

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 shall be required 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 surtax 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 set 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
THERE TO 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 13th day of September, 1973.

Signed, Sealed and Delivered
in the Presence of:

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

[Signature]
[Signature]
[Signature]
[Signature]
Christina L. Felsch
[Signature]

[Signature] (SEAL)
SEYMOUR A. FINE

[Signature] (SEAL)
MARVIN B. TURK

GRANREAL OF FLORIDA, INC.

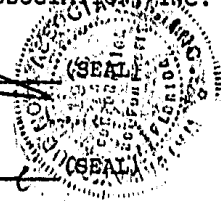
By [Signature]
Its
(LESSOR)



[Signature]
[Signature]

WATERWAY CLUB NO. 14 ASSOCIATION, INC.

By [Signature] (SEAL)
President



By [Signature] (SEAL)
Secretary

(LESSEE ASSOCIATION)

(SEAL)

(SEAL)

(INDIVIDUAL LESSEE(S))

STATE OF FLORIDA)
COUNTY OF)

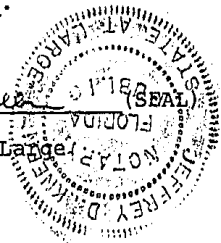
BEFORE ME, the undersigned authority, personally appeared SEYMOUR A. FINE, to me well known to be the individual described in and who executed the foregoing instrument and that said instrument is his free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid, this 13th day of September, 1973.

My Commission Expires:

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

Jeffrey D. Kuee
NOTARY PUBLIC
State of Florida at Large



STATE OF FLORIDA)
COUNTY OF)

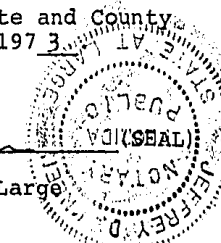
BEFORE ME, the undersigned authority, personally appeared MARVIN B. TURK, to me well known to be the individual described in and who executed the foregoing instrument and that said instrument is his free act and deed.

WITNESS my hand and official seal, at the State and County aforesaid, this 13th day of September, 1973.

My Commission Expires:

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

Jeffrey D. Kuee
NOTARY PUBLIC
State of Florida at Large



STATE OF FLORIDA New York)
COUNTY OF Nassau)

BEFORE ME, the undersigned authority, personally appeared Alvin R. Bush to me known to be the individual described in and who executed the foregoing instrument as President of GRANREAL OF FLORIDA, INC. Florida corporation not for profit, 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 17th day of September, 1973.

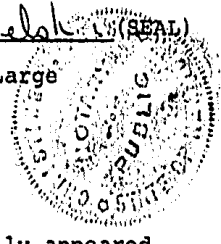
My Commission Expires:

March 30, 1974

Christine C. Fabel
CHRISTINE C. FABEL
NOTARY PUBLIC, State of New York
No. 30-9820738 State of Florida at Large
Qualified in Nassau County
Commission Expires March 30, 1974

STATE OF FLORIDA)
COUNTY OF)

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. 1 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.

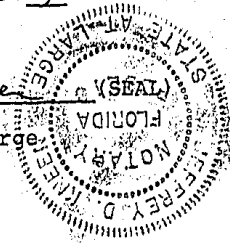


Witness my hand and official seal, at the State and County aforesaid, this 13 day of September, 1973.

My Commission Expires:

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

Jeffrey D. Kneer
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:

NOTARY PUBLIC (SEAL)
State of Florida at Large

Not a certified copy

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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 of 126.41 feet; thence North $77^{\circ}00'00''$ East, a distance of 226.66 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 $85^{\circ}19'49''$ West, a distance of 54.52 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.

ARTICLES OF INCORPORATION

OF

WATERWAY CLUB NO. 7 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.

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EXHIBIT 3

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, P. O. Box 947, West 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, P. O. Box 947, West 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 may be proposed and adopted in the manner set forth in the BY-LAWS of the ASSOCIATION or the aforesaid DECLARATION OF CONDOMINIUM, and all rights conferred upon members herein are granted subject to this reservation and its lawful exercise.

Notwithstanding the foregoing provisions of this ARTICLE XIII no amendment to these ARTICLES OF INCORPORATION may be adopted or become effective which shall impair or prejudice the rights or priorities of the SPONSOR, LESSOR or MANAGEMENT FIRM without prior written consent of such affected party. No amendment shall be made that is in conflict with the CONDOMINIUM ACT, the DECLARATION OF CONDOMINIUM, MANAGEMENT AGREEMENT, 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 hereafter adopted.

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 13TH day of September, 1973.


MARVIN B. TURK (SEAL)

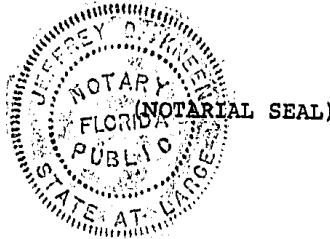
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SEYMOUR A. FINE (SEAL)

Robert Lee Shapiro (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 13th day of September, 1973



Jeffrey D. Kuee
Notary Public, State of Florida at Large

My Commission Expires:

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

Not a certified copy

BY-LAWS

OF

WATERWAY CLUB NO. 1 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.

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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. Mine
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; LEASES. 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.

g. 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. 1 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 13th day of September 1973

ATTEST:

WATERWAY CLUB NO. 1 ASSOCIATION, INC.

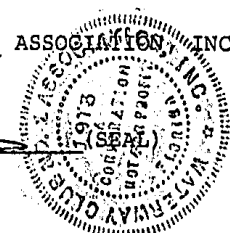
Samuel Aene (SEAL)
Secretary

BY Alvin B. Tamm
President

APPROVED:

WATERWAY CLUB

BY Robert Lee Shapiro (SEAL)
Vice President



WATERWAY CLUB NO. 1 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.

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EXHIBIT 5

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 recordation 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 covenants.

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 13th day of September 1973.

Signed, Sealed and Delivered in our Presence:

[Signature]

By [Signature]
Its President

[Signature]
As to ASSOCIATION

Recorded in O R Book & Map as Verified John B. Dunlap Clerk Circuit Court

ATTEST
By [Signature]
Its Secretary



Signed, Sealed and Delivered in our Presence:

[Signature]

WATERWAY MANAGEMENT, INC.

By [Signature]
Its President

[Signature]
As to MANAGEMENT FIRM

ATTEST
By [Signature]
Secretary

