LESSOR as to the proportionate distribution of surplus.

(6) Repairs and Reconstruction by Lessor. In the event said LESSEES shall fail to reconstruct and repair as herein provided, the LESSOR may accomplish same and shall have a lien upon each INDIVIDUAL LESSEE'S CONDOMINIUM PARCEL or LIVING UNIT for any cost or expense incurred thereby, including counsel fees.

(7) Minor Repairs. If the estimated cost of repair is less than Four Thousand Dollars (\$4,000.00), the INSURANCE TRUSTEE shall disburse all insurance proceeds received

by it in connection with such casualty to said LESSEES or at the LESSOR'S option to the LESSOR. In such event all other provisions of Paragraph 15.4(b) and (c) shall be inoperative.

(8) Effect of Cancellation of Lease. In the event this LEASE is cancelled because of LESSEES' default at any time while there remains outstanding any obligation from any insurance company to pay for any damage or part thereof, the claim against such insurance company shall, on cancellation of this LEASE become the absolute, unconditional property of LESSOR. In the event of such cancellation all such funds held by said LESSEES shall forthwith be paid to LESSOR.

(d) No Abatement; Effect of Rent Insurance. No damage or destruction to any building(s) or improvement(s), or any equipment or personalty then or hereafter located upon the DEMISED PREMISES by fire, windstorm, or any other casualty shall be deemed to entitle said LESSEES to terminate this LEASE, or to violate any of its provisions, or to cause any abatement or rebate of the sums then due or thereafter becoming due under the terms hereof, excepting only that to the extent of insurance proceeds actually paid to the LESSOR on account of rent insurance carried in accordance with the provisions of Paragraph 15.1(b) hereof. The monthly rent and all other sums due the LESSOR under this LEASE shall continue to be paid to LESSOR, less only such sum that is paid to LESSOR each month from the proceeds of such rent insurance. Should any dispute arise between insurance carrier affording such rent insurance and the LESSOR with regard to the liability of the insurer to make payments under its policy or with regard to the amount payable under its policy, or as to both, then any cost or expense, including counsel fees incurred by LESSOR on account thereof, shall be immediately due and payable by said LESSEES to LESSOR and shall be deemed as ADDITIONAL RENT due LESSOR. The provisions of the preceding sentence shall impose no liability on the part of the LESSOR to expend any effort or money or take any action in connection with any such dispute and LESSOR may by written notice to said LESSEES advise the LESSEES of such dispute whereupon all

negotiations, litigation, and all cost and expense thereof shall be the responsibility of said LESSEES. Should LESSOR negotiate or litigate any such dispute with such insurance carrier and not be successful in whole or in part, said LESSEES shall not be entitled to an abatement of the rent in excess of the insurance proceeds received by the LESSOR on account of the manner in which LESSOR negotiated or litigated with such insurer. LESSOR shall not be responsible for the form of the policy of the insurer or the financial responsibility of the insurer on account of having approved the company and/or such policy.

15.5. TAXES. ALL LESSEES shall at their sole expense, for the entire term of this LEASE, pay the taxes of every nature and description imposed upon the DEMISED PREMISES, or the LESSOR'S interest therein. The term "TAXES", as used herein, shall include but shall not be limited to assessments, levies, and other charges, general and special, ordinary and extraordinary of whatever name, nature and kind, including any special assessments benefiting the DEMISED PREMISES in whole or in part which are or may be during the term of this LEASE levied, assessed, imposed and charged upon the DEMISED PREMISES, or upon the buildings and improvements now or thereafter to be built or made thereon, and all of which may be levied, assessed, imposed, or charged upon the leasehold estate hereby created, and upon the reversionary estate in said premises during the term hereby granted. If at any time the present method of taxation or assessment shall be changed so that the whole or any part of the taxes, assessments, levies or charges now levied, assessed, or imposed on real estate and improvements thereon shall be transferred to the rentals received from said real estate, said LESSEES agree and covenant to pay all of such taxes and assessments, (by whatever designation the same may have) whether levied on said real estate in whole or in part, or against the LESSOR'S interest in the DEMISED PREMISES or in the rents reserved or if levied partly on said real estate and partly on the rentals. Should any event occur that is contemplated by the preceding two

sentence, said LESSEES shall be obligated to and shall pay the same to the LESSOR commencing with the date of such event. It is the intention hereof that the LESSOR shall be obligated only to pay all income taxes from the rents received under this LEASE, if any.

The parties understand and agree that ALL LESSEES shall pay the taxes and other charges as enumerated in this Paragraph 15.5 and shall deliver an official receipt evidencing such payment unto the LESSOR at the place at which rental payments are required to be made, which payment of taxes shall be made and said receipts delivered at least sixty (60) days before the said tax itself would become delinquent in accordance with the law then in force governing payment of such taxes. In case said LESSEES shall fail, refuse or neglect to make any of the payments required hereunder, then LESSOR may, at its option, and after five (5) days' written notice to such LESSEES, if such notice can be given without creating a default in the payment of the debt, pay the same and the amounts of money so paid, including reasonable attorneys' fees and expenses which might have been reasonably incurred, together with interest on all of such amounts at the highest rate of interest then allowed to be charged according to the laws of the State of Florida, shall be an obligation of said LESSEES. The failure to immediately pay such monies to the LESSOR shall be deemed a default hereunder, with the same consequences as though the said default consisted in the non-payment of an installment of rent which had been matured and become past due.

15.6. UTILITIES. ALL LESSEES shall pay and be obligated for all charges for all utilities including deposits thereon serving the DEMISED PREMISES.

15.7. MAINTENANCE OF PREMISES. ALL LESSEES have the obligation and responsibility to pay for the maintenance and repair of the DEMISED PREMISES and all improvements thereon, and all furniture, furnishings and equipment, and any and all tangible personal property therein or appurtenant thereto. The term "repair" as used herein shall include replacements or renewals when necessary of any or all items of furniture, fixtures, furnishings and equipment and all such repairs or replacements shall be at least equal

in quality and quantity to INITIAL CONDITION as defined in Paragraph 15.4(b) herein. It is the purpose and intent herein that the DEMISED PREMISES shall be in as good condition at the expiration of the term of this LEASE as INITIAL CONDITION. In the event that any governmental authority requires any further improvements or furniture, furnishings, or equipment to be placed or maintained upon the DEMISED PREMISES, the same shall be the responsibility of said LESSEES.

15.8. ALL LESSEES shall at their expense pay for all costs of operating the DEMISED PREMISES, which term shall include the payment of the salary of a manager, such assistants as the manager may need to properly operate the DEMISED PREMISES, including but not limited to, where applicable, or required, the cost of lifeguards, maintenance personnel, and security personnel, and the furnishing of janitorial supplies, pool cleaning chemicals and supplies and the like.

15.9. The proportionate share of the monies due pursuant to the provisions of this Paragraph 15 by the LESSEE ASSOCIATION shall be prorated in the manner as provided in Paragraph 5.4 herein.

15.10. All monies required to be paid by the LESSEE ASSOCIATION pursuant to the provisions of this Paragraph 15 shall be COMMON EXPENSES of the INDIVIDUAL LESSEES under the DECLARATION OF CONDOMINIUM.

16. COVENANT TO QUIET ENJOYMENT. As long as the LESSEES comply with all of the covenants and conditions herein, the LESSEES shall have the use and enjoyment of the DEMISED PREMISES subject to the provisions of this LEASE. A breach of this covenant of quiet enjoyment by LESSOR shall give rise only to a cause of action to enjoin such breach but in no event shall a breach of this covenant be a ground or grounds for termination or cancellation of this LEASE.

17. NOTICES. Except as otherwise specifically provided for in this LEASE, all notices shall be given in writing and shall be delivered to the party concerned or mailed to the party concerned by certified or registered mail, return receipt requested, postage prepaid and addressed to the respective parties as stated herein. Notices to LESSEE ASSOCIATION and/or INDIVIDUAL LESSEE(S) shall

be mailed or delivered to their addresses at the CONDOMINIUM PROPERTY. Notice to LESSOR shall be mailed or delivered to: WATERWAY CLUB, 888 North Federal Highway, Lantana, Florida or as from time to time designated by LESSOR.

18. TERMINATION OF CONDOMINIUM. No termination of the CONDOMINIUM created by THE DECLARATION shall terminate, cancel, or abate any sums due under the terms of this LEASE. The CONDOMINIUM may not be terminated, except when terminated pursuant to Paragraph 13.8 of THE DECLARATION, without the prior written consent of the LESSOR which shall not be deemed given until recordation thereof in the Public Records of Palm Beach County, Florida. In the event of the termination of said CONDOMINIUM for any reason, the lien granted to and reserved by the LESSOR herein shall continue in full force and effect on the lands and improvements of the former CONDOMINIUM upon the undivided interest of each INDIVIDUAL LESSEE therein or upon any entity holding title thereto who shall jointly and severally be personally responsible and liable for the full performance of each and every of the terms and conditions of this LEASE, including the liability for the payment of monies due hereunder. In the event of termination pursuant to Paragraph 13.8 of THE DECLARATION, the LESSOR's lien shall only be subordinate only to those of INSTITUTIONAL MORTGAGEES as to any insurance proceeds and COMMON SURPLUS.

19. AMENDMENT TO LEASE. This LEASE may be amended by agreement in writing, executed by the LESSOR and the LESSEE ASSOCIATION, for itself and for all INDIVIDUAL LESSEES who are members of the ASSOCIATION, which shall be duly recorded in the Public Records of Palm Beach County, Florida. No amendment shall change an INDIVIDUAL LESSEE's share of the monthly sum under this LEASE, nor materially impair the rights of the INDIVIDUAL LESSEE as hereinbefore defined without the INDIVIDUAL LESSEE, and all record owners of mortgages so affected joining in the execution of said amendment. No amendment shall change the provisions of this LEASE with respect to INSTITUTIONAL MORTGAGEES, nor shall any amendment affect, impair, or prejudice the validity, rights and priorities of any mortgages encumbering CONDOMINIUM PARCELS

in the said CONDOMINIUM. The foregoing is subject to the paramount provisions applicable thereto in this LEASE and THE DECLARATION as to the LESSOR's right to amend this LEASE and said DECLARATION OF CONDOMINIUM. The LESSOR shall also have the right to amend this LEASE unilaterally pursuant to Paragraph 17 of THE DECLARATION, and if said amendment entails additional expenses to a particular group of INDIVIDUAL LESSEES and/or LESSEE ASSOCIATION only those affected shall join in said amendment.

20. EXECUTIVE COMMITTEE.

20.1 Commencing January 1, 1981, or at such earlier time as hereinafter provided, the LESSOR shall form an EXECUTIVE COMMITTEE, the membership of which shall consist of one representative from each LESSEE ASSOCIATION. Such representative shall be the President or a designee by the Board of Directors of each such ASSOCIATION. The EXECUTIVE COMMITTEE shall assume the obligations, duties and responsibilities of the LESSOR and LESSEES as to the supervision, operation, management, control and maintenance of the DEMISED PREMISES, as specified in this LEASE, and upon the formation of the EXECUTIVE COMMITTEE all such duties and responsibilities of the LESSOR shall end.

20.2 The LESSOR may, at its sole discretion and option, form the EXECUTIVE COMMITTEE prior to January 1, 1981, by sending a notice thereof to each LESSEE ASSOCIATION. Thirty (30) days after such notice is sent, the EXECUTIVE COMMITTEE shall be formed and the provisions of this Paragraph 20 shall become effective.

20.3 The LESSOR may organize the EXECUTIVE COMMITTEE in the form which LESSOR, in its sole discretion deems proper, including but not limited to, an unincorporated association or a non-profit corporation.

20.4 The formation of the EXECUTIVE COMMITTEE shall be no cause for any diminution of rent. Monies due under this LEASE shall not be affected thereby.

21. ACCESS EASEMENT.

21.1 The LESSOR, LESSEE ASSOCIATION and INDIVIDUAL LESSEES whose names appear at the end of this instrument, do hereby declare that portion of the DEMISED PREMISES which forms the roadway around WATERWAY CLUB and the entrance drive thereto, more specifically

described as on EXHIBIT 1 attached to THE DECLARATION, to be subject to a non-exclusive, perpetual and permanent easement and right-of-way for ingress and egress to WATERWAY CLUB reserved to the LESSOR and in favor of all persons residing on ALL CONDOMINIUM PROPERTIES for their use and the use of their immediate families, guest and invitees; and in favor of the SPONSOR, its agents and employees, all others designated by LESSOR, and the heirs, successors and assigns of all the parties hereto. It is specifically understood and agreed by the parties hereto that SPONSOR may use such right-of-way in its further development and construction of WATERWAY CLUB and the lands contiguous thereto.

21.2 It is understood and agreed between the parties to this LEASE that the LESSOR shall have an unequivocal continuous right to alter, change and relocate said easement as often as it deems necessary, without the consent of any other parties hereto, as this easement shall not be deemed to create a burden on the easement land nor to run with any condominium in WATERWAY CLUB. The LESSOR shall also have the power to grant or dedicate such easements to the public, governmental authorities without the consent of any persons whomsoever. However, when requested, the LESSEE ASSOCIATION and/or INDIVIDUAL LESSEES shall join in the execution of the same.

21.3 It is understood and agreed between the parties to this LEASE that ALL LESSEES have the obligation and responsibility at their own cost and expense to repair and maintain, in a proper, substantial and workmanlike manner, the said road and entrance way, until such time, if ever, the LESSOR grants or dedicates such to the public, governmental authorities pursuant to the terms of this Paragraph 21. Such costs and expenses shall be distributed between the LESSEE ASSOCIATION and INDIVIDUAL LESSEES as hereinbefore provided in the LEASE. However, in the event said LESSEES fail to adequately repair and maintain said road and entrance way, the LESSOR may, at its sole discretion, repair such and all costs and expenses by LESSOR, expended for the repairs shall be the obligation of ALL LESSEES as rent due under this LEASE.

22. MISCELLANEOUS PROVISIONS.

22.1 No waiver of a breach of any of the covenants contained in this LEASE will be construed to be a waiver of any succeeding breach of the same covenant. The LESSOR specifically reserves the right to waive any portion of the rent due hereunder, including the right to waive rent attributable to INDIVIDUAL LESSEES or any CONDOMINIUM PARCEL. Such waiver will not affect the obligation for any payment by all other LESSEES for which rent has not been waived.

22.2 Time is of the essence in every particular except where otherwise specified herein.

22.3 The terms, conditions, provisions, covenants and agreements set forth in this LEASE shall be binding upon the LESSOR and LESSEE ASSOCIATION and INDIVIDUAL LESSEES, their respective heirs, legal representatives, successors and assigns, and shall be deemed to be covenants running with the DEMISED PREMISES as well as the premises described in THE DECLARATION, including each and every CONDOMINIUM UNIT owned by an INDIVIDUAL LESSEE, except where otherwise specified.

22.4 If any term or provision of this LEASE, or the application thereof shall to any extent be invalid or unenforceable, the remainder of this LEASE or the application of such term or provision to persons or circumstances other than those to which it is held invalid or unenforceable shall not be affected and each term and provision of this LEASE shall be valid and enforced to the fullest extent permitted by law.

22.5 This LEASE is to be construed in accordance with the laws of the State of Florida.

22.6 Reference to any paragraph hereof shall include all subparagraphs thereof unless the context requires otherwise.

22.7 The LESSEES shall not do or suffer any waste or damage to the DEMISED PREMISES.

22.8 The LESSEE ASSOCIATION shall not amend its ARTICLES OF INCORPORATION, its BY-LAWS, or THE DECLARATION OF CONDOMINIUM during the term of this LEASE in such a manner as to affect or impair the rights of the LESSOR, unless the LESSOR shall first approve such amendments in writing, which approval must be contained in any such amendment.

22.9 Whenever the context hereof so permits, the use of plural will include the singular, the singular the plural, and the use of any gender will be deemed to include all genders.

22.10 In the event the LESSEE ASSOCIATION is dissolved, or if its existence is otherwise terminated, or if for any reason it ceases to be responsible for the operation of any of the CONDOMINIUM PROPERTY, none of the rent or other monies due hereunder will abate or be diminished. In any or all of such events, the INDIVIDUAL LESSEE(S) will continue to have the possession, use and occupancy of the DEMISED PREMISES and they will be severally bound by all of the provisions of this LEASE.

22.11 No act or action of the LESSOR permitted in this LEASE and no use by the LESSOR, or any person, firm or corporation designated by the LESSOR of the DEMISED PREMISES shall entitle the LESSEE ASSOCIATION or any INDIVIDUAL LESSEE to an abatement of the rent reserved in this LEASE, nor shall any of the same constitute an ouster or a constructive eviction of the LESSEE ASSOCIATION or any INDIVIDUAL LESSEE, nor shall the same give the LESSEE ASSOCIATION or any INDIVIDUAL LESSEE the right to avoid any term, provision, covenant or obligation of this LEASE.

22.12 Each and every term, covenant and provision contained in the DECLARATION OF CONDOMINIUM to which this LEASE is an exhibit is hereby incorporated herein by reference. If any provision of this LEASE is in conflict with any provision of said DECLARATION OF CONDOMINIUM, the provisions of this LEASE shall prevail.

22.13 The captions and titles contained in this LEASE are for convenience and reference only and in no way define, limit, or describe the scope or intent of this LEASE, or any part thereof, nor shall the same in any way affect this LEASE.

22.14 None of the LESSEE's covenants shall be in any way reduced or abated, suspended or limited by reason of the fact that there are or may be other LESSEES of the DEMISED PREMISES. No failure on the part of any other LESSEE to perform similar covenants contained in its LEASE with the LESSOR, or failure on the part of the LESSOR to enforce the same shall operate as a waiver, extension or indulgence to this LESSEE.

22.15 Any and all sums in addition to the BASIC MONTHLY RENTAL hereunder due to the LESSOR hereunder, including, but not limited to, any increased rents, attorneys' fees, advancements or otherwise, shall be deemed ADDITIONAL RENT hereunder and shall be payable to the LESSOR on demand, or, at the option of the LESSOR, may be added to any rent then due or thereafter becoming due under this LEASE. To facilitate the collection thereof the LESSOR shall have, in addition to any and all other rights and remedies available to the LESSOR, the same rights and remedies as available to the LESSOR on account of the failure of the LESSEE to pay rent.

22.16 No act or action of the LESSOR shall be deemed an implied cancellation or termination of this LEASE or of the term hereof, and all remedies upon LESSEE's default may be taken, elected or sought by LESSOR without cancellation or termination of this LEASE. Only an expressed Declaration of Cancellation or Termination by LESSOR, or the successful prosecution of a suit in which the LESSOR's prayer for relief is for cancellation and termination shall be effective to cancel or terminate this LEASE.

22.17 Liability for the payment of rent and other obligations arising under this LEASE cannot be avoided by the waiver of the use and enjoyment or the abandonment of the DEMISED PREMISES or any part thereof by INDIVIDUAL LESSEES and/or LESSEE ASSOCIATION.

22.18 This instrument constitutes the entire LEASE agreement between the parties hereto as of the date of execution. No party hereto has been induced by any other by representations, promises or understandings not expressed herein, and there are no stipulations, promises or understandings whatsoever in any way touching the subject matter of this instrument which are not expressly contained herein or in THE DECLARATION.

22.19. The LESSOR covenants that it will, so long as the LESSEES shall continue to pay the rent reserved by this LEASE and observe the terms of this LEASE, keep all mortgages executed by it and encumbering the DEMISED PREMISES in good standing and pay promptly all sums required to be paid on any such mortgage.

22.20 Notwithstanding the fact that the LESSOR may have some right, title or interest in the stock of the SPONSOR, the LESSEES acknowledge and agree that the LESSOR and SPONSOR shall never for any purposes be construed or considered as being one and the same and neither of them as the agent for the other but if even if they are the same entity they shall be viewed in their separate capacities. No act of commission or omission by the SPONSOR shall ever be construed or considered: (a) as a breach by the LESSOR of any of its promises and covenants in this LEASE made; or (b) as an actual, implied or constructive eviction of the LESSEES from the DEMISED PREMISES by the LESSOR; or (c) as an excuse, justification, waiver or indulgence by the LESSOR to the LESSEES with regard to the LESSEES' prompt, full, complete and continuous performance of their covenants and promises herein.

22.21 THE INDIVIDUAL LESSEE EXECUTING THIS LEASE AGREES TO BE BOUND BY THIS LEASE AND BY HIS EXECUTION HEREOF HE HEREBY:

A. Covenants and agrees to perform each and every of the promises, duties, and undertakings to be performed by the INDIVIDUAL LESSEES or UNIT OWNERS or where applicable, LESSEES, herein.

B. Covenants and agrees to do all things possible to assure that the LESSEES herein or the LESSEE ASSOCIATION perform the promises, duties, and undertakings to be performed by them hereunder.

C. Ratifies and confirms each and every provision of this LEASE, and all the terms and provisions hereof as being reasonable and in the best interest of and for the benefit of the LESSEE, CONDOMINIUM ASSOCIATION and all its members and as INDIVIDUAL LESSEE.

D. Ratifies and affirms the acts of the LESSEE ASSOCIATION in executing this LEASE and agrees that the Directors of the LESSEE ASSOCIATION in entering the LEASE and MANAGEMENT AGREEMENT have not breached any duties and obligations to the ASSOCIATION and/or its members and agrees that the fact that some of the Directors of the LESSEE ASSOCIATION executing this LEASE are or may be Officers, Directors, Employees or Stockholders of LESSOR shall not or cannot be construed as a breach of their duties or obligations to the ASSOCIATION or its members or as grounds to invalidate this LEASE in whole

or part.

22.22 THE INDIVIDUAL LESSEE EXECUTING THIS LEASE
ACKNOWLEDGES THAT HE HAS HAD ADEQUATE OPPORTUNITY TO READ THIS
LEASE AND THE DECLARATION OF CONDOMINIUM AND THE EXHIBITS
THERETO AND AGREES TO BE BOUND BY ALL OF THEM. INDIVIDUAL LESSEE
ACKNOWLEDGES THAT HE UNDERSTANDS THE NATURE OF THIS LEASE AND THAT
HIS OBLIGATIONS, INCLUDING THE PAYMENT OF RENT DUE UNDER THIS LEASE,
ARE SECURED BY A FIRST LIEN AGAINST HIS CONDOMINIUM UNIT AND PROPERTY
DESCRIBED AS FOLLOWS:

CONDOMINIUM PARCEL NO. _____ IN
CONDOMINIUM, ACCORDING TO THE DECLARATION OF CONDO-
MINIUM THEREOF, RECORDED IN OFFICIAL RECORD BOOK
AT PAGE _____ OF THE PUBLIC RECORDS OF PALM
BEACH COUNTY, FLORIDA; together with a lien on all
tangible personal property, including furniture,
furnishings, fixtures, appliances, equipment and
goods now or hereafter located therein and all
additions and accessions thereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set
their hands and seals on this 18th day of July, 1977.

Signed, Sealed and Delivered
in the Presence of:

[Signature]
Jeffrey P. Kuee
Jeffrey P. Kuee
Dennis J. Thomas

Maureen Hayfield
Susan Koutis

Jeffrey P. Kuee
Dennis J. Thomas

SEYMOUR A. FINE, MARVIN B. TURK AND
GRANREAL OF FLORIDA, INC., A JOINT
VENTURE, D/B/A WATERWAY CLUB

[Signature] (SEAL)
SEYMOUR A. FINE

[Signature] (SEAL)
MARVIN B. TURK

GRANREAL OF FLORIDA, INC.
By [Signature] (SEAL)
Its V.P.
(LESSOR)

WATERWAY CLUB NO. 8 ASSOCIATION, INC.

By [Signature] (SEAL)
President

By [Signature] (SEAL)
Secretary
(LESSEE ASSOCIATION)

(SEAL)
(SEAL)

(INDIVIDUAL LESSEE(S))

STATE OF FLORIDA)
COUNTY OF PALM BEACH)

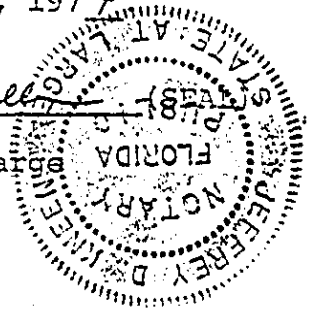
BEFORE ME, the undersigned authority, personally appeared SEYMOUR A. FINE, to me well known to be the individual described in and who executed the foregoing instrument and that said instrument is his free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid, this 5th day of August, 1974.

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

Jeffrey D. Kuehn
NOTARY PUBLIC
State of Florida at Large



STATE OF FLORIDA)
COUNTY OF PALM BEACH)

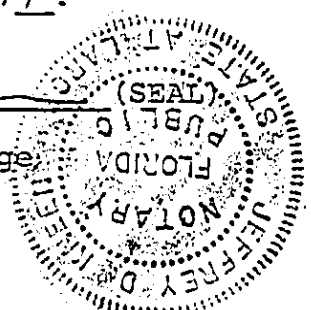
BEFORE ME, the undersigned authority, personally appeared MARVIN B. TURK, to me well known to be the individual described in and who executed the foregoing instrument and that said instrument is his free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid, this 5th day of August, 1974.

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

Jeffrey D. Kuehn
NOTARY PUBLIC
State of Florida at Large



STATE OF NEW YORK)
COUNTY OF NASSAU)

BEFORE ME, the undersigned authority, personally appeared CLIFFORD A. BREINING to me known to be the individual described in and who executed the foregoing instrument as VICE PRESIDENT of GRANREAL OF FLORIDA, INC., a Florida corporation, and he acknowledged before me that he executed such instrument as such officer of said corporation, and that the seal affixed by the LESSOR CORPORATION is the corporate seal of said corporation and was affixed thereto by due and regular corporate authority, and that said instrument is the free act and deed of said corporation, for the purpose therein expressed.

WITNESS my hand and official seal, at the State and County aforesaid, this 18th day of July, 1974.

My Commission Expires:

Carol Ann Johansen (SEAL)
NOTARY PUBLIC
State of ~~Florida~~ at Large NEW YORK

CAROL ANN JOHANSEN
NOTARY PUBLIC, State of New York
No. 52-1972740
Qualified in Suffolk County
Cert. Filed in Nassau County
Commission Expires March 30, 1975

STATE OF FLORIDA)
COUNTY OF PALM BEACH)

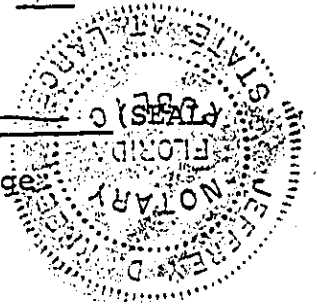
BEFORE ME, the undersigned authority, personally appeared Marvin B. Turk and Seymour A. Fine to me well known to be the persons described in and who executed the foregoing instrument as President and Secretary respectively of WATERWAY CLUB NO. 8 ASSOCIATION, INC., a Florida corporation not for profit, and they severally acknowledged before me that they executed such instrument as such officers of said corporation, and that said instrument is the free act and deed of said Association.

Witness my hand and official seal, at the State and County
aforesaid, this 5th day of August, 1974.

My Commission Expires:

Notary Public, State of Florida at Large
My Commission Expires Aug. 13, 1977
Bonded by American Fire & Casualty Co.

NOTARY PUBLIC
State of Florida at Large



STATE OF FLORIDA

COUNTY OF

BEFORE ME, the undersigned authority, personally appeared

to me well known to be the individual(s) described in and who executed the foregoing instrument, as the Individual Lessee therein, and he acknowledged before me that he executed the same freely and voluntarily for the purposes therein expressed.

WITNESS my hand and official seal, at the State and County
aforesaid, this _____ day of _____, 197__.

My Commission Expires:

(SEAL)

NOTARY PUBLIC
State of Florida at Large

NOTARY PUBLIC
State of Florida at Large

EXHIBIT A
DEMISES PREMISES FOR
WATERWAY CLUB
LANTANA, FLORIDA

PARCEL I:

Being a part of the North 396.20 feet of Government Lot 3, Section 34, Township 44 South, Range 43 East, Palm Beach County, Florida, lying east of Federal Highway, more particularly described as follows: Commencing at the intersection of the South line of the North 396.20 feet of said Government Lot 3 with the easterly right of way line of Federal Highway; thence on an assumed bearing of due East, along the South line of the North 396.20 feet of said Government Lot 3, (all other bearings relative thereto) a distance of 540.00 feet; to the POINT OF BEGINNING; thence North $50^{\circ}00'00''$ East, a distance of 65.34 feet; thence due West, a distance of 43.06 feet; thence North $51^{\circ}13'34''$ East, a distance of 19.24 feet; thence due North, a distance 126.41 feet; thence North $77^{\circ}00'00''$ East, a distance of 226.65 feet; thence North $51^{\circ}13'34''$ East, a distance of 115.65 feet; thence Northeasterly, along the arc of a curve concave to the northwest having a central angle of $51^{\circ}13'34''$, a radius of 41.72 feet, an arc distance of 56.33 feet; thence due North, a distance of 30.33 feet; thence due East, a distance of 50.00 feet; thence due South, a distance of 32.81 feet; thence South $50^{\circ}00'00''$ West, a distance of 123.57 feet; thence North $77^{\circ}00'00''$ East, a distance of 80.85 feet; thence South $28^{\circ}05'56''$ West, a distance of 30.00 feet, thence due East, a distance of 293.55 feet; thence North $45^{\circ}00'00''$ East, a distance of 44.42 feet; thence South $10^{\circ}17'00''$ East, a distance of 77.82 feet; thence South $23^{\circ}43'29''$ East, a distance of 44.53 feet; thence North $56^{\circ}00'00''$ West, a distance of 55.31 feet; thence due West, a distance of 199.96 feet; thence South $64^{\circ}11'04''$ West, a distance of 49.92 feet; thence North $65^{\circ}19'49''$ West, a distance of 94.52 feet; thence North $82^{\circ}00'00''$ West, a distance of 85.67 feet; thence South $50^{\circ}00'00''$ West, a distance of 30.92 feet; thence due South, a distance of 126.43 feet; thence due West, a distance of 2.69 feet; thence due South a distance of 62.00 feet; thence due West, a distance of 221.86 feet to the POINT OF BEGINNING, containing 1.6673 acres more or less.

PARCEL II:

Being a part of the North 396.2 feet of Government Lot 3, Section 34, Township 44 South, Range 43 East, Palm Beach County, Florida, more particularly described as follows: Commencing at the intersection of the South line of the North 396.2 feet of said Government Lot 3, with the easterly right of way line of Federal Highway; thence on an assumed bearing of due East, along the South line of said North 396.2 feet, (all other bearings relative thereto) a distance of 4.0 feet; thence due North, a distance of 20.0 feet to the POINT OF BEGINNING; thence continuing due North, a distance of 133.00 feet; thence along the arc of a curve concave to the Southwest, having a central angle of $90^{\circ}00'00''$, a radius of 20.00 feet, a distance of 31.42 feet; thence due West, a distance of 16.68 feet to the easterly right of way line of Federal Highway; thence Northerly

along said right of way line on the arc of a curve concave to the East, having a central angle of $01^{\circ}01'15''$, a radius of 2839.00 feet, a distance of 50.58 feet; thence running due East, a distance of 24.38 feet; thence along the arc of a curve concave to the Northwest, having a central angle of $90^{\circ}00'00''$, a radius of 20.00 feet, a distance of 31.42 feet; thence due North, a distance of 133.30 feet; thence due East, a distance of 1144.00 feet; thence due South, a distance of 22.00 feet; thence due West, a distance of 1102.00 feet thence along the arc of a curve concave to the Southeast, having a central angle of $90^{\circ}00'00''$, a radius of 20.00 feet, a distance of 31.42 feet; thence due South, a distance of 277.20 feet; thence along the arc of a curve concave to the Northeast having a central angle of $90^{\circ}00'00''$, a radius of 20.00 feet, a distance of 31.42 feet; thence due East, a distance of 1147.00 feet; thence due South, a distance of 22.00 feet; thence due West, a distance of 1189.00 feet to the POINT OF BEGINNING, containing 1.3918 acres of land more or less.

CONTINUED

EXHIBIT A
DEMISED PREMISES FOR
WATERWAY CLUB
LANTANA, FLORIDA

PARCEL III:

Being a part of the North 396.20 feet of Government Lot 3, Section 34, Township 44 South, Range 43 East, Palm Beach County, Florida, lying East of Federal Highway, more particularly described as follows: Commencing at the intersection of the South line of the North 396.20 feet of said Government Lot 3 with the Easterly right-of-way line of Federal Highway; thence on an assumed bearing of due East, along the South line of the North 396.20 feet of said Government Lot 3, (all other bearings relative thereto) a distance of 460.00 feet; thence due North, a distance of 42.00 feet; thence due East, a distance of 86.99 feet; thence North 51°-13'-34" East, a distance of 19.24 feet; thence due North, a distance of 71.25 feet to the POINT OF BEGINNING; thence continue due North, a distance of 55.16 feet; thence North 77°-00'-00" East, a distance of 169.02 feet; thence due West, a distance of 151.77 feet; thence due North, a distance of 27.25 feet; thence due West, a distance of 91.00 feet; thence due South, a distance of 27.25 feet; thence due West, a distance of 157.00 feet; thence North 45°-00'-00" West, a distance of 52.68 feet; thence due West, a distance of 26.50 feet; thence South 45°-00'-00" West, a distance of 52.68 feet; thence due West, a distance of 119.92 feet; thence due South, a distance of 43.83 feet; thence due East, a distance of 93.41 feet; thence South 68°-00'-00" East, a distance of 70.09 feet; thence North 60°-00'-00" East, a distance of 48.51 feet; thence due East, a distance of 144.03 feet; thence South 67°-01'-18" East, a distance of 121.16 feet; to the POINT OF BEGINNING, containing 0.7475 acres of land, more or less.

Prepared by

Jeffrey D. Knapp

Levy, Plisco, Perry, Reiter & Shapiro
P. O. Box 1151
Palm Beach, Fla. 33480

ARTICLES OF INCORPORATION

OF

WATERWAY CLUB NO. 8 ASSOCIATION, INC.

(A CORPORATION NOT FOR PROFIT)

In order to form a corporation under and in accordance with the provisions of the Laws of the State of Florida for the formation of corporations not for profit, We, the undersigned, hereby associate ourselves into a corporation for the purpose and with the powers hereinafter mentioned; and to that end we do, by these ARTICLES OF INCORPORATION, set forth:

I.

The name of this corporation shall be as indicated in the title of this instrument. This corporation may hereinafter be referred to as the "ASSOCIATION".

II.

The purpose for which the ASSOCIATION is organized is to provide an entity pursuant to Chapter 711, Fla. Stat., hereinafter referred to as the "CONDOMINIUM ACT", to operate that certain CONDOMINIUM, bearing the same name as the ASSOCIATION, (hereinafter referred to as the "CONDOMINIUM"), at WATERWAY CLUB, Lantana, Florida in accordance with The DECLARATION OF CONDOMINIUM, this CHARTER, and the BY-LAWS OF THE ASSOCIATION.

III.

All definitions in The DECLARATION OF CONDOMINIUM and EXHIBITS attached thereto shall prevail in this instrument when applicable.

IV.

The ASSOCIATION shall have the following powers:

1. The ASSOCIATION shall have all of the powers and privileges granted to corporations not for profit except where the same are in conflict with the DECLARATION OF CONDOMINIUM and EXHIBITS attached thereto, this CHARTER or the BY-LAWS of this ASSOCIATION.

2. The ASSOCIATION shall have all of the powers reasonably necessary to implement and effectuate the purposes of the ASSOCIATION, except as limited herein, as specified in The DECLARATION OF

CONDOMINIUM, this CHARTER, the BY-LAWS of the ASSOCIATION, and F.S. 711.12 including but not limited to:

(a) To make and establish Rules and Regulations governing the use of the CONDOMINIUM PROPERTY.

(b) To levy and collect assessments against members of the ASSOCIATION to defray the COMMON EXPENSES of the CONDOMINIUM as provided for in the DECLARATION OF CONDOMINIUM and the EXHIBITS attached thereto, including, but not limited to, the provision of insurance for the CONDOMINIUM PROPERTY and the ASSOCIATION, the acquiring, operating, leasing, managing and otherwise trading and dealing with property, whether real or personal (including UNITS in said CONDOMINIUM) which may be necessary or convenient for the operation and management of the CONDOMINIUM and in accomplishing the purposes set forth in said DECLARATION OF CONDOMINIUM

(c) To maintain, improve, repair, reconstruct, replace, operate and manage the CONDOMINIUM PROPERTY.

(d) To contract for the management of the CONDOMINIUM and to delegate all or any part of the powers and duties of the ASSOCIATION provided in this CHARTER and THE DECLARATION OF CONDOMINIUM and EXHIBITS attached thereto, to such manager.

(e) To enforce the provisions of said DECLARATION OF CONDOMINIUM, these ARTICLES OF INCORPORATION, the BY-LAWS of the ASSOCIATION and the RULES AND REGULATIONS governing the use of said CONDOMINIUM.

(f) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the ASSOCIATION pursuant to the DECLARATION OF CONDOMINIUM.

(g) As provided in the DECLARATION OF CONDOMINIUM, to acquire and enter into agreements whereby the ASSOCIATION acquires leasehold, including a LONG-TERM LEASE on certain DEMISED PREMISES provided for the recreational benefit of LESSEES residing in WATERWAY CLUB, Lantana, Florida, memberships and other possessory or use interests in lands or facilities, whether or not contiguous to the lands of the CONDOMINIUM, intended to provide for the enjoyment, recreation or other use or benefit of the members, provided that

the same are located within that development known as WATERWAY CLUB, Lantana, Florida.

(h) To approve or disapprove of the transfer, mortgage, ownership, leasing and occupants of CONDOMINIUM PARCELS.

V.

The qualification of members, the manner of their admission, termination of such membership, and voting by members shall be as follows:

1. The owners of all UNITS in the CONDOMINIUM and the Subscribers to this Certificate of Incorporation shall be members of the ASSOCIATION, and no other persons or entities shall be entitled to membership, except as provided in Item 4 of this ARTICLE V.

2. Subject to the provisions of the DECLARATION OF CONDOMINIUM and the BY-LAWS of this ASSOCIATION, membership shall be established by the acquisition of fee title to a UNIT in the CONDOMINIUM. The membership of any party shall be automatically terminated upon his being divested of title to all UNITS owned by such member in the CONDOMINIUM. Membership is non-transferable except as an appurtenance to a UNIT.

3. On all matters on which the membership shall be entitled to vote, each member shall have one vote for each UNIT owned by such member. Such vote may be exercised or cast by the owner or owners of each UNIT in such manner as may be provided for in THE DECLARATION or in the BY-LAWS hereinafter adopted by the ASSOCIATION.

4. Until such time as the CONDOMINIUM PROPERTY, which this ASSOCIATION is intended to operate, is submitted to CONDOMINIUM ownership by the recordation of a DECLARATION OF CONDOMINIUM, the Membership of the ASSOCIATION shall be comprised of the Subscribers to these ARTICLES, each of whom shall be entitled to cast one vote on all matters on which the Membership shall be entitled to vote.

VI.

The ASSOCIATION shall have perpetual existence.

VII.

The principal office of the ASSOCIATION shall be located on

the CONDOMINIUM PROPERTY, Lantana, Florida.

VIII.

The affairs of the ASSOCIATION will be managed by a Board of Directors consisting of three directors who need not be members of the ASSOCIATION.

Directors of the ASSOCIATION shall be elected in the manner provided by the BY-LAWS. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the BY-LAWS.

The first election of directors shall not be held until after the SPONSOR has closed the sales of all of the CONDOMINIUM UNITS at WATERWAY CLUB, Lantana, Florida, or until the SPONSOR elects to terminate its control of the CONDOMINIUM, or until after December 31, 1978, whichever occurs first. The Directors named in these ARTICLES shall serve until the first election of Directors, and any vacancies in their number occurring before the first election shall be filled by the remaining Directors or by the SPONSOR as provided for in the DECLARATION OF CONDOMINIUM or the BY-LAWS of the ASSOCIATION.

The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

SEYMOUR A. FINE, 3902 Burns Road, Palm Beach Gardens, Florida,
MARVIN B. TURK, 3902 Burns Road, Palm Beach Gardens, Florida,
ROBERT LEE SHAPIRO, 120 North County Road, Palm Beach,
Florida.

IX.

The officers of the ASSOCIATION shall be elected by the Board of Directors at its first meeting following the annual meeting of the members of the ASSOCIATION and shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall serve until their successors are designated by the Board of Directors are as follows:

President	MARVIN B. TURK, 3902 Burns Road, Palm Beach Gardens, Florida
Vice President	ROBERT LEE SHAPIRO, 120 North County Road, Palm Beach, Florida

Treasurer

SEYMOUR A. FINE, 3902 Burns Road, Palm
Beach Gardens, Florida

Secretary

SEYMOUR A. FINE, 3902 Burns Road, Palm
Beach Gardens, Florida.

X.

The Subscribers to these ARTICLES OF INCORPORATION are the persons herein named to act and serve as members of the first Board of Directors of the ASSOCIATION, the names of which Subscribers and their respective addresses are more particularly set forth in ARTICLE VIII above.

XI.

The original BY-LAWS of the ASSOCIATION shall be adopted by a majority vote of the Directors of the ASSOCIATION and thereafter such BY-LAWS may be altered or rescinded only in such manner as said BY-LAWS may provide.

XII.

The ASSOCIATION shall indemnify its officers and directors as provided in the BY-LAWS.

XIII.

Amendments to these ARTICLES OF INCORPORATION shall be proposed and adopted in the following manner:

1. Amendments to these ARTICLES may be proposed by the BOARD acting upon vote of the majority of the votes in the ASSOCIATION, whether meeting as members or by an instrument in writing signed by them.

2. Upon any amendment or amendments to these ARTICLES being proposed by said BOARD or members, such proposed amendment or amendments shall be transmitted to the President of the ASSOCIATION, or other officer of the ASSOCIATION in absence of the President, who shall thereupon call a Special Joint Meeting of the members of the BOARD and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt of such officer of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form.

and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

3. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of sixty-six percent (66%) of the entire membership of the BOARD and by an affirmative vote of the members having seventy-five percent (75%) of the votes in the ASSOCIATION. Such amendment or amendments shall be filed within ten (10) days from said approval with the Department of State for approval, along with the appropriate filing fee.

Notwithstanding the foregoing provisions of this ARTICLE XIII, no amendment to this CHARTER may be adopted or become effective without the prior written consent of SPONSOR. No amendment shall be made hereto that is in conflict with the CONDOMINIUM ACT, the DECLARATION OF CONDOMINIUM, or LONG-TERM LEASE.

The share of a member in the funds and assets of the ASSOCIATION cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his UNIT. The funds and assets of the ASSOCIATION shall belong solely to the ASSOCIATION subject to the limitation that the same be expended, held, or used for the benefit of the membership and for the purposes authorized herein, in the DECLARATION OF CONDOMINIUM and in the BY-LAWS of the ASSOCIATION.

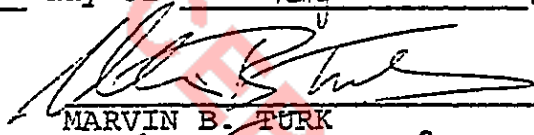
XIV.

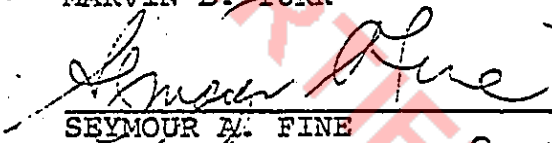
The ASSOCIATION may enter into contracts or transact business with any firm, corporation, or other concern in which any or all officers, directors or members of the ASSOCIATION may have an interest of any nature whatsoever. No contract, including those entered or to be entered into with SPONSOR, LESSOR or MANAGEMENT FIRM shall be invalidated in whole or part by the ASSOCIATION on the grounds that the officers, directors and/or members had an interest, whether adverse or not, in the party contracted with, regardless of the fact that the vote of the directors, officers or members with an interest was necessary to obligate the ASSOCIATION.

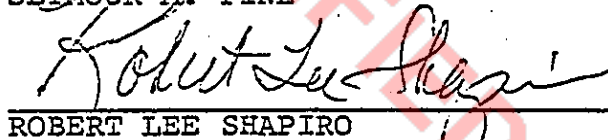
At any meeting of the Directors of the ASSOCIATION which

shall authorize or ratify any such contract or transaction, any interested director or directors may vote or act thereat, with like force and effect, as if he had not such interest (provided that in such case the nature of such interest [though not necessarily the extent or details thereof] shall be disclosed, or shall have been known to the directors or a majority thereof). A general notice that a director or officer is interested in any corporation or other concern of any kind above referred to shall be a sufficient disclosure thereof. No director shall be disqualified from holding office as director or officer of the ASSOCIATION by reason of any such adverse interests. No director, officer, or member having such adverse interest shall be liable to the ASSOCIATION or to any member or creditor thereof, or to any other person for any loss incurred by it under or by reason of such contract or transaction, nor shall any such director, officer or member be accountable for any gains or profits realized thereon.

IN WITNESS WHEREOF, the subscribers have affixed their signatures this 15th day of July, 1974.

 (SEAL)
MARVIN B. TURK

 (SEAL)
SEYMOUR A. FINE

 (SEAL)
ROBERT LEE SHAPIRO

STATE OF FLORIDA

COUNTY OF PALM BEACH

Before me, the undersigned authority, personally appeared MARVIN B. TURK, SEYMOUR A. FINE and ROBERT LEE SHAPIRO, who, after being duly sworn, acknowledged that they executed the foregoing ARTICLES OF INCORPORATION for the purposes expressed in such ARTICLES this 15th day of July, 1974.


Notary Public, State of Florida
at Large

(NOTARIAL SEAL)

My Commission Expires:

BY-LAWS
OF
WATERWAY CLUB NO. 8 ASSOCIATION, INC.

A Corporation Not for Profit Under
the Laws of the State of Florida

ARTICLE 1. GENERAL PROVISIONS.

1.1 IDENTITY -- PURPOSE. These are the BY-LAWS of that certain CONDOMINIUM ASSOCIATION, a Florida corporation not for profit (ASSOCIATION) whose name appears in the title of this Document. This ASSOCIATION has been organized for the purpose of administering the affairs of the CONDOMINIUM established pursuant to the DECLARATION thereof to which these BY-LAWS are attached as EXHIBIT 4.

1.2 BY-LAWS SUBJECT TO OTHER DOCUMENTS. The provisions of these BY-LAWS are applicable to said CONDOMINIUM, and are expressly subject to: the terms, provisions and conditions contained in the ARTICLES OF INCORPORATION of said ASSOCIATION, (referred to herein as the CHARTER), the DECLARATION OF CONDOMINIUM, (referred to herein as DECLARATION), the LONG-TERM LEASE and MANAGEMENT AGREEMENT which will be recorded in the Public Records of Palm Beach County, Florida, at the time said property is submitted to CONDOMINIUM ownership.

1.3 APPLICABILITY. All owners, tenants and occupants, their agents, servants, invitees, licensees and employees that use the CONDOMINIUM PROPERTY, or any part thereof, are subject to the documents referred to in Paragraph 1.2 hereof.

1.4 OFFICE. The office of the ASSOCIATION shall be at the CONDOMINIUM PROPERTY or such other place designated by the Board of Directors of the ASSOCIATION.

1.5 SEAL. The seal of the ASSOCIATION shall bear the name of the ASSOCIATION, the word "FLORIDA", the words "CORPORATION NOT FOR PROFIT", and the year of incorporation.

Prepared By JEFFREY D. KNEEN
Levy, Plisco, Perry, Reiter & Shapiro
P. O. Box 1151
Palm Beach, Fla. 33480

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EXHIBIT 4

1.6 DEFINITIONS. All definitions set forth in the DECLARATION and EXHIBITS attached thereto are hereby adopted by reference as though set forth herein verbatim.

ARTICLE 2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

2.1 QUALIFICATION OF MEMBERS, ETC. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in the DECLARATION, CHARTER, and in these BY-LAWS.

2.2 QUORUM. Persons having fifty (50%) per cent plus one of the total votes of the ASSOCIATION shall constitute a quorum. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

2.3 CORPORATE OR MULTIPLE OWNERSHIP OF A UNIT. The vote of the owners of a UNIT owned by more than one person or by a corporation or other entity shall be cast by the person named in a Certificate designating the "Voting Member". Such certificate will be signed by all of the owners of such UNIT, or the proper corporate officer, filed with the Secretary of the ASSOCIATION, and shall be valid until revoked by subsequent Certificate. If such a Certificate is not so filed the vote of such owners shall not be considered in determining a quorum or for any other purpose.

2.4 VOTING; PROXY. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting. Where a UNIT is owned by more than one person or a corporation or other entity the proxy must be signed by the "voting" member.

2.5 VOTING. In any meeting, each UNIT OWNER, subject to the provisions of Paragraph 2.3 hereof, shall be entitled to cast one vote.

2.6 MAJORITY. Except where otherwise required by the provisions of the CHARTER, these BY-LAWS, THE DECLARATION, or where the same may otherwise be required by law, the affirmative vote of the

owners having a majority of the votes represented at any duly called meeting at which a quorum is present shall be binding upon the members.

ARTICLE 3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP; PROVISIO.

3.1 ANNUAL MEETING. Subject to the provisions of Paragraph 3.9 hereof, the annual members' meeting shall be held at the office of the ASSOCIATION, Lantana, Florida, at the time designated on the notice thereof each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

3.2 SPECIAL MEETING. Subject to the provisions of Paragraph 3.9 hereof, special meetings shall be held when called by the President or Vice President or by a majority of the Board of Directors. Special meetings must be called by such officers upon receipt of a written request from members of the ASSOCIATION having a majority of the votes in the ASSOCIATION.

3.3 NOTICE OF MEETING; WAIVER. Notice of all members' meetings, regular or special, shall be given by the President, Vice President or Secretary of the ASSOCIATION, to each member unless such notice is waived in writing. Such notice will be written and will state the time, place and object for which the meeting is called. Such notice shall be given or mailed to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting. If hand delivered, receipt of such notice shall be signed by the member. If mailed, such notice shall be deemed to be properly given when deposited in the United States mails, first class, postage prepaid, addressed to the member at his post office address as it appears on the records of the ASSOCIATION. Proof of such mailing shall be given by the Affidavit of the person giving the notice.

3.4 NOTICE TO OTHERS. The LESSOR, SPONSOR and MANAGEMENT FIRM shall be entitled to notice of all ASSOCIATION meetings, entitled to attend the ASSOCIATION meetings, and they may designate such persons as they desire to attend such meetings on their behalf.

3.5 ADJOURNED MEETINGS. If any members' meeting cannot be convened because a quorum has not attended, the members who are

present, either in person or by proxy, may adjourn the meeting from time to time, to a time certain until a quorum is present.

3.6 CONSENT. Whenever the vote of members at a meeting is required or permitted by these BY-LAWS, such meeting and vote may be dispensed with if 75% of the members who would have been entitled to vote upon the action if such meeting were held, shall consent in writing to such action being taken.

3.7 CHAIRMAN. At meetings of membership, the Chairman of the Board, or in his absence, the President, shall preside, or in the absence of both, the Board of Directors shall select a chairman.

3.8 ORDER OF BUSINESS. The order of business at Annual Members' Meetings, and, as far as practical, at any other members' meeting, shall be:

- a. Calling of the roll and certifying of proxies;
- b. Proof of notice of meeting or waiver of notice;
- c. Reading of minutes;
- d. Reports of Officers;
- e. Reports of Committees;
- f. Appointment by Chairman of Inspectors of Election;
- g. Election of Directors; SUBJECT, HOWEVER, to all provisions of these BY-LAWS, the CHARTER and THE DECLARATION;
- h. Unfinished business;
- i. New business;
- j. Adjournment.

3.9 PROVISIO. PROVIDED, HOWEVER, that until the SPONSOR of the CONDOMINIUM has completed all of the contemplated improvements and closed the sales of all CONDOMINIUM UNITS located in WATERWAY CLUB, Lantana, Florida, or until December 31, 1978, or until the SPONSOR elects to terminate its control of the CONDOMINIUM, whichever shall first occur, there shall be no meetings of the members unless called by the Board of Directors and if any meetings are held, the proceedings of all meetings of members of the ASSOCIATION shall have no effect unless approved by the Board of Directors and the SPONSOR.

ARTICLE 4. BOARD OF DIRECTORS.

4.1 MANAGEMENT OF ASSOCIATION. The affairs of the ASSOCIATION shall be managed by a BOARD OF DIRECTORS (hereinafter referred to as BOARD) consisting of three persons.

4.2 FIRST BOARD. The first BOARD shall consist of three persons, none of whom need be members of the ASSOCIATION. The first BOARD shall consist of persons designated by the SPONSOR and they shall serve so long as SPONSOR is the owner of any UNIT in WATERWAY CLUB, Lantana, Florida, or until December 31, 1978, or until the SPONSOR elects to terminate its control of the CONDOMINIUM, whichever occurs first, and their successors are elected.

a. Until such time as the members of the ASSOCIATION shall be entitled to elect Directors, the SPONSOR shall have the absolute right at any time, in its sole discretion, to remove any member or members of the BOARD and replace any such person or persons with another person or other persons to serve on said BOARD. Notice of such action shall be given to the ASSOCIATION.

b. The first Board of Directors of the ASSOCIATION shall consist of the following persons:

1. Seymour A. Fine
2. Marvin B. Turk
3. Robert Lee Shapiro.

4.3 ELECTION OF DIRECTORS. Election of Directors, other than the first BOARD, shall be conducted in the following manner:

a. Election of Directors shall be held at the Annual Members' Meeting.

b. A nominating committee of five (5) members shall be appointed by the BOARD not less than thirty (30) days prior to the Annual Members' Meeting. The committee shall nominate one for each director then serving. Nominations for additional directorships created at the meeting shall be made from the floor, and other nominations may be made from the floor.

c. The election shall be by secret ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast. Each person voting shall be entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

d. Except as to vacancies created by removal of directors by members, vacancies in the BOARD occurring between annual meetings of members shall be filled by the remaining directors.

4.4 ORGANIZATIONAL MEETING. The organizational meeting of a newly elected BOARD shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, PROVIDED a quorum shall be present.

4.5 REGULAR MEETINGS. Regular meetings of the BOARD may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of the time and purpose of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

4.6 SPECIAL MEETINGS. Special meetings of the BOARD may be called by the President. Not less than three (3) days' notice of a meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

4.7 WAIVER. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice. Attendance shall be deemed a waiver.

4.8 NOTICE. The LESSOR and MANAGEMENT FIRM shall be entitled to notice of all Board of Directors' meetings and shall be entitled to attend the Board meetings, and it may designate such persons as it desires to attend such meetings on its behalf.

4.9 QUORUM. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire BOARD. The acts of the BOARD approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the BOARD except as specifically otherwise provided for in the CHARTER, these BY-LAWS or THE DECLARATION. If any Directors' meeting cannot be convened be-

cause a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, (wherever the latter percentage of attendance may be required as set forth in the CHARTER, these BY-LAWS, or THE DECLARATION) the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for all purposes including determining a quorum.

4.10 PRESIDING OFFICER. The presiding officer at Directors' Meetings shall be the Chairman of the Board, if such an officer has been elected; and if not, then the President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

4.11 RESIGNATION. A Director may resign by giving written notice thereof to the Chairman. A Director shall be deemed to have resigned upon termination of his membership in the ASSOCIATION (excepting First Board) or upon his default for thirty (30) days of any of the provisions or covenants of THE DECLARATION and EXHIBITS attached thereto.

4.12 POWERS AND DUTIES. All of the powers and duties of the ASSOCIATION may be exercised by the BOARD, in the Board's sole discretion, including those existing under the common law and STATUTES of the STATE OF FLORIDA, the CHARTER, these BY-LAWS, THE DECLARATION, MANAGEMENT AGREEMENT, and LONG-TERM LEASE, if the same are entered into by the ASSOCIATION. Such powers shall include, without limiting the generality of the foregoing, the following:

- a. To make, levy and collect assessments against members and members' UNITS to defray the costs of the CONDOMINIUM, and to use the proceeds of said assessments in the exercise of the powers and duties granted to the ASSOCIATION including the collecting and making payments due under the LONG-TERM LEASE and MANAGEMENT AGREEMENT.

b. The maintenance, repair, replacement, operation, improvement, and management of the CONDOMINIUM wherever the same is required to be done and accomplished by the ASSOCIATION for the benefit of its members;

c. The reconstruction of improvements after casualty and the further improvement of the property, real and personal;

d. To make and amend rules and regulations and BY-LAWS governing the use of the property, real and personal, in the CONDOMINIUM, so long as such rules and regulations or amendments thereto do not conflict with the rights privileges, restrictions and limitations which may be placed upon the use of such property under the terms of the CHARTER and DECLARATION, including the EXHIBITS attached hereto.

e. To approve or disapprove owners and proposed purchasers or lessees of UNITS and to exercise or waive the ASSOCIATION's right to disapprove of the ownership, sale or leasing of any UNIT in the manner specified in the DECLARATION.

f. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including UNITS in the CONDOMINIUM, as may be necessary or convenient in the operation and management of the CONDOMINIUM, and in accomplishing the purposes set forth in THE DECLARATION.

g. To enter into and ratify a LONG-TERM LEASE to provide recreation areas and facilities for the use and enjoyment of the members of the ASSOCIATION.

h. To contract for the management of the CONDOMINIUM and to delegate to such contractor such powers and duties of the ASSOCIATION, and to contract for the management or operation of portions of the COMMON ELEMENTS or facilities susceptible to the separate management or operation and to lease or concession such portions and to ratify and confirm any existing leases of any part of the COMMON ELEMENTS to lessees or concessionaires.

i. To enforce by legal means the provisions of the CHARTER and BY-LAWS, THE DECLARATION and EXHIBITS attached thereto and the RULES AND REGULATIONS hereinafter promulgated

governing use of the CONDOMINIUM PROPERTY.

j. To pay all taxes and assessments which are liens against any part of the CONDOMINIUM PROPERTY other than UNITS and the appurtenances thereto, and to assess the same against the members and their respective UNITS subject to such liens.

k. To carry insurance for the protection of the members and the ASSOCIATION against casualty and liability, as required by the DECLARATION OF CONDOMINIUM.

l. To pay all costs of power, water, sewer and other utility services rendered to the CONDOMINIUM which is not the specific responsibility of the owners of the separate UNITS.

m. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the ASSOCIATION, including accountants, attorneys, contractors and other professionals; and

n. To enter any UNIT during reasonable hours as may be necessary in accordance with the provisions of F.S. 711.12(5) and to affectuate the purposes of the DECLARATION OF CONDOMINIUM and all EXHIBITS attached thereto, including these BY-LAWS, and to assure the compliance with all the terms thereof. To that end, the ASSOCIATION may retain a pass key to all UNITS.

o. Pursuant to Paragraph 20 of the LONG-TERM LEASE, the President of the ASSOCIATION is automatically a member of the EXECUTIVE COMMITTEE which will be formed to supervise, manage, control and maintain the DEMISED PREMISES, however, the BOARD may, at any time following receipt of notice from the LESSOR as to formation of the EXECUTIVE COMMITTEE, appoint from among the ASSOCIATION's members a substitute representative to serve instead of the President on such committee.

4.13 MANAGEMENT AGREEMENT. The foregoing powers may, in addition to others, be delegated to the MANAGEMENT FIRM in accordance with the MANAGEMENT AGREEMENT attached to THE DECLARATION to which these BY-LAWS are attached and which will be executed immediately subsequent to the execution hereof.

4.14 AUTHORITY OF FIRST BOARD. The undertakings and contracts authorized by the first BOARD shall be binding upon the ASSOCIATION in the same manner as though such undertakings and contracts had been authorized by a BOARD duly elected by the membership after the property identified in THE DECLARATION has been submitted to CONDOMINIUM ownership and said DECLARATION has been recorded in the Palm Beach County Public Records, PROVIDED that such undertakings and contracts are within the scope of the powers and duties which may be exercised by the BOARD in accordance with the provisions of THE DECLARATION.

4.15 REMOVAL OF DIRECTORS. At such time as the members of the ASSOCIATION are permitted to elect Directors, should the members at any duly convened regular or special meeting desire, they may remove any such Director that said members have elected with or without cause by the affirmative vote of the voting members casting not less than two-thirds (2/3rds) of the total votes present at any such meeting; and a successor may immediately be elected to fill the vacancy thus created. Should the membership fail to elect a successor, the BOARD may fill the vacancy.

4.16 WAIVER OF MEETING. To the extent now or from time to time hereafter permitted by the Laws of Florida, the Directors may take any action, which they might take at a meeting of Directors, without a meeting, PROVIDED a record of any such action is signed by each Director. Such record will be retained in the ASSOCIATION's Minute Book and shall constitute actions of the BOARD.

4.17 PROVISIO. Notwithstanding anything herein contained, to the contrary, the Directors shall not have the right or authority to do any act or take any action wherein the same would limit, modify or abridge the rights, privileges and immunities of the SPONSOR and/or LESSOR and/or MANAGEMENT FIRM as set forth in THE DECLARATION, the CHARTER, these BY-LAWS, the LONG-TERM LEASE and the MANAGEMENT AGREEMENT.

4.18 COMMITTEES. The Board may delegate portions of its responsibilities to committees established for that purpose.

4.19 COLLECTION OF FEES IN CONNECTION WITH TRANSFERS
SUBJECT TO APPROVAL OF THE BOARD. The BOARD shall collect a fee of Forty (\$40.00) Dollars to be charged to the transferee to reimburse the ASSOCIATION for its expenses in connection with its actions permitted to be taken pursuant to the provisions of Paragraph 12 of THE DECLARATION. The payment of such fee shall be a condition subsequent to any approval of the BOARD granted pursuant to Paragraph 12 of THE DECLARATION. Failure of the party responsible for the fee to pay the same shall revoke any approval granted and the same shall be void ab initio. The BOARD will record such revocation in the Public Records of Palm Beach County, Florida.
ARTICLE 5. OFFICERS.

5.1 GENERALLY. The officers of the ASSOCIATION shall be a President, one or more Vice Presidents, a Treasurer, a Secretary and, if desired, one or more Assistant Secretaries, all of whom shall be elected annually by the BOARD and who may be peremptorily removed by a majority vote of the Directors at any meeting. Any person may hold two or more offices, except that the President shall not also be the Secretary or an Assistant Secretary. The BOARD may from time to time elect such other officers and designate their powers and duties as the BOARD shall find to be required to manage the affairs of the ASSOCIATION.

5.2 PRESIDENT. The president shall be the chief executive officer of the ASSOCIATION. He shall have all of the powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate to assist in the conduct of the affairs of the ASSOCIATION. The President shall be a member of the Board.

5.3 VICE PRESIDENT. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors or President.

5.4 SECRETARY. The Secretary shall keep the minutes of all proceedings of the Directors and the members; attend to the

giving and serving of all notices to the members and directors, and such other notices required by law; keep custody of the seal of the ASSOCIATION and affix the same to instruments requiring a seal when duly signed; keep the records of the ASSOCIATION, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an association and as may be required by the Directors or President. The Assistant Secretary, if any, shall perform the duties of Secretary when the Secretary is absent.

5.5 TREASURER. The Treasurer shall have custody of all of the funds, securities and evidences of indebtedness of the ASSOCIATION. He shall keep the assessment rolls and accounts of the members, keep the books of the ASSOCIATION in accordance with good accounting practice, and shall perform all other duties incident to the office of Treasurer.

The duties of the Treasurer may be fulfilled by the MANAGEMENT FIRM as provided in a MANAGEMENT AGREEMENT executed by the ASSOCIATION including the retention of any and all books of the ASSOCIATION.

5.6 FIRST OFFICERS. The first officers of the ASSOCIATION who shall serve pursuant to the terms of these BY-LAWS, until election of their successors are as follows:

President	Marvin B. Turk
Vice President	Robert Lee Shapiro
Treasurer	Seymour A. Fine
Secretary	Seymour A. Fine.

ARTICLE 6. FISCAL MANAGEMENT; ASSESSMENTS; LIENS. The provisions for fiscal management of the ASSOCIATION set forth in the DECLARATION shall be supplemented by the following provisions:

6.1 MANNER AND NOTIFICATION. The Board of Directors shall, from time to time, fix and determine the sums necessary to pay all the COMMON EXPENSES of the CONDOMINIUM, including maintenance of proper reserves, pursuant to the provisions of THE DECLARATION, LONG-TERM LEASE, MANAGEMENT AGREEMENT, CHARTER and these BY-LAWS. All payments required by the aforementioned instruments are COMMON

EXPENSES of this CONDOMINIUM. The same shall be assessed against the UNIT OWNERS as provided in THE DECLARATION and all the EXHIBITS attached thereto, including these BY-LAWS. These powers shall be subject to the provisions of the LONG-TERM LEASE and MANAGEMENT AGREEMENT and shall not be construed as usurping the power of the LESSOR under the LONG-TERM LEASE or MANAGEMENT FIRM under the MANAGEMENT AGREEMENT to determine sums due under those instruments. Assessments for the first year (or prorata portion thereof) of the operation of the CONDOMINIUM PROPERTY shall be as set forth in a projected budget established by the SPONSOR as the same may be amended from time to time.

6.2 DEPOSITORY; WITHDRAWALS. The depository of the ASSOCIATION shall be such bank or banks as shall be designated, from time to time, by the Directors and in which the moneys of the ASSOCIATION shall be deposited. Withdrawal of monies from such accounts shall be only by checks signed by such persons as are authorized by the Directors. Should the ASSOCIATION employ a MANAGEMENT FIRM or Managing Agent, and should in the course of such employment said MANAGEMENT FIRM or Managing Agent be charged with any responsibilities concerning control of any of the funds of the ASSOCIATION, then and in such event any Agreement with such MANAGEMENT FIRM or Managing Agent pertaining to the deposit and withdrawal of monies shall supersede the provisions hereof during the term of any such agreement. The provisions of the preceding sentence shall, where applicable, apply to the provisions of Paragraphs 6.3 and 6.4 hereof.

6.3 RECORDS. The ASSOCIATION shall maintain those records and make available written summaries thereof as required by F.S. 711.12 subject, however, to the provisions of THE DECLARATION and MANAGEMENT AGREEMENT.

6.4 FIDELITY BONDS; PROVISIO. Fidelity bonds shall be required by the BOARD from the Treasurer, Assistant Treasurer, if any, and all officers and employees of the ASSOCIATION handling or responsible for ASSOCIATION's funds, and from any contractor handling or responsible for ASSOCIATION's funds. The amount of such bonds shall be determined by the Directors. The premiums on

such bonds shall be paid by the ASSOCIATION. The provisions hereof shall not apply until the election of the BOARD by the members.

6.5 FISCAL YEAR. The fiscal year of the ASSOCIATION shall begin on the first day of January of each year; PROVIDED, HOWEVER, that the BOARD is expressly authorized to adopt a different fiscal year, in accordance with the provisions and regulations from time to time prescribed by the Internal Revenue Code of the United States of America, at such time as the BOARD deems advisable.

6.6 PAYMENTS OF ASSESSMENTS. Funds for the payment of COMMON EXPENSES shall be assessed against the UNIT OWNERS in the proportions or percentage provided in THE DECLARATION. Said assessments shall be payable monthly, in advance, without notice, and shall be due on the first day of each month in advance, unless otherwise required by the BOARD. Until further notice, assessments shall be made to the order of WATERWAY MANAGEMENT, INC. and shall be payable at the office of the MANAGEMENT FIRM. Special assessments, should such be required by the BOARD, shall be levied in the same manner as hereinbefore provided for regular assessments, except notice thereof shall be given, and shall be payable in the manner determined by the BOARD. FAILURE TO PAY SAID ASSESSMENTS WITHIN TEN (10) DAYS FROM THE DATE DUE SHALL ENTITLE THE ASSOCIATION TO LEVY A \$25.00 LATE CHARGE AGAINST THE DEFAULTING UNIT OWNER.

6.7 ACCELERATION OF PAYMENT OF INSTALLMENTS OF ASSESSMENTS. If a UNIT OWNER shall be in default in the payment of an installment upon any assessment, the BOARD may accelerate the remaining monthly installments for, in its discretion, up to twelve (12) months. Upon notice thereof to the UNIT OWNER, the accelerated assessment shall immediately become due upon the date stated in the notice, but not less than fifteen (15) days after delivery of or the mailing of such notice to the UNIT OWNER.

6.8 ACQUISITION OF UNITS. At any foreclosure sale of a UNIT, the BOARD may acquire in the name of the ASSOCIATION,

or its designee, the UNIT being foreclosed. The term "foreclosure", as used in this Section, shall mean and include any foreclosure of any lien, including a lien for assessments. The power of the BOARD to acquire a UNIT at any foreclosure sale shall never be interpreted as a requirement or obligation on the part of the said BOARD or of the ASSOCIATION to do so at any foreclosure sale -- the provisions hereof being permissive in nature and for the purpose of setting forth the power of the BOARD.

6.9 DEFAULT IN PAYMENT OF ANY ASSESSMENT; LIEN. In the event of a default by a UNIT OWNER in the payment of any assessment, the ASSOCIATION shall have all rights and remedies provided by law including, but not limited to, those provided by the CONDOMINIUM ACT, and the liability of the owner of the CONDOMINIUM UNIT shall include liability for a reasonable attorneys' fee and for court costs incurred by the ASSOCIATION incident to the collection of such assessment or enforcement of its lien. If the ASSOCIATION elects to enforce its lien by foreclosure, the UNIT OWNER shall be required to pay a reasonable rental for the CONDOMINIUM UNIT pendente lite, to be fixed by the BOARD, and the ASSOCIATION shall be entitled to the appointment of a receiver to collect same. Nothing herein contained shall bar a suit to recover a money judgment for unpaid assessments without waiving the lien securing the same.

6.10 APPROVALS MAY BE SUBJECT TO CONDITIONS. At any time that the BOARD may grant its approval to the transfer of a UNIT, or such other approval as may be permitted in Paragraph 12 of THE DECLARATION, the BOARD may make such approval subject to the condition that any and all assessments be paid within a time certain.

ARTICLE 7. COMPLIANCE.

7.1 VIOLATION BY MEMBER; REMEDIES. In the event of a violation (other than the non-payment of an assessment) by the UNIT OWNER of any of the provisions of THE DECLARATION, these BY-LAWS, MANAGEMENT AGREEMENT, LONG-TERM LEASE, or RULES AND REGULATIONS adopted pursuant to any of same, as the same may be amended

or added to from time to time, the ASSOCIATION, by direction of its BOARD, shall notify the UNIT OWNER by written notice of said breach, transmitted by mail, and if such violation shall continue for a period of thirty (30) days from the date of notice, the ASSOCIATION, through its BOARD, shall have the right to treat such violation as an intentional, inexcusable and material breach thereof, and the ASSOCIATION may then pursue any remedy available. No action taken shall be deemed an "election of remedies". Upon a finding by the Court that the violation complained of has occurred, the offending UNIT OWNER shall reimburse the ASSOCIATION for all costs and losses including reasonable attorneys' fees and costs incurred in bringing such action. Failure on the part of the ASSOCIATION to maintain such action at law or in equity within thirty (30) days from date of a written request, signed by a UNIT OWNER, sent to the BOARD, shall authorize any UNIT OWNER to bring an action in equity or suit at law on account of the violation, in the manner provided for in the CONDOMINIUM ACT. Any violations which are deemed by the BOARD to be a hazard to public health or safety may be corrected immediately as an emergency matter by the ASSOCIATION, and the cost thereof shall be charged to the UNIT OWNER as a specific item, which shall be a lien against said UNIT with the same force and effect as if the charge was a part of the COMMON EXPENSES attributable to such UNIT OWNER. In the event of a non-continuing default making the notice period impractical, the BOARD may take such punitive action, including, but not limited to, the suspension of privileges for reasonable periods of time, without a corresponding reduction in assessments.

7.2 LIABILITY OF UNIT OWNERS. All UNIT OWNERS shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the ASSOCIATION. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy or abandonment of any UNIT or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of

rights of subrogation. The expense of any maintenance, repair or replacement required, as provided herein, shall be charged to said UNIT OWNER as a specific item, which shall be a lien against said UNIT with the same force and effect as if the charge was a part of the COMMON EXPENSES attributable to such owner's UNIT.

7.3 LIABILITY OF UNIT OWNERS TO LESSOR. Paragraph 6.9 above shall include any rental or assessment due by virtue of the LONG-TERM LEASE. The LESSOR shall also have the right to bring such actions and the right to obtain such relief, in its own name, including damages, attorneys' fees and costs, to enforce the provisions thereof.

7.4 NO WAIVER. The failure of the ASSOCIATION or of a UNIT OWNER to enforce any right, provision, covenant or condition, which may be granted by any of the provisions of THE DECLARATION, shall not constitute a waiver of the right of the ASSOCIATION or UNIT OWNER to enforce such right, provision, covenant or condition in the future.

7.5 CORRESPONDING DEFAULT. A breach of these BY-LAWS shall be deemed, in the context required, a breach of the MANAGEMENT AGREEMENT. The MANAGEMENT FIRM shall have all powers of enforcement of the ASSOCIATION.

7.6 SURVIVING LIABILITY. Termination of membership in the ASSOCIATION shall not relieve said party from any liability, financial or otherwise, incurred by said party while a member and shall in no way impair any rights that the ASSOCIATION has, or may have had, against the terminating member.

ARTICLE 8. LIMITATION OF LIABILITY.

8.1 LIMITATION. Notwithstanding the duty of the ASSOCIATION or MANAGEMENT FIRM to maintain and repair the CONDOMINIUM PROPERTY, they shall not be liable for injury or damage caused by a latent condition in the property nor for injury or damage caused by the elements, or by other owners or persons.

ARTICLE 9. PARLIAMENTARY RULES. ROBERTS RULES OF ORDER (latest edition) shall govern the conduct of ASSOCIATION proceedings when not in conflict with THE DECLARATION, the CHARTER, these BY-LAWS,

the LONG-TERM LEASE, MANAGEMENT AGREEMENT, or with the Statutes of the State of Florida.

ARTICLE 10. AMENDMENTS TO BY-LAWS, EXCEPT AS TO USE AND DECORUM. Amendments to these BY-LAWS, except amendments relating to the use and decorum of the CONDOMINIUM PROPERTY, as hereinafter defined and provided for, shall be proposed and adopted in the following manner:

10.1 PROPOSAL. Amendments to these BY-LAWS may be proposed by the BOARD acting upon vote of the majority of the Directors, or by members of the ASSOCIATION having a majority of the votes in the ASSOCIATION, whether meeting as members or by an instrument in writing signed by them.

10.2 CALL FOR MEETING. Upon any amendment or amendments to these BY-LAWS being proposed by said BOARD or members, such proposed amendment or amendments shall be transmitted to the President of the ASSOCIATION, or other officer of the ASSOCIATION in absence of the President, who shall thereupon call a Special Joint Meeting of the members of the BOARD and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

10.3 VOTE NECESSARY; RECORDING. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of two-thirds (2/3rds) of the entire membership of the BOARD and by an affirmative vote of the members having 75% of the votes in the ASSOCIATION. Thereupon, such amendment or amendments to these BY-LAWS shall be transcribed, certified by the President and Secretary of the ASSOCIATION, and a copy thereof shall be recorded in the Public Records of Palm Beach County, Florida, within ten (10) days from the date on which any amendment has been affirmatively approved by the Directors and members.

10.4 PROVISIO. Notwithstanding the foregoing provisions of this ARTICLE 10, no amendments to these BY-LAWS shall be passed which shall impair or prejudice the rights and priorities of the SPONSOR, LESSOR and/or MANAGEMENT FIRM without the prior written consent of the impaired or prejudiced party or parties.

ARTICLE 11. AMENDMENTS TO BY-LAWS PERTAINING TO USE AND DECORUM.

11.1 DEFINITION. "Use" and "Decorum" as used herein shall refer to matters pertaining to dress, decorum, noise, use of UNITS, use of COMMON ELEMENTS and LIMITED COMMON ELEMENTS, including but not limited to use of the CONDOMINIUM PROPERTY.

11.2 SCOPE; REMEDY FOR VIOLATION. Such BY-LAWS shall include the prescribing of RULES AND REGULATIONS pertaining to subjects reasonably calculated to promote the welfare of the UNIT OWNERS. The violation of such RULES or REGULATIONS as are contemplated hereby shall bar any UNIT OWNER or his family and invitees from the use of the COMMON ELEMENTS, as the BOARD may deem appropriate, and shall subject any person violating the same to any liability imposed by THE DECLARATION, the CHARTER and these BY-LAWS.

11.3 AMENDMENTS. Amendments to BY-LAWS pertaining to use and decorum may be made in accordance with the provisions of ARTICLE 10 or said amendments to BY-LAWS pertaining to use and decorum may be made in the following manner: Such amendments may be proposed by the BOARD at any regular or special meeting of the BOARD and shall become effective when approved by an affirmative vote of the entire membership of the BOARD. Thereupon, such amendment or amendments shall be transcribed, certified by the President or a Vice President, and Secretary or Assistant Secretary of the ASSOCIATION, and a copy thereof shall be recorded in the Public Records of Palm Beach County, Florida, within ten (10) days from the date on which any amendment or amendments have been affirmatively so approved by the BOARD and ASSOCIATION. A copy thereof shall be furnished to the members within ten (10) days after such recording; PROVIDED, HOWEVER, the failure to furnish such copies of such amendments shall in no way affect the force and effect and validity thereof.

11.4 ADDITIONAL RULES AND REGULATIONS. The ASSOCIATION and/or MANAGEMENT FIRM may promulgate additional RULES AND REGULATIONS concerning the use of the CONDOMINIUM PROPERTY. Said additional RULES AND REGULATIONS shall have effect upon posting in a conspicuous place on the CONDOMINIUM PROPERTY.

ARTICLE 12. BY-LAWS RELATING TO USE AND DECORUM. RULES AND REGULATIONS.

12.1 INITIAL BY-LAWS RELATING TO USE AND DECORUM. The BY-LAWS relating to use and decorum hereinafter enumerated shall be deemed in effect until amended and shall apply to and be binding upon all UNIT OWNERS. The UNIT OWNERS shall, at all times, obey the same and shall use their best efforts to see that the RULES AND REGULATIONS are faithfully observed by their families, guests, invitees, servants, lessees, and persons over whom they exercise control and supervision. Said BY-LAWS are as follows:

a. The sidewalk, entrances, passages, elevators, if applicable, vestibules, stairways, corridors, halls and all of the COMMON ELEMENTS must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises; nor shall any carriages, velocipedes, bicycles, wagons, shopping carts, chairs, benches, tables, or any other object of a similar type and nature be stored therein. Children shall not play or loiter in halls, stairways, elevators, or other COMMON ELEMENTS.

b. The personal property of all UNIT OWNERS shall be stored within their CONDOMINIUM UNITS or the specific LIMITED COMMON ELEMENTS assigned to them for storage purposes, provided, however, that no UNIT OWNER may store any personal property on or make any use of the porch within the boundaries of his UNIT which is unsightly nor shall he make any use of the same which interferes with the comfort and convenience of other UNIT OWNERS.

c. No garbage cans, supplies, milk bottles, or other articles shall be placed in the halls, on the balconies, or on the staircase landings, nor shall any linens, cloths, clothing, curtains, rugs, mops or laundry of any kind, or other article, be shaken or hung from any of the windows, doors or balconies, or exposed to or on any part of the COMMON ELEMENTS or porches within any UNIT. Fire exits shall not be obstructed in any manner, and the COMMON ELEMENTS shall be kept free and clear of rubbish, debris, and other unsightly material.

d. No UNIT OWNERS shall allow anything whatsoever to fall from the window, balcony or doors of the premises, nor

shall he sweep or throw from the premises any dirt or other substance into any of the corridors, halls or balconies, elevators, ventilators, or elsewhere in the building or upon the grounds.

e. Refuse and garbage shall be deposited only in the area provided therefor.

f. Employees of the ASSOCIATION shall not be sent out of the building by any UNIT OWNER, except in the UNIT OWNER's capacity as an officer or director, at any time for any purpose. No UNIT OWNER or resident shall direct, supervise, or in any manner attempt to assert any control over the employees of the ASSOCIATION.

g. Servants and domestic help of the UNIT OWNERS may not gather or lounge in the public areas of the building or grounds.

h. The parking facilities shall be used in accordance with the regulations adopted by the MANAGEMENT FIRM. No vehicle which cannot operate on its own power shall remain on the CONDOMINIUM premises for more than twelve hours, and no repair, except emergency repair, of vehicles shall be made on the CONDOMINIUM PROPERTY. No commercial vehicle owned or driven by a CONDOMINIUM OWNER shall be parked on the CONDOMINIUM PROPERTY. No boat trailer, camper or like vehicle shall be left or stored on the CONDOMINIUM PROPERTY except for areas specifically designated for such.

i. No UNIT OWNER shall make or permit any disturbing noises in the building by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other UNIT OWNERS. No UNIT OWNER shall play upon or suffer to be played upon, any musical instrument, or operate or suffer to be operated, a phonograph, televisions, radio or sound amplifier, in his UNIT, in such manner as to disturb or annoy other occupants of the CONDOMINIUM.

j. No sign, advertisement, notice or other lettering shall be exhibited, displayed, inscribed, painted or affixed in, on, or upon any part of the CONDOMINIUM UNIT that is visible from outside the UNIT or CONDOMINIUM PROPERTY.

k. No awning, enclosure, canopy, shutter, or other like items, except removable hurricane shutters, shall be attached to or placed upon the outside walls or roof of the building without the written consent of the BOARD.

l. The ASSOCIATION may retain a pass key to all UNITS. No UNIT OWNER or occupant shall alter any lock or install a new lock without the written consent of the BOARD. Where such consent is given the UNIT OWNER shall provide the ASSOCIATION with an additional key for use of ASSOCIATION, pursuant to its right of access to the UNIT.

m. No cooking shall be permitted on any porch or terrace or COMMON ELEMENT nor shall any goods or beverage be consumed outside of a UNIT except in areas designated for that purpose by the BOARD.

n. No inflammable, combustible or explosive fluid, chemical or substance shall be kept in any UNIT except such as are required for normal household use.

o. Each UNIT OWNER who plans to be absent from his UNIT during the hurricane season must prepare his UNIT prior to his departure by (1) removing all furniture, plants and other objects from his terrace or porch prior to his departure; and (2) designating a responsible firm or individual to care for his UNIT should the UNIT suffer hurricane damage, and furnishing the ASSOCIATION with the name of said firm or individual. Such firm or individual shall contact the ASSOCIATION for clearance to install or remove hurricane shutters.

p. No UNIT OWNER shall keep or harbor any pet or animal on the CONDOMINIUM PROPERTY without the written consent of the ASSOCIATION. Such consent may be upon such conditions as the ASSOCIATION may prescribe and such consent shall be deemed provisional and subject to revocation at

any time. No animal or pet shall be maintained or harbored within a UNIT as would create a nuisance to any other UNIT OWNER. A determination by the BOARD that an animal or pet maintained or harbored in a UNIT creates a nuisance to any other UNIT OWNER shall be conclusive and binding upon all parties.

q. No UNIT may be occupied by any person under twelve (12) years of age except that any relative of a UNIT OWNER under 12 may be permitted to visit for reasonable periods not to exceed two (2) consecutive weeks or thirty (30) days in any calendar year.

r. No UNIT may be used for any commercial or business purpose. No UNIT OWNER may actively engage in any solicitations for commercial purposes within WATERWAY CLUB, Lantana, Florida, nor shall any solicitor of a commercial nature be allowed on the CONDOMINIUM PROPERTY without the prior written consent of the BOARD.

s. No radio or television installation or modification or other wiring shall be accomplished by a UNIT OWNER without written permission of the BOARD. No antenna may be placed on the exterior of the CONDOMINIUM PROPERTY without written permission of the BOARD.

t. Complaints concerning the use of the CONDOMINIUM PROPERTY and/or service to the same shall be made in writing, signed by the complaining party, and delivered to the BOARD who, if necessary, will forward the same to the appropriate party.

u. Each UNIT OWNER agrees that he shall at his expense install and continuously maintain sound deadening material such as rugs or carpets in at least the following areas of his UNIT, if applicable: living room, bedroom, lounge or studio, dining room and hallways.

12.2 The provisions of subparagraphs (b), (f), (h), (j), (l), (o), (r) and (u) hereof shall not be applicable to the SPONSOR, LESSOR or MANAGEMENT FIRM or to any UNIT owned by the same.

ARTICLE 13. INDEMNIFICATION.

13.1 The ASSOCIATION shall indemnify every Director and every officer, his heirs, executors and administrators against all loss, cost and expenses reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the ASSOCIATION, including reasonable counsel fees, except as to matters wherein he shall be finally adjudged in such action, suit or proceeding, to be liable for or guilty of gross negligence or willful misconduct. The foregoing rights shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled.

13.2 The ASSOCIATION shall, at the ASSOCIATION's expense, purchase Directors' liability insurance and shall cause the Directors from time to time serving to be named insureds.

ARTICLE 14. UNIT OWNERS RESPONSIBILITY CONCERNING LIENS AND TAXES.

14.1 LIENS AND TAXES. All liens against a CONDOMINIUM UNIT, other than for permitted mortgages, taxes or special assessments, shall be satisfied or otherwise removed within ten (10) days of the date the lien attaches. All taxes and special assessments upon a CONDOMINIUM UNIT shall be paid at least thirty (30) days before becoming delinquent or as provided in THE DECLARATION, CHARTER, these BY-LAWS, or by law, whichever is sooner.

14.2 NOTICE TO ASSOCIATION. A UNIT OWNER shall give notice to the ASSOCIATION and MANAGEMENT FIRM of every lien upon his UNIT, other than for permitted mortgages, taxes and special assessments, within five (5) days after the attaching of the lien.

ARTICLE 15. COVENANT OF CO-OPERATION.

15.1 MANAGEMENT FIRM. The ASSOCIATION hereby covenants to do all things necessary to effectuate the purposes of the MANAGEMENT AGREEMENT including but not limited to the giving of permission to employees of said MANAGEMENT FIRM to enter the CONDOMINIUM PROPERTY, the granting of all necessary easements for installation and maintenance of those items and equipment necessary for compliance with the MANAGEMENT AGREEMENT, the giving of assistance necessary in the collection of fees and assessments, and obtaining of ratification of such AGREEMENT by subsequent Purchasers, etc.

15.2 LESSOR. The ASSOCIATION hereby covenants to do all things necessary to effectuate the purposes of the LONG-TERM LEASE including, but not limited to, the collection of rent, the enforcement of the RULES AND REGULATIONS for the DEMISED PREMISES, the granting of easements to provide services to the DEMISED PREMISES and obtaining the assumption of the obligations thereunder by subsequent UNIT OWNERS, etc.

16. CONFLICT. In the event of any conflict between the BY-LAWS contained herein, or from time to time amended or adopted, and the DECLARATION OF CONDOMINIUM, the MANAGEMENT AGREEMENT, and LONG-TERM LEASE, the latter shall prevail.

The foregoing were adopted as the BY-LAWS of WATERWAY CLUB NO. 8 ASSOCIATION, INC., a Corporation not for profit established under the Laws of the State of Florida at the first meeting of the Board of Directors on the 24th day of July 1974.

ATTEST:

WATERWAY CLUB NO. 8 ASSOCIATION, INC.

521
Leyman Alvi (SEAL)
Secretary

BY

[Signature]
President

APPROVED:

WATERWAY CLUB

BY

[Signature] (SEAL)
Vice President

PLS

WATERWAY CLUB NO. 8 ASSOCIATION, INC.

MANAGEMENT AGREEMENT

THIS AGREEMENT, made and entered into at Palm Beach County, Florida, on the date last appearing in the body of this instrument, by and between WATERWAY MANAGEMENT, INC., a Florida corporation, hereinafter called the "MANAGEMENT FIRM", and the CONDOMINIUM ASSOCIATION hereinabove named, a non-profit Florida corporation, hereinafter called the "ASSOCIATION" and the legal representatives, successors and assigns of the parties hereto:

W I T N E S S E T H :

WHEREAS, the ASSOCIATION is the entity responsible for the operation of that certain CONDOMINIUM (hereinafter referred to as the CONDOMINIUM) established by the DECLARATION OF CONDOMINIUM to which this MANAGEMENT AGREEMENT is attached as EXHIBIT 5, and

WHEREAS, said ASSOCIATION is desirous of entering into a MANAGEMENT AGREEMENT for the management of CONDOMINIUM; and

WHEREAS, the MANAGEMENT FIRM is in the business of providing management, supervision and services for the operation, conduct, and management of condominium buildings generally, and is desirous of furnishing such management to the CONDOMINIUM.

NOW, THEREFORE, for and in consideration of the mutual promises herein contained and ONE (\$1.00) DOLLAR and other good and valuable consideration by each of the parties unto the other in hand paid simultaneously with the execution and delivery of these presents, the receipt whereof is hereby acknowledged, it is agreed by and between the parties, as follows:

1. DEFINITIONS.

1.1 The definitions of the words, terms, phrases, etc., as provided in the DECLARATION OF CONDOMINIUM and EXHIBITS attached thereto are incorporated herein by reference and made a part hereof, and unless the context otherwise requires, said definitions shall prevail.

1.2 Reference to the ASSOCIATION in this AGREEMENT shall also refer to all the members of such ASSOCIATION, unless the context otherwise requires.

2. The ASSOCIATION does hereby employ the MANAGEMENT FIRM as the exclusive Manager of the CONDOMINIUM PROPERTY and the MANAGEMENT FIRM hereby accepts such employment.

3. The term of this Agreement shall commence as of the date hereof and have effect through December 31, 1994, PROVIDED, HOWEVER, that the MANAGEMENT FIRM may, upon sixty (60) days written notice given to the ASSOCIATION, terminate and cancel this Agreement as of the last day of such month as specified in the notice of cancellation. The ASSOCIATION shall have the right to terminate this Agreement as of the last day of any month upon ninety (90) days written notice to the MANAGEMENT FIRM, provided, however, that such notice shall not be given before five (5) years from the date of execution hereof.

4. Unless sooner terminated or renewed as herein provided, this Agreement shall remain in effect for the term hereof and thereafter shall renew itself for ten (10) year periods unless either party hereto shall give the other written notice of non-renewal three (3) months prior to the date of renewal.

4.1 Termination of the CONDOMINIUM and/or the dissolution or other infirmity of the ASSOCIATION shall not terminate this Agreement but shall operate to make each UNIT OWNER and/or property owner on the former CONDOMINIUM PROPERTY a signatory in place of the ASSOCIATION and liable for his proportionate share thereof.

5. The ASSOCIATION hereby delegates to the MANAGEMENT FIRM, to the exclusion of all persons including the ASSOCIATION and its members, all the powers and duties of the ASSOCIATION as set forth in the DECLARATION and EXHIBITS attached thereto whereby the MANAGEMENT FIRM shall, among others, perform the following services:

5.1 To cause to be hired, paid and supervised, all persons necessary to be employed in order to properly maintain and operate the CONDOMINIUM. Those so hired shall be the employees of the MANAGEMENT FIRM. The MANAGEMENT FIRM, in its absolute discretion, shall determine and cause to be discharged any person so hired.

5.2 To maintain and repair the CONDOMINIUM PROPERTY and the COMMON ELEMENTS of said CONDOMINIUM to the same extent that the ASSOCIATION is required to maintain and repair same, as provided in the DECLARATION OF CONDOMINIUM. For any one item of repair, replacement or refurbishing as to the CONDOMINIUM, the expense incurred as to the CONDOMINIUM as a whole shall not exceed the sum of Ten Thousand (\$10,000.00) Dollars unless specifically authorized by the Board of Directors of the ASSOCIATION. However, in the case of an emergency the MANAGEMENT FIRM is authorized to expend any sum necessary to protect and preserve the property.

5.3 To take such action as may be necessary to comply or cause the residents of the CONDOMINIUM to comply with all laws, statutes, ordinances, rules and of all appropriate governmental authorities, and the rules and regulations of the National Board of Fire Underwriters, or its successor.

5.4 To take such action as may be necessary to comply or cause the residents to comply with all RULES AND REGULATIONS and the provisions of THE DECLARATION OF CONDOMINIUM and all the EXHIBITS attached thereto governing the CONDOMINIUM PROPERTY.

5.5 To enter into contracts for vermin extermination and other services; to purchase all tools, equipment, and supplies which shall be necessary to properly maintain and operate the CONDOMINIUM. All such contracts and purchases may be made in either the ASSOCIATION's or MANAGEMENT FIRM's name, as the MANAGEMENT FIRM shall elect.

5.6 To cause to be placed or kept in force all insurance required by or permitted in THE DECLARATION to the same extent that the ASSOCIATION is required or permitted; to act as Agent for the ASSOCIATION, each UNIT OWNER, and for each OWNER of any other insured interest; to adjust all claims arising under said insurance policies; to bring suit thereon and deliver releases upon payment of claims; to otherwise exercise all of the rights, powers and privileges of the insured parties; to receive, on behalf of the insured parties, all insurance proceeds, subject to the provisions of the DECLARATION.

5.7 To maintain the ASSOCIATION's financial record books, accounts and other records as provided by the ASSOCIATION's BY-LAWS

and pursuant to the Florida Statutes, Chapter 711; issue certificate of account to members and their mortgagees and lienors without liability for errors unless as a result of gross negligence. Such records shall be kept at the office of the MANAGEMENT FIRM and shall be available for inspection by an expert employed by, and at the cost and expense of, the ASSOCIATION at such reasonable time as the MANAGEMENT FIRM shall agree; however, such inspection cannot be made more than once in any calendar year. Such expert may also conduct an external audit, provided the cost for same is paid by the ASSOCIATION, and that said independent auditor is acceptable to the MANAGEMENT FIRM. As standard procedure, the MANAGEMENT FIRM shall render to the ASSOCIATION such statement as it deems advisable, if any, for each calendar year no later than April 1st of the following year. The MANAGEMENT FIRM shall perform a continuous internal audit of the ASSOCIATION's financial records for the purpose of verifying the same, but no independent or external audit shall be required or permitted except as herein provided.

5.8 To maintain sufficient records to describe its services hereunder and such financial books and records sufficient in accordance with prevailing accounting standards to identify the source of all funds collected by it as MANAGEMENT FIRM and the disbursement thereof. Such records shall be kept at the office of the MANAGEMENT FIRM and shall be available for inspection in accordance with the provisions of Paragraph 5.7 hereof.

5.9 The MANAGEMENT FIRM may, if it deems advisable in its sole discretion, prepare an operating budget for each fiscal year this Agreement remains in effect. Upon said budget being prepared the MANAGEMENT FIRM shall submit to the ASSOCIATION the operating budget for the ensuing year setting forth the anticipated income and expenses of the CONDOMINIUM for the year and specifying therein each UNIT OWNER's monthly share thereof.

5.10 To deposit all funds collected from all sources in special bank account or accounts of the MANAGEMENT FIRM in banks and/or savings and loan associations in the State of Florida, with suitable designation indicating their source.

5.11 To supervise, operate, control, and manage the CONDOMINIUM PROPERTY; promulgate, adopt and amend RULES AND REGULATIONS as it deems advisable, in its sole discretion, for the use and occupancy of the CONDOMINIUM's COMMON ELEMENTS, LIMITED COMMON ELEMENTS and UNITS, subject to the BY-LAWS attached to THE DECLARATION pertaining to use and decorum.

5.12 To undertake investigations of prospective purchasers or LESSEES and others of CONDOMINIUM PARCELS, whether initial purchasers or otherwise, in accordance with the provisions of the DECLARATION and BY-LAWS, provided, however, that the actual approval or disapproval of the same shall be given and executed by the proper officer of the ASSOCIATION.

5.13 In the event of a violation (other than non-payment of an assessment) by the UNIT OWNER of any of the provisions of THE DECLARATION, BY-LAWS or RULES AND REGULATIONS adopted pursuant hereto, the MANAGEMENT FIRM shall have all the rights and powers of the ASSOCIATION specified in THE DECLARATION and BY-LAWS to remedy such violation. The MANAGEMENT FIRM may act, upon its own determination, either on its own or the ASSOCIATION's behalf. If the MANAGEMENT FIRM deems it advisable not to act in any particular situation the MANAGEMENT FIRM shall not be liable or responsible to the ASSOCIATION, its Directors or any UNIT OWNER, for the failure to so act, provided that said failure to act in any situation shall not be deemed a waiver or indulgence of the right to act in that same or any other situation in the future.

5.14 To retain and employ such professionals and other experts whose services may be reasonably required to effectuate the duties and powers herein on any basis as it deems most beneficial.

5.15 To fix and determine and collect from time to time the sums necessary and adequate to provide for the COMMON EXPENSES of the CONDOMINIUM PROPERTY, and such other sums as are specifically provided for in THE DECLARATION, to the same extent that the ASSOCIATION is permitted to do so. The procedure for the determination and collection of all such assessments shall be as set forth in THE DECLARATION.

5.16 The portion of COMMON EXPENSES due by virtue of the LONG-TERM LEASE shall be fixed and determined by the LESSOR as provided by the LEASE. The MANAGEMENT FIRM shall, until notice as provided for therein, collect said sums with the balance of the COMMON EXPENSES and remit said sums to the LESSOR or its designee as required.

5.17 To make and collect special assessments for such purposes and against such parties as the MANAGEMENT FIRM determines, to the same extent that the ASSOCIATION is required or permitted to do so in THE DECLARATION. Should an increase in the assessment or a special assessment be required during the year, the same shall be determined and collected by the MANAGEMENT FIRM from the ASSOCIATION or from each of the ASSOCIATION's members, as the case may be, in accordance with the requirements of THE DECLARATION. The assessments as to each member of the ASSOCIATION shall be made payable to the MANAGEMENT FIRM, or such other firm or entity as the MANAGEMENT FIRM shall direct; and the MANAGEMENT FIRM shall have the right to designate such member or members of the ASSOCIATION, as it determines, to collect said assessments on behalf of the MANAGEMENT FIRM and deliver same to it. Rent and all sums coming due under the terms of the LONG-TERM LEASE attached to THE DECLARATION shall be determined by the LESSOR, and the MANAGEMENT FIRM may, at the LESSORS' option, act on behalf of the ASSOCIATION in collecting and remitting the same to the LESSOR. The MANAGEMENT FIRM shall have the right to determine the fiscal year of the ASSOCIATION.

5.18 If any part of the CONDOMINIUM PROPERTY shall be damaged by casualty and it is determined pursuant to the terms of paragraph 13 of THE DECLARATION that such property be reconstructed, the MANAGEMENT FIRM shall have the ASSOCIATION's responsibility of reconstruction. The MANAGEMENT FIRM shall have all the rights, obligations and duties granted to the ASSOCIATION under said paragraph 13. The cost of any said repair shall include costs of the MANAGEMENT FIRM's personnel, equipment and overhead.

5.19 The parties acknowledge that the LESSOR under the LONG-TERM LEASE attached as EXHIBIT No. 2 to THE DECLARATION may provide space in the DEMISED PREMISES for the MANAGEMENT FIRM for such time and upon such terms and conditions as LESSOR determines.

In addition, the ASSOCIATION does hereby agree that the MANAGEMENT FIRM may use the COMMON ELEMENTS of the CONDOMINIUM in the performance of its duties hereunder. Notwithstanding the provisions of this MANAGEMENT AGREEMENT and the relationship between the ASSOCIATION and the MANAGEMENT FIRM, the MANAGEMENT FIRM shall not be required to credit the ASSOCIATION with any sum because of its use of the DEMISED PREMISES or COMMON ELEMENTS.

6. The MANAGEMENT FIRM shall have the right to enforce any lien, for unpaid assessments and all other sums due from a UNIT OWNER, against his CONDOMINIUM UNIT and all tangible personal property located within the UNIT, to the same extent as the ASSOCIATION has said right by virtue of THE DECLARATION. The MANAGEMENT FIRM may compromise liens in such amounts as it deems advisable in its sole discretion and may satisfy liens of record and render statements as to the current status of a UNIT OWNER's assessments.

7. The MANAGEMENT FIRM shall have the right to have a representative attend meetings of the ASSOCIATIONS and the Board of Directors of the ASSOCIATION; however, it is understood and agreed that the minutes of all the ASSOCIATION's meetings, whether of UNIT OWNERS or of the Board of Directors, shall be taken by the ASSOCIATION's Secretary, and possession of the Minute Book shall be in the custody of said Secretary, who shall always be responsible for preparing and furnishing notices of all meetings to the required parties.

8. All assessments, including the MANAGEMENT FIRM's fee, overhead and expenses, made by the MANAGEMENT FIRM pursuant to this Agreement shall be deemed COMMON EXPENSES of the CONDOMINIUM.

9. The MANAGEMENT FIRM shall apply assessments collected, as it in its sole discretion determines, to the proper discharge of its obligations under this Agreement.

10. The ASSOCIATION shall aid and assist the MANAGEMENT FIRM in any reasonable manner requested by the MANAGEMENT FIRM as to the collection of assessments and effectuating the purposes of this Agreement.

11. The MANAGEMENT FIRM shall not be required to undertake to pay any costs or expenses for the benefit of the ASSOCIATION and/or its members from its own funds, and shall only be required to perform its services and make disbursements to the extent that, and as long as, the payments whether assessments or other revenues received from the ASSOCIATION and/or its members are sufficient to pay said costs and expenses in full. If it shall appear to the MANAGEMENT FIRM that said assessments and other revenue, if any, are insufficient to pay the same, and to adequately provide for reserves, the MANAGEMENT FIRM shall forthwith determine, assess and collect from the ASSOCIATION and/or its members such additional assessments as are required.

12. The MANAGEMENT FIRM shall perform all of the services required of it hereunder at no cost and expense whatsoever to itself, but solely at the cost and expense of the ASSOCIATION and its members. As compensation, for its services hereunder, the MANAGEMENT FIRM shall from the date of this Agreement receive from the ASSOCIATION a net fee, free of all charges and expenses, of three (3%) per cent of assessments of every kind of such ASSOCIATION, including special assessments and rent under the LONG-TERM LEASE, payable as said MANAGEMENT FIRM determines in its sole discretion. This fee shall commence as of the date of the recording of THE DECLARATION.

13. The MANAGEMENT FIRM is authorized to assess a special assessment against a CONDOMINIUM UNIT OWNER for providing special services on behalf of and at the request of the UNIT OWNER in a reasonable amount determined by the MANAGEMENT FIRM. Special assessments referred to herein shall have the same effect as COMMON EXPENSES payable by said UNIT OWNER.

14. The ASSOCIATION shall not interfere nor permit, allow or cause any of its Officers, Directors or members to interfere with the MANAGEMENT FIRM in the performance of its duties or the exercise of any of its powers hereunder.

15. The MANAGEMENT FIRM shall not be liable to the ASSOCIATION or UNIT OWNERS for any loss or damage not caused by the MANAGEMENT FIRM's own gross negligence or willful misconduct, and

said ASSOCIATION and its members will, and do hereby indemnify and save harmless the MANAGEMENT FIRM for any such liability for damages, costs and expenses, including attorneys' fees, for the administration of its duties hereunder or from injury to any person or property in and about or in connection with the CONDOMINIUM PROPERTY from any cause whatsoever unless such loss or injury shall be caused by the MANAGEMENT FIRM's own gross negligence or willful misconduct.

16. The MANAGEMENT FIRM may assign this Agreement, as long as the Assignee agrees, in writing, to assume and perform the terms and covenants of this Agreement. Upon such assignment and assumption, the MANAGEMENT FIRM shall be released from any and all obligations hereunder. Said Assignment shall be duly recorded in the Public Records of Palm Beach County, Florida, and notice of same, together with an executed duplicate of said Assignment shall be delivered to the ASSOCIATION.

17. The parties recognize that the MANAGEMENT FIRM may be performing similar services to the services performed hereunder for other condominium associations and entities at WATERWAY CLUB, Lantana, Florida and to require the MANAGEMENT FIRM to cost account with regard to each condominium and entity and between the ASSOCIATION would substantially increase the costs of administration hereunder to the detriment of the ASSOCIATION. Accordingly, the MANAGEMENT FIRM is hereby granted the power to allocate to this ASSOCIATION in accordance with the provisions of THE DECLARATION, the appropriate and fair share of the costs and expenses as are general; and as to those that are not general, to charge the same to the appropriate party(s) on such weighted basis as the MANAGEMENT FIRM deems fair and equitable.

18. The power and authority of the ASSOCIATION to amend THE DECLARATION and the EXHIBITS attached thereto, is subject to the prior written approval of the MANAGEMENT FIRM.

19. The MANAGEMENT FIRM shall have the power to assign to and change assignments of specific parking spaces of the UNIT OWNERS and to otherwise regulate all vehicular parking. The MANAGEMENT FIRM shall regulate the use of the storage areas on the CONDOMINIUM PROPERTY.

20. Should any dispute arise as to the rights of any of the parties under this Agreement, including the powers and duties of the parties and all of the terms and conditions of this Agreement, and said dispute cannot be amicably settled and resolved between the parties, then either party shall have the right to submit the matter in controversy for arbitration to the Senior Judge of the Circuit Court in and for Palm Beach County, Florida, and the decision of said arbitration shall be final. The Court shall have the right to assess costs and attorneys' fees in such amount and against such party as it deems meet and proper under the circumstances.

21. Notwithstanding Paragraph 4 hereof, this Agreement may be renewed upon such terms and conditions as are mutually agreeable to the ASSOCIATION and the MANAGEMENT FIRM. The Board of Directors of the ASSOCIATION is authorized to enter into such renewal Agreement with the MANAGEMENT FIRM, on behalf of the ASSOCIATION, upon the approval of a majority of its members, at a valid meeting of the said ASSOCIATION called in accordance with the said ASSOCIATION's BY-LAWS. The renewal Agreement shall be recorded in the Public Records of Palm Beach County, Florida.

22. No waiver of a breach of any of the covenants contained in this Agreement shall be construed to be a waiver of any succeeding breach of the same or any other covenant.

23. Time is of the essence for all terms of this Agreement.

24. No modification, release or discharge or waiver of any provision hereof shall be of any force, effect or value, unless in writing, signed by the parties to this Agreement -- i.e., the MANAGEMENT FIRM and the ASSOCIATION, or their respective successors and assigns.

25. All covenants, promises, conditions and obligations herein contained or implied by law, are covenants running with the lands described and submitted to condominium ownership in THE DECLARATION, and the same shall attach to and be binding upon the ASSOCIATION, its successors and assigns, and the present and future owners of the aforesaid CONDOMINIUM, and their heirs, personal representatives, successors and assigns.

26. This instrument, together with THE DECLARATION to which this Agreement is attached, and the EXHIBITS attached to

said DECLARATION, including this Agreement, constitute the entire agreement between the parties hereto, and neither has been induced by the other by representations, promises or understandings not expressed herein, and there are no collateral agreements, stipulations, promises or understandings whatsoever, in any way touching the subject matter of this instrument, or the instruments referred to herein, which are not expressly contained herein or in the DECLARATION OF CONDOMINIUM and other EXHIBITS attached thereto.

27. The invalidity in whole or in part of any covenant, promise or undertaking, or any section, sub-section, sentence, clause, phrase or word, or of any provision of this Agreement or THE DECLARATION and the EXHIBITS attached thereto, shall not affect the validity of the remaining portions thereof.

28. Whenever the context hereof so permits, the use of plural will include the singular, the singular the plural, and the use of any gender will be deemed to include all genders.

29. Whenever notices are required to be sent hereunder, the same shall be delivered to the UNIT OWNERS and to the ASSOCIATION as provided in THE DECLARATION. Notices to the MANAGEMENT FIRM shall be made by delivery to WATERWAY MANAGEMENT, INC., WATERWAY CLUB, LANTANA, FLORIDA.

30. If the ASSOCIATION or its members shall interfere with the MANAGEMENT FIRM in the performance of its duties and exercise of its powers hereunder, or if the ASSOCIATION shall fail to promptly do any of the things required of it hereunder, then the MANAGEMENT FIRM may, fifteen (15) days after having given written notice to said ASSOCIATION of said default by delivering said notice to any officer of the ASSOCIATION, or in their absence to any member of said ASSOCIATION, declare this Agreement in default if such default remains then uncured. Upon default, the MANAGEMENT FIRM may, in addition to any other remedy given it by agreement or in law or equity, bring an action against the said ASSOCIATION for damages and/or specific performance, and the said ASSOCIATION shall be liable for the MANAGEMENT FIRM's reasonable attorneys' fees and costs incurred thereby. All rights of the MANAGEMENT FIRM upon default shall be cumulative and the exercise

of one or more remedies shall not be deemed to exclude or constitute a waiver of any other or additional remedy.

31. Failure by the MANAGEMENT FIRM to substantially perform its duties and obligations under this Agreement for a continuous period of sixty (60) days after written notice of default from the ASSOCIATION, specifying the default complained of, shall be grounds for the ASSOCIATION to cancel this Agreement.

32. If the CONDOMINIUM specified in THE DECLARATION shall be terminated, as is provided in THE DECLARATION, then each of the CONDOMINIUM UNIT OWNERS shall thereby become a tenant in common, and shall, as to his separate interest, continue to be a party to this Agreement and bound by the provisions hereof, and the MANAGEMENT FIRM shall manage such interest pursuant to the provisions of this Agreement as the nature of such interest and the context of this Agreement shall permit.

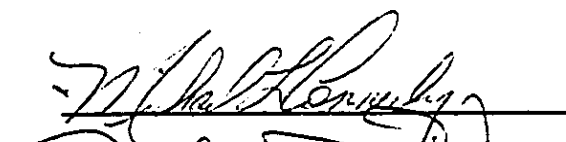
33. Should the MANAGEMENT FIRM obtain a franchise or concession from the SPONSOR or ASSOCIATION, all income derived therefrom by the MANAGEMENT FIRM shall be retained by it, in addition to its compensation under the terms of this Agreement.

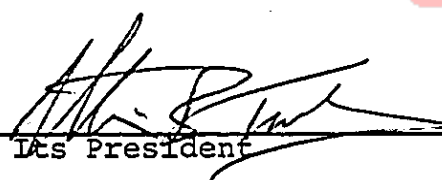
34. Notwithstanding anything in the BY-LAWS to the contrary, the MANAGEMENT FIRM shall not be required, by virtue of this delegation of authority from the ASSOCIATION, to purchase any bonds, of any nature, on any of its employees.

IN WITNESS WHEREOF, the parties have executed this Agreement this 5TH day of August, 1974.

Signed, Sealed and Delivered
in our Presence:

WATERWAY CLUB NO. 8 ASSOCIATION, INC.


As to ASSOCIATION

By 
Its President

ATTEST:

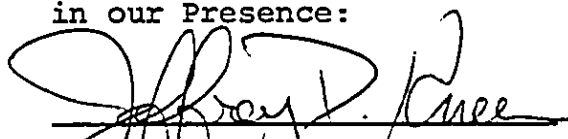
By 
Its Secretary

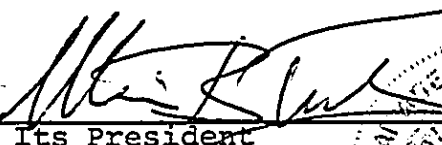
(CORPORATE SEAL)

Recorded in U N Book B
Record verified
Palm Beach County, Fla.
John B. Dunkle
Mort Circuit Court

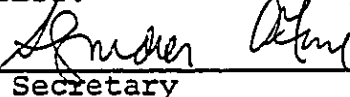
Signed, Sealed and Delivered
in our Presence:

WATERWAY MANAGEMENT, INC.


As to MANAGEMENT FIRM

By 
Its President

ATTEST:


Secretary

(CORPORATE SEAL)