

DECLARATION OF CONDOMINIUM
OF
SABINE YACHT AND RACQUET CLUB. A CONDOMINIUM

This Declaration is made this 23 day of December, 1976, by HERITAGE COMMUNITIES - SPANISH LANDINGS, INC., a Florida corporation, whose address is 330 Fort Pickens Road, Pensacola Beach, Florida 32561 (the "Sponsor").

The Sponsor makes the following declarations:

1. Submission of Leasehold Property to Condominium Ownership. Sponsor is the owner and holder of the sub-leasehold interest in the real property described in Exhibit "A" hereto, under a Sub-Lease Agreement entered into by Charles S. Liberis, Jr., trustee, as Sub-Lessor, and Sabine Development Corporation, as Sub-Lessee, dated March 19, 1973, and recorded in Official Records Book 681, Page 219 of the Public Records of Escambia County, Florida, as amended by First Amendment to Sub-Lease dated as of November 5, 1976, and recorded in Official Records Book 1663, Page 313 of the Public Records of Escambia County, Florida (the "Sub-Lease"). The term of the Sub-Lease Agreement expires on March 20, 2071.

By this Declaration the Sponsor submits its leasehold estate in the real property described in Exhibit "A" to the condominium form of ownership in the manner provided in Chapter 711 of the Florida Statutes (the "Condominium Act").

Sponsor is also the owner and holder of certain rights relating to the construction of a marine facility appurtenant to the above-described condominium property, as set forth in Exhibit "B" attached hereto. The Sponsor has agreed to assign these rights to the Association as more fully set forth in Section 4.8.

2. Name and Address. The name of the Condominium is Sabine Yacht and Racquet Club, a Condominium, and its address is 330 Fort Pickens Road, Pensacola Beach, Florida 32561.

3. Definitions. The terms used in this Declaration of Condominium and its Exhibits shall have the meanings stated in the Condominium Act, or as follows, unless the context otherwise requires:

3.1 "Assessment" means a share of the funds required for the payment of Common Expenses which from time to time are assessed against the Unit Owner.

3.2 "Assignment of Interest in Sub-Lease" means the instrument by which Unit Owners convey their rights and obligations of ownership in and to their Unit to their transferee, the form of which is attached hereto as Exhibit "1".

3.3 "Association" means Sabine Yacht and Racquet Club Condominium Association, Inc., a Florida non-profit corporation, which is the entity responsible for the operation of the Condominium, and its successors.

3.4 "Board of Directors" means the board of administration of the Association.

3.5 "Boat Dock" shall mean that marine facility, if constructed, as constructed under that License and Permit attached hereto as Exhibit "3".

Reviewed By: Kenneth A. Freedwell

P.O. Box 548

Business Development Group

May 1980, Pensacola

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3.6 "By-Laws" means the by-laws for the government of the Association and the Condominium as they exist from time to time.

3.7 "Common Elements" shall include:

(a) the condominium property not included in the Units; and

(b) tangible personal property owned by the Association and required or useful for the maintenance and operation of the Common Elements.

3.8 "Common Expenses" means the expenses for which the Unit Owners are liable to the Association, including without limitation:

(a) operation, maintenance, repair or replacement of the Common Elements, costs of carrying out the powers and duties of the Association, costs of fire, extended coverage and other insurance; and

(b) rent and expenses under the Sub-Lease and Ground Lease, management agreement, if any, and any other expenses designated or implied to be common expenses by the Condominium Act or by this Declaration, including all exhibits thereto.

3.9 "Common Surplus" means the excess of all receipts of the Association, including but not limited to assessments, rents, profits and revenues on account of the Common Elements, over the amount of Common Expenses.

3.10 "Condominium Unit" means a Unit together with the undivided share in the Common Elements and Limited Common Elements which are appurtenant to the Unit.

3.11 "Ground Lease" means that certain Lease Agreement relating to the real property described in Exhibit "A" hereto, entered into by the Santa Rosa Island Authority, an agency of Escambia County, Florida, as lessor, and Charles S. Liberis, Jr., trustee, as lessee, dated March 16, 1973, and recorded in Official Records Book 681, Page 203 of the Public Records of Escambia County, Florida, as amended by an Amendment to Lease dated March 19, 1973, and recorded in Official Records Book 681, Page 216 of the Public Records of Escambia County, Florida.

3.12 "Institutional Mortgagee" means a Bank, Savings and Loan Association, Insurance Company, FHA Approved Mortgage Lender or Banker, a Real Estate or Mortgage Investment Trust, an Agency of the United States Government, or a lender generally recognized in the community as an institutional-type lender.

3.13 "Limited Common Elements" means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units.

3.14 "Partial Assignment of Sub-Lease" means the instrument by which rights and obligations of ownership in and to a Unit are transferred by the Sponsor to a Unit Owner, the form of which is attached hereto as Exhibit "H".

3.15 "Reasonable Attorney's Fees" means reasonable fees for the services of attorneys at law whether or not judicial or administrative proceedings are involved, and of all review of the same by appeal or otherwise.

3.16 "Sponsor" means HERITAGE COMMUNITIES - SPANISH LANDINGS, INC., its successors and assigns who acquire

two or more Units for the purpose of resale in the ordinary course of business.

3.17 "Sub-Lease" means that certain Sub-Lease Agreement entered into by Charles S. Liberis, Jr., trustee, as Sub-Lessor, and Sabine Development Corporation, as Sub-Lessee, dated March 19, 1973, and recorded in Official Records Book 681, Page 219 of the Public Records of Escambia County, Florida, as amended by a First Amendment to Sub-Lease dated as of November 5, 1976, and recorded in Official Records Book 1263, Page 307 of the Public Records of Escambia County, Florida.

3.18 "Unit" means a part of the condominium property which is to be subject to private ownership as defined in the Condominium Act.

3.19 "Unit Owner" or "Owner of Unit" means the owner of a Condominium Unit by partial assignment of the Sponsor's sub-leasehold estate.

3.20 "Utility Services" as used in the Condominium Act and construed with reference to this Condominium and as used in the Declaration and By-Laws shall include but not be limited to electric power, water, gas, heating, air conditioning and garbage and sewage disposal.

4. Development Plan. The condominium is described and established as follows:

4.1 Survey, Plot Plan and Graphic Description. A survey of the land described in Exhibit "A" and a graphic description of the improvements in which Units are located and a plot plan thereof are attached hereto as Exhibit "C" and made a part hereof, and together with the wording of this Declaration relating to matters of survey are in sufficient detail to identify the Common Elements, Limited Common Elements and each Unit and to provide accurate representations of their locations and dimensions.

4.2 Certificate of Survey. A Certificate of Barrett, Dailin and Figg, by Paul F. McCartney, a surveyor authorized to practice in the State of Florida, stating that the construction of the improvements described in the exhibits referred to in Paragraph 4.1 is sufficiently complete so that such material, together with the wording of this Declaration relating to matters of survey, is a correct representation of the improvements described, and further that with such material there can be determined therefrom the identification, location and dimensions of the Common Elements, Limited Common Elements, and of each Unit, is set forth on the first sheet of Exhibit "C".

4.3 Percentage of Common Elements and Common Expenses. The undivided shares, stated as fractions, in the Common Elements which are appurtenant to each Unit shall be as set forth in Exhibit "D".

The percentage and manner of sharing Common Expenses and owning Common Surplus shall be as set forth in Exhibit "D".

4.4 Easements. Each of the following easements is reserved through the condominium property and is a covenant running with the land of the condominium and notwithstanding any of the other provisions of this Declaration, may not be amended or revoked and shall survive the termination of the condominium and the exclusion of any of the lands of the

(a) Utilities. As may be required for utility services in order to adequately serve the condominium;

provided, however, easements through a Unit shall be according to the plans and specifications for the building containing the Unit or as the building is actually constructed, unless approved in writing by the Unit Owner.

(b) Ingress and Egress. For the benefit of unit owners, their guests, servants, tenants and contract purchasers, for pedestrian traffic over, through and across sidewalks, paths, walks, lobbies, stairways, walkways and lanes, and like passageways, as the same may from time to time exist upon the Common Elements; and for the vehicular traffic over, through and across such portions of the Common Elements as may be from time to time paved and intended for such purposes, but the same shall not give or create in any person the right to park upon any portion of the condominium property not designated as a parking area.

(c) Boat Dock. In the event that the Boat Dock described in paragraph 4.8 is constructed, an easement for the benefit of lessees, or other authorized users of the boat docking facilities for ingress and egress to and from the boat dock, for pedestrian traffic over, through and across outdoor sidewalks, paths, walks, lanes and like passageways necessary for such ingress and egress, but not across grassed areas, as the same may from time to time exist upon the Common Elements; and for vehicular traffic over such portions of the Common Elements as may be from time to time paved and intended for such purposes, but without the right to park upon any portion of the condominium property not designated as a parking area.

(d) Encroachments. In the event that any Unit shall encroach upon any of the Common Elements or upon any other Unit for any reason other than the intentional or negligent act of the Unit Owner, or in the event any Common Element shall encroach upon any Unit, then an easement shall exist to the extent of that encroachment for so long as the encroachment shall exist.

(e) Sponsor. Until such time as Sponsor has completed all of the contemplated improvements, including without limitation the boat dock, and sold all of the Units contained within the condominium property, easements, including but not limited to ingress and egress, are hereby reserved and shall exist through and over the condominium property as may be required by Sponsor for the completion of the contemplated improvements and the sale of said Units. Neither the Unit Owners nor the Association, nor their use of the condominium property, shall interfere in any way with such completion and sale.

4.5 Unit Boundaries. Each Unit shall include that part of the building containing the Unit that lies within the boundaries of the Unit, but which does not include the boundaries of the Unit, as follows:

(a) Upper and Lower Boundaries. The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the perimeter boundaries:

(1) Upper Boundary - the horizontal plane of the unfinished lower interior surface of the concrete slab ceiling.

(2) Lower Boundary - the horizontal plane of the unfinished upper interior surface of the concrete slab floor.

(b) Perimetrical Boundaries. The perimetrical boundaries of the Unit shall be the vertical planes of the unfinished interior surfaces of the dry walls bounding the Unit extended to the intersection with each other and with the upper and lower boundaries.

4.6 Limited Common Elements.

(a) Balconies and Patios. Any balcony or patio attached to the exterior main walls of the building that serves only the particular Unit adjacent to such structure shall be a Limited Common Element for the benefit of that particular Unit only.

(b) Parking Spaces. Parking spaces provided as shown on the survey, Exhibit "C", are Limited Common Elements and shall be designated and assigned as set forth in Section 5.

4.7 Common Elements. The Common Elements include the sub-leaschold estate and all of the parts of the Condominium other than the Units as defined in Section 4.5 or the Limited Common Elements as defined in Section 4.6. The Common Elements specifically include, without limitation, all windows and exterior doors located within or adjacent to a Unit, and all load-bearing walls and structural parts of the building, whether or not located within the boundaries of a Unit as defined in Section 4.5.

4.8 Prospective Boat Dock Facility. The Sponsor reserves the right but is not obligated to build, at its own expense, the boat dock authorized by the State Marina and Commercial Dock Facility License and Permit ("License") attached hereto as Exhibit "D". Whether or not the Sponsor elects to build the marina and commercial dock facility ("Boat Dock"), the Sponsor will use its best efforts to obtain an assignment of its predecessor's, and of its own interest, if any, right, title and interest in that License and the Boat Dock (if built) to the Association, which shall be assumed by the Association, and will use its best efforts to obtain any necessary approvals, including the approval of the Board of Trustees of the Internal Improvement Trust Fund for such assignment. If the Sponsor elects not to build the Boat Dock, and the License is duly assigned to the Association, the unit owners other than the Sponsor may call a special meeting in accordance with Article 3.4 of the By-Laws of the Association to consider construction of the Boat Dock.

4.9 Amendment of Plans.

(a) Alteration of Unit Plans. Sponsor reserves the right to change the interior design and arrangement of all Units, and to alter the boundaries between Units, and to increase or decrease the number of Units by combining two or more Units or subdividing a Unit, so long as Sponsor owns the Units so altered. No such change shall alter the boundaries of the Common Elements (other than walls abutting Units owned by the Sponsor) without an amendment of this Declaration approved by the Association, Unit Owners and Institutional Mortgagees in the manner elsewhere provided. If Sponsor shall make any changes in Units so authorized, such changes shall be reflected by an amendment to this Declaration. If more than one Unit is concerned, the Sponsor shall apportion between the Units the shares in Common Elements which are appurtenant to the Units concerned.

(b) Amendment of Declaration. An amendment of this Declaration reflecting such alteration of Unit plans by Sponsor need be signed and acknowledged only by the Sponsor and need not be approved by the Association, other Unit Owners, or lienors or mortgagees of other Units or of the Condominium, whether or not such signatures are elsewhere required for an amendment; provided, however, the foregoing right shall not change the percentage of any Unit Owner's proportionate share of the Common Expenses or Surplus or voting rights, unless consented to in writing by such Unit Owner and any Institutional Mortgagee holding a mortgage on said Unit.

5: Designation and Assignment of Parking Spaces By Sponsor or Association.

(a) Designation and Initial Assignment. The parking spaces designated on the survey, Exhibit "C", are a part of the Limited Common Elements. The Sponsor reserves the right to assign the exclusive use of one parking space to each Unit Owner at closing. The Association shall maintain a book for the purpose of listing each assignee of each parking space and the transfers thereof (the "Parking Book"). Any parking space assigned to the exclusive use of a Unit shall be appurtenant to the Unit.

(b) Restrictions on Separate Transfer of Parking Spaces. A parking space may be separately transferred upon the following conditions:

(i) The use of a Parking Space may at any time be surrendered by a particular Unit Owner ("Transferor") to another Unit Owner ("Transferee") in exchange for use of another Parking Space, provided that no Unit may be without one assigned Parking Space.

(ii) The Transferor shall execute a written assignment which shall describe the identification number of the Parking Space, the Unit to which it was appurtenant, the name of the Transferee and the Transferee's Unit and shall furnish the same to the Association, who shall record such transfer in the Book. In no event, however, shall a Parking Space which is encumbered by a mortgage held by an Institutional Mortgagee be transferred without the written consent of such Institutional Mortgagee.

(iii) Any parking spaces not assigned to the use of any particular Unit may be assigned, used or leased on such terms and conditions as the Board may from time to time determine, provided that a portion of the parking spaces shall always be kept for providing guest parking and parking for users of the boat docking facilities.

6. Boat Slips - Assignment or Rental by Association. If and when the Boat Dock is constructed, the Association shall assign or rent boat slips in accordance with the By-Laws of the Association.

7. Maintenance, Alteration and Improvement. Responsibility for the maintenance of the condominium property and restrictions on the alteration and improvement thereof shall be as follows:

7.1 Common Elements and Limited Common Elements.

(a) By the Association. The maintenance and operation of the Common Elements and Limited Common Elements, excluding the responsibility for cleaning or repairing scratches, blemishes, or tears in the interiors and exteriors of all doors, windows and screens, and further excluding those items that are the responsibility of each Unit Owner as set forth in paragraph 7.2(b), shall be the responsibility of the Association and the expense associated therewith shall be designated as a Common Expense.

(b) Alteration and Improvement. Except for repairs and maintenance for existing improvements, after the completion of the improvements including the proposed Boat Dock and the other Common Elements contemplated by this Declaration, there shall be no alteration or further improvement of the real property constituting the Common Elements without prior approval in writing by the owners of not less than seventy-five (75%) per cent of the Common Elements and by not less than seventy-five (75%) per cent of the holders of Institutional Mortgages. Any such alteration or improvement shall not interfere with the rights of any Unit Owners without their consent. The cost of such work shall not be assessed against an Institutional Mortgagee that acquires its title as a result of owning a mortgage upon the Unit owned, unless such Institutional Mortgagee shall approve the alteration or improvement, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. The share of any cost not so assessed shall be assessed to other Unit Owners in the shares that their shares in the Common Elements bear to each other. There shall be no change in the shares and rights of Unit Owners in the Common Elements altered or further improved, whether or not the Unit Owner contributes to the cost of such alteration or improvements.

7.2 Units.

(a) By Association. The Association shall maintain, repair and replace as a Common Expense:

(i) All portions of a Unit, except finished interior surfaces, contributing to the support of the building, which portions shall include but not be limited to load-bearing columns and load-bearing walls.

(ii) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services contained in the portions of a Unit maintained by the Association or that are contained within a Unit, and that service two or more units.

(iii) All incidental damage caused to a Unit by such work shall be promptly repaired by the Association.

(b) By the Unit Owner. The responsibility of the Unit Owner shall include:

(i) To maintain, repair, and replace at his sole and personal expense, all electric panels, electric wiring that services only his

Unit, electric outlets and fixtures, doorbells and doorknockers, air-conditioners, heaters, hot water heaters, refrigerators, dishwashers, other appliances, drains, plumbing fixtures and connections within the Unit, interior surfaces of all walls, floors and ceilings, and all other portions of his Unit or of the Common Elements or Limited Common Elements located within the exterior boundary walls of the building surrounding his Unit, except the portions specifically to be maintained, repaired and replaced by the Association as set forth in paragraph 7.2(a) above. Provided however, that it shall not be the responsibility of the Unit Owner to replace such of the above items as are destroyed by casualty, if and only if the insurance policy or policies owned by the Association insure such casualty loss, in which event the responsibility for replacement shall be that of the Association.

(ii) To clean and repair scratches, tears or blemishes in all doors, door runners, windows and screens adjacent to his Unit.

(iii) Not to enclose, paint, or otherwise decorate or change the appearance of any portion of the exterior of the apartment building, including the balcony, without the consent of the Board of Directors of the Association.

(iv) To promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

(c) Alteration and Improvement. Subject to the other provisions of 7.2 and which in all cases shall supersede and have priority over the provisions of this subsection when in conflict therewith, a Unit Owner may make such alteration or improvement to the Unit at his sole and personal cost as he may be advised, provided all work shall be done without disturbing the rights of other Unit Owners and further provided that a Unit Owner shall make no changes or alterations to any interior boundary wall, exterior wall, balcony or patio, screening, exterior door, windows, structural or load-bearing member, electrical service or plumbing service, without first obtaining approval in writing of owners of all other Units in such apartment building and the approval of the Board of Directors of the Association. All alterations and improvements must be in compliance with all existing building codes. No alteration may cause an increase in any insurance premium to be paid by the Association.

(d) Failure of Unit Owner to Repair. The Association may enter into any Unit upon reasonable notice and during reasonable hours to inspect any Unit and make any repairs or maintenance which is the responsibility of the Unit Owner and which said Unit Owner has failed to make. All costs of such repair shall be assessed to the particular Unit Owner as a special assessment, and can be collected in the same manner as any other assessment.

7.3 Boat Dock and Boat Slips. The boat dock and boat slips, when and if constructed, shall be maintained by the Association. However, the Association shall maintain a

separate account, "Dock Account", into which all income from the rental of dock space shall be credited and against which all costs of operating and maintaining the Boat Dock, including any administrative or overhead costs associated with operating the Boat Dock will be charged. Any surplus in this separate account will be used for the benefit of the Boat Dock, and placed in appropriate reserve accounts. Any deficiency in this account will be assessed as a common expense to all of the residential Unit Owners. If, in the opinion of counsel for the Association, the excess of rents for boat slips received from members of the Association over expenses attributable to the boat dock will probably be taxed as Association income, the Board of Directors may apply such excess rents to the common expenses.

8. Assessments. The making and collection of assessments against Unit Owners for Common Expenses shall be pursuant to the By-Laws and subject to the following provisions:

8.1 Share of Common Expense. Each Unit Owner shall be liable for a proportionate share of the Common Expenses and shall share in the Common Surplus, the same as set forth in Exhibit "D", but the same shall not vest or create in any Unit Owner the right to withdraw or receive distribution of his share of the Common Surplus.

8.2 Payments. Assessments and installments thereon paid on or before ten (10) days after the day when the same shall become due shall not bear interest, but all sums not so paid on or before ten (10) days after the same is due shall bear interest until paid at the rate of ten (10%) per cent per annum. All payments on account shall be first applied to interest and then to the assessment payment first due. If any installment of an assessment remains unpaid thirty (30) days after the same shall become due, the Board of Directors may declare the entire annual assessment as to that delinquent Unit Owner due and payable in full as if the entire amount was originally assessed.

8.3 Lien for Assessments. The Association shall have a lien on each Unit for any unpaid assessments and interest against the Unit Owner, which lien shall also secure reasonable attorney's fees incurred by the Association incident to the collection of such assessment or enforcement of such lien. Said lien shall be effective from and after the time of recording in the public records of Escambia County, Florida, a claim of lien stating the description of the Unit, the name of the record owner thereof, the amount due and the date when due, and the lien shall continue in effect until all sums secured by the lien shall have been fully paid. Such claims of lien shall be signed and verified by an officer of the Association or by a managing agent of the Association. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien. Liens for assessment may be foreclosed by suit brought in the name of the Association in like manner as a foreclosure of a mortgage on real property. In any such foreclosure by the Association, the owner of the Unit shall be required to pay a reasonable rental for the Unit and the Association shall be entitled as a matter of law to the appointment of a receiver to collect the same. The Association may also sue to recover a money judgment for unpaid assessments without waiving the lien securing the same. Where an Institutional Mortgagee or other purchaser of a Unit obtains title to

the Unit as a result of the foreclosure of the mortgage or as a result of a conveyance in lieu of foreclosure of the Institutional Mortgage, such acquirer of title, its successors and assigns, shall not be liable for the share of the Common Expenses or assessments by the Association pertaining to such Unit or chargeable to the former owner of such Unit which become due prior to acquisition of title in the manner above provided, unless such share is secured by a claim of lien for assessments that is recorded prior to the recording of said mortgage. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Unit Owners including such acquirer, its successors and assigns.

8.4 Sponsor's Obligation to Pay Assessments.
Except as provided for in subsection 8.J above, and in this subsection, no Unit Owner may be excused from the payment of his proportionate share of the Common Expense unless all Unit Owners are likewise proportionately excused from such payment. However, the Sponsor or its successor in interest (as Sponsor) shall be excused from the payment of its share of the Common Expense for those Units owned by it during such period of time that the Sponsor shall have guaranteed that the assessment for common expenses imposed upon Unit Owners other than the Sponsor shall not increase over a stated dollar amount and obligate itself to pay any amount of common expenses incurred during that period and not produced by the assessments at the guaranteed level receivable from other Unit Owners.

9. Association. The operation of the Condominium shall be by the Sabine Yacht and Racquet Club Condominium Association, Inc., a corporation not for profit under the laws of the State of Florida, which shall fulfill its functions pursuant to the following provisions:

9.1 Articles of Incorporation. A copy of the Articles of Incorporation of the Association is attached as Exhibit "F".

9.2 By-Laws. A copy of the By-Laws of the Association is attached as Exhibit "G". The voting rights of the members of the Association shall be as set forth in the By-Laws.

9.3 Limitation Upon Liability of Association.
Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the element, or other owners or persons.

10. Insurance. Insurance, other than title insurance, which shall be carried upon the condominium property and the property of the Unit Owners shall be covered by the following provisions:

10.1 Ground Lease. All insurance policies upon the condominium property, and all of the provisions of this Section, shall be in accordance with the terms of the Ground Lease, as it may be amended from time to time, unless the Association shall obtain a written waiver of any insurance requirement contained in the Ground Lease from the Santa Rosa Island Authority, its successors and

assigns. In the event of a conflict between this Section and the Ground Lease, the terms of the Ground Lease shall govern. In the event that this Section imposes more stringent insurance requirements than does the Ground Lease, then the terms of this Section shall supplement the terms of the Ground Lease.

10.2 Authority of Association to Purchase. All insurance policies upon the condominium property shall be purchased by the Association from an insurance company with at least a Best's B rating, or equivalent, for the benefit of the Association, and in case of insurance covering damage to the apartment buildings and appurtenances, also for the benefit of Unit Owners and their mortgagees as their interests may appear. The Association shall have the duty to insure all of the Common Elements and Limited Common Elements of the condominium, and in addition to said duty shall have the authority, but not the duty, to insure all improvements and fixtures originally constructed and installed by the Sponsor in the buildings, whether or not such improvements and fixtures are a part of a Unit, the Common Elements or the Limited Common Elements. Provisions shall be made for the issuance of certificates of mortgagee policies and endorsements thereon shall be deposited with the Insurance Trustee.

10.3 Authority of Individual Unit Owners to Purchase and Sponsor's Recommendation. It shall not be the responsibility or duty of the Association to obtain insurance coverage upon any individual Unit or upon personal liability, personal property or living expenses of any Unit Owner, but the Unit Owner may obtain such insurance at his own expense provided such insurance may not be of a nature to affect policies purchased by the Association. Unit Owners shall furnish the Association with copies of all insurance policies obtained by them.

A Unit Owner (including the holder of any mortgage thereon) may obtain additional insurance (including a "condominium unit-owner's endorsement" for improvements and betterments to the condominium unit made or acquired at the expense of the owner) at his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. The Sponsor recommends that each owner of a condominium unit in the project obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy" or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, plate glass damage, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit-owner's endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expense of the owner.

10.4 Coverage.

(a) **Casualty.** All buildings and improvements upon the land (with an endorsement, if reasonably practicable, covering the improvements and fixtures and all personal property included in the Common Elements and originally constructed and installed by the Sponsor), shall be insured in an amount equal

to the maximum insurable replacement value, excluding foundation and excavation costs, or 100% of the full insurable value, whichever is greater, as determined by the Board of Directors of the Association. Such coverage shall afford protection against:

(i) Loss or damage by fire or other hazards covered by a standard extended coverage endorsement; and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including but not limited to vandalism and malicious mischief, and flood insurance if applicable.

(b) Public Liability. In such amounts and such coverage as may be required by the Board of Directors of the Association and with cross liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner, and also with waiver of the insurer's right of subrogation, if reasonably available.

(c) Workmen's Compensation Policy. To meet the requirements of law.

(d) Other. The Association shall, if reasonably available, purchase and maintain in force at all times demolition insurance in adequate amounts to cover demolition in the event of destruction and the decision not to rebuild. The premium therefor shall be paid for out of the assessments levied against all the Unit Owners in accordance with this Declaration. Such policy, if purchased, shall contain a determinable demolition clause, or similar clause, to allow for coverage of the cost of demolition in the event of destruction and decision not to rebuild. The Association may also purchase and maintain fidelity bonds, insurance on commonly owned personal property, and such other insurance as it may deem necessary, the premiums thereon to be paid for out of the assessments levied against all of the Unit Owners in accordance with the provisions of this Declaration.

10.3 Premiums. Premiums for insurance shall be a common expense. Premiums shall be paid by the Association.

10.4 Insurance Trustee and Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interests may appear and shall provide that all proceeds covering property losses shall be paid to an Insurance Trustee, being an institution having offices in Escambia County, Florida, and possessing trust powers, as may from time to time be approved by the Board of Directors of the Association, which trustee is herein referred to as "Insurance Trustee", or in lieu thereof shall be paid to the Board of Directors of the Association, which shall then act as "Insurance Trustee". 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 Unit Owners and their mortgagees in the following shares but which shares need not be set forth:

(a) Residential Building. Proceeds on account of damage to the residential building shall be held in

the following undivided shares:

(i) When the residential building is to be restored for the owners of damaged Units, in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Board of Directors of the Association.

(ii) When the residential building is not to be restored, and the condominium form of ownership is terminated in the manner elsewhere provided herein, in undivided shares being the same as the Unit Owners' respective shares of the condominium property set forth in Exhibit "E", as permitted by Section 711.16(2), Florida Statutes (1975), and its successors.

(b) Common Elements. Proceeds on account of damage to Common Elements not held pursuant to Section 10.6(a)(i) shall be held in the following undivided shares:

(i) If the condominium is not terminated, in undivided shares being the same as the Unit Owners' respective shares of the Common Elements set forth in Exhibit "D".

(ii) If the condominium is terminated in the manner elsewhere provided herein, in undivided shares being the same as the Unit Owners' respective shares of the condominium property set forth in Exhibit "E", as permitted by Section 711.16(2), Florida Statutes (1975), and its successors.

(c) Conflict. In the event of a conflict between the provisions of Section 10.6(a)(i) and 10.6(b)(i), the provisions of Section 10.6(a)(i) shall govern.

(4) Mortgages. In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired except as provided in 11.1(c)(i) and (ii).

10.7 Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expenses of Trustee. All expenses of the Insurance Trustee shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners and mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(c) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided

shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(d) Certificate. In making distribution to Unit Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary or by the Association's managing agent as to the names of Unit Owners and their respective shares of the distribution.

11. Reconstruction or Repair After Casualty.

11.1 Determination to Reconstruct or Repair. If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common Elements. If the damaged improvement is a Common Element other than the Boat Dock, the same shall be reconstructed or repaired unless the damages to the building containing such Common Element extend to the Units, in which case the provisions of 11.1(c) shall apply.

(b) Boat Dock. If the damaged improvement is the boat dock, the same shall be reconstructed or repaired unless the cost of repairing the boat dock to its former condition, as estimated by the Board of Directors in their sole and absolute discretion, shall exceed the insurance proceeds available as the result of the damage to the boat dock by more than \$4,000.00. If the cost of repairing the boat dock is more than \$4,000.00 in excess of the proceeds of insurance resulting from damage to the boat dock, then the Board of Directors shall call a special meeting of the Association to consider whether or not the boat dock shall be rebuilt. Such decision shall be a majority vote of all members present at the meeting, in person or by proxy. Any expenditures required as a result of this section shall be levied against the unit owners as a special assessment.

(c) Building.

(i) Partial Destruction - Subject to 11.1(d), if the damaged improvement is one of the buildings and less than ninety (90%) per cent of the amount of insurance applicable to such building is forthcoming by reason of such casualty, then the building shall be reconstructed and repaired unless seventy-five (75%) per cent of the owners and seventy-five (75%) per cent of the Institutional Mortgagees holding first mortgages upon Units contained within such building shall within sixty (60) days after casualty agree in writing that the same shall not be reconstructed or repaired.

(ii) Total Destruction - Subject to 11.1(d), if the damaged improvement is one of the buildings and ninety (90%) per cent or more of the amount of casualty insurance

applicable to such building is forthcoming by reason of such casualty, the building shall not be reconstructed or repaired unless within sixty (60) days after casualty seventy-five (75%) per cent of the owners of the Units and all Institutional Mortgagees holding first mortgages upon Units contained within such building shall within sixty (60) days after casualty agree in writing that the same shall be reconstructed or repaired.

(d) Decision Not to Repair. It shall be an absolute condition precedent to any decision by the Association not to repair any damaged improvement, that the Association shall obtain a certificate from the Santa Rosa Island Authority, its successors or assigns, setting forth the exact consequences of such decision under the terms of the Ground Lease. The operation of 11.1(c)(ii) shall be automatically suspended until such a certificate has been received by the Association.

(e) Certificate. The Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary or managing agent to determine whether or not the Unit Owners, where so provided, have made a decision whether or not to reconstruct or repair.

11.2 Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications of the original building and improvements; or if not, then according to plans and specifications approved by the Board of Directors of the Association and if the damaged property is the building, by the owners of all damaged Units therein, which approvals shall not be unreasonably withheld.

11.3 Responsibility. If the damage is only to those parts of Units for which the responsibility of maintenance and repair is that of Unit Owners, then the Unit Owners shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

11.4 Estimate of Costs. When the Association shall have the responsibility of reconstruction or repair, prior to the commencement of reconstruction and repair the Association shall obtain reliable and detailed estimates of the cost to repair or rebuild.

11.5 Assessments for Reconstruction and Repair. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for payment of the cost of reconstruction and repair are insufficient, assessment shall be made against the Unit Owners who own the damaged Units, and against all Unit Owners in a damaged building in the case of damage to Common Elements in a building, and against all Unit Owners in the case of damage to Common Elements not within a residential building, in sufficient amounts to provide funds for the payment of such costs. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units.

Such assessments on account of damage to Common Elements shall be in proportion to the owner's share in the Common Elements or to the ratio of the owner's share in the Common Elements to all of the affected owner's shares in the Common Elements if damage to Units occurs in only some buildings in which Units are located.

11.6 Construction Funds. The funds for the payment of costs for reconstruction and repair after casualty, which shall consist of the proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessments against Unit Owners shall be disbursed in payment of such costs in the following manner:

(a) Association. If the total assessments made by the Association in order to provide funds for the payment of reconstruction and repair which is the responsibility of the Association is more than \$10,000.00, then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee, if one has been designated. In all other cases the Association shall hold the sums paid upon such assessments and shall disburse the same in payment of the costs of reconstruction and repair.

(b) Insurance Trustee. The proceeds of insurance collected on account of a casualty and the sums deposited with the Insurance Trustee by the Association from collection of assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) Unit Owner - The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner shall be paid by the Insurance Trustee to the Unit Owner, or if there is a mortgage endorsement as to such Unit, then to the Unit Owner and the mortgagee jointly, who shall use such proceeds to repair the Unit.

(ii) Association - Lesser Damage - If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association is less than \$10,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association.

(iii) Association - Major Damage - If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than \$10,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in Florida and employed by the Association to supervise the work.

(iv) Surplus - It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a

balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(v) Certificate - Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether or not sums paid by Unit Owners upon assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine whether surplus funds to be distributed are less than the assessments paid by owners, nor to determine any other fact or matter relating to its duties hereunder. Instead, the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary or the Association's managing agent as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is herein required to be named as payee, the Insurance Trustee shall also name the mortgagee as payee; and further provided that when the Association, or a mortgagee which is the beneficiary of an insurance policy the proceeds of which are included in the construction fund so requires, the approval of an architect named by the Association shall be first obtained by the Association.

12. Use Restrictions. The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the building in useful condition exists upon the land:

12.1 Units. Each of the Units shall be occupied only by the individual owner, members of a family, their servants and guests, as a residence and for no other purpose.

12.2 Common Elements. The Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units.

12.3 Leasing. All leases on units shall be deposited with the Association. All tenants shall check in at the Association's office before commencing their tenancy, and they shall abide by the Rules and Regulations of the Association. Failure to abide by the Association's Rules and Regulations shall result in the immediate eviction of the offending tenant or tenants. The Association may also, in its by-laws, setting forth minimum standards for leases, including security deposits, and may condition the use of the Common Elements upon compliance with such minimum standards.

12.4 Regulations. Reasonable regulations concerning the use of the condominium property may be made and amended from time to time by the Association as provided by its Articles of Incorporation and By-Laws. Copies of such Regulations and amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium.

12.5 Partial Assignment of Sub-Lease and Assignment of Partial Assignment of Sub-Lease. Upon the transfer of a Unit by Sponsor the transferee shall enter into a Partial Assignment of Sub-Lease with Sponsor, a copy of which is attached as Exhibit "H" and made a part hereof. Upon the transfer of a Unit by a Unit Owner other than Sponsor the transferee shall enter into an Assignment of Interest in Sub-Lease in substantially the same form as is attached as Exhibit "I" and made a part hereof.

13. Separation of Interests. A sale or mortgage of a Unit shall include all of its appurtenances including any parking space assigned to that Unit, whether so stated or not, and appurtenances may not be sold separate from a Unit. A lease of a Unit shall include any parking space assigned to it and in the event that parking spaces are assigned, no parking space may be transferred or leased separate from the Unit to which it is assigned, except that Unit Owners may trade or sell parking spaces among themselves so long as each Unit shall have at least one parking space appurtenant to it. No Unit may be partitioned or subdivided, except as provided in 4.8(b).

14. Notice of Lien or Suit.

14.1 Notice of Lien. A Unit Owner shall give notice, in writing, to the Association 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.

14.2 Notice of Suit. A Unit Owner shall give notice, in writing, to the Association of every suit or other proceeding which may affect the title to his Unit, such notice to be given within five (5) days after the Unit Owner obtains knowledge thereof.

14.3 Failure to Comply. Failure to comply with this sub-section concerning liens will not affect the validity of any judicial suit.

15. Purchase of Units by Association. The Association shall have the power to purchase Units, pursuant to the following provisions:

15.1 Manager's Unit. The Association, by a majority vote of all members other than the Sponsor, has the authority to purchase and mortgage one Unit, from the Sponsor or any other Unit Owner, at a price to be agreed upon, for use by a resident manager.

15.2 Limitation. If at any one time the Association be the owner or agreed Purchaser of one (1) or more Units, it may purchase additional Units only with the prior written approval of seventy-five (75) percent of members eligible to vote thereon. A member whose Unit is the subject matter of the proposed purchase shall be ineligible to vote thereon. Provided, however, that the foregoing limitation shall not apply to Units to be purchased at public sale resulting from a foreclosure

of the Association's lien for delinquent assessments where the bid of the Association does not exceed the amount found due the Association, or to be acquired by the Association in lieu of foreclosure of such lien if the consideration therefor does not exceed the cancellation of such lien.

16. Compliance and Default. Each Unit Owner shall be governed by and shall comply with the terms of this Declaration, the By-Laws and the Rules and Regulations adopted pursuant thereto, and said documents as they may be amended from time to time. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to the following relief in addition to other remedies provided in this Declaration and the Condominium Act:

16.1 Enforcement. The Association is hereby empowered to enforce this Declaration and the By-Laws and Rules and Regulations of the Association by such means as are provided by the laws of the State of Florida, including the imposition of reasonable fines as set forth from time to time in the By-Laws.

16.2 Negligence. A Unit Owner 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, his lessees, or his or their guests, invitees, employees, or agents, 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 fire and casualty insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit, or of the Common Elements or of the Limited Common Elements.

16.3 Costs and Attorneys' Fees. In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms of the Declaration, By-Laws, and Rules and Regulations adopted pursuant thereto, and said documents as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be awarded by the Court.

16.4 No Waiver of Rights. The failure of the Sponsor, or the Association, or any Unit Owner to enforce any covenant, restriction or other provisions of the Condominium Act, this Declaration, the By-Laws, or the Rules and Regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

17. Amendments. Subject to the other provisions of the Declaration relative to amendment, this Declaration and the Articles of Incorporation and By-Laws of the Association may be amended in the following manner:

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

17.2 Resolution. An amendment may be proposed by either a majority of the Board of Directors or by a majority of the members of the Association. A resolution adopting a proposed amendment must bear the approval of not less than a majority of the Board of Directors and a majority of the members of the Association. Directors and members not present at the meetings considering the amendment may express their approval, in writing, delivered to the Secretary before such meeting.

17.3 Agreement. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners of Units in the manner required for the execution of a deed, and such amendments shall be effective when recorded in the Public Records of Escambia County, Florida.

17.4 Sponsor. As long as the Sponsor shall hold fee simple title to any Unit, the Sponsor may amend this Declaration, including, but not limited to, an amendment that will combine two or more Units or subdivide one or more Units owned by Sponsor (without, however, changing the percentage of Common Elements appurtenant to such Units), or any amendment required by a government agency or an Institutional Mortgagee willing to make or purchase permanent mortgage loans secured by a Unit, and such amendment shall be effective without the joinder of any record Owner of any Unit, or the joinder of any owner of any lien thereon; provided, however, that no such amendment shall adversely affect the lien or priority of any previously recorded Institutional Mortgage as it affects a Condominium Unit, or change the size or dimensions of any Unit not owned by the Sponsor.

17.5 Proviso. Provided, however, that no amendment shall discriminate against any Unit Owner nor against any Unit or class or group of Unit Owners or Units unless the Unit Owners so affected and such of their mortgagees which are Institutional Mortgagees shall unanimously consent; and no amendment shall change any space nor change the share in the Common Elements and other of its appurtenances, nor increase the Owner's share of the Common Expenses, unless the Unit Owner concerned and all affected Institutional Mortgagees shall join in the execution of the amendment. Neither shall an amendment of this Declaration make any change in paragraphs 10 and 11 unless the record owners of all mortgages upon Units in the condominium shall join in the execution of the amendment.

17.6 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the President and Secretary of the Association with formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the public records of Escambia County, Florida.

18. Severability. The invalidity in whole or in part of any covenant or restriction or any paragraph, subparagraph, sentence, clause, phrase or word or other provision of this Declaration, the Articles, the By-Laws, the Rules and Regulations of the Association, and any exhibits attached hereto, shall not affect the remaining portions thereof.

19. Additional Rights of Institutional Mortgagees. In addition to any rights provided elsewhere in this Declaration, any Institutional Mortgagee who makes a request in writing to the Association for the items provided in this paragraph shall have the following rights:

19.1 Annual Financial Statements of Association. To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges, or income collected, and

operating expenses; such Financial Statement and Report to be furnished within sixty (60) days following the end of each fiscal year.

19.2 Notice of Meetings. To be given written notice by the Association of the call of a Meeting of the Unit Owners to be held for the purpose of considering any proposed Amendment to this Declaration of Condominium, or to the Articles of Incorporation or By-Laws of the Association, which notice shall state the nature of the Amendment being proposed.

19.3 Notice of Defaults. To be given written notice of any default of any owner of a Unit encumbered by a mortgage held by such Institutional Mortgagee in the performance of such mortgagor's obligations under the Declaration, Articles, By-Laws or Regulations which is not cured within thirty (30) days. Such notice to be given in writing and to be sent to the principal office of such Institutional Mortgagee, or to the place which it or they may designate in writing to the Association from time to time.

19.4 Insurance Endorsements. To be given an endorsement of the policies covering the Common Elements and Limited Common Elements requiring that such Institutional Mortgagee be given any notice of cancellation provided for in such policy.

19.5 Examine Books and Records. Upon reasonable notice, to examine the books and records of the Association during normal business hours.

20. Termination. The Condominium may be terminated in the following manner:

20.1 Agreement. The Condominium may be terminated at any time by approval, in writing, of all of the owners of the Condominium and by all record owners of mortgages upon Units therein owned by Institutional Mortgagees.

20.2 Total Destruction of the Apartment Buildings. If all of the Apartment Buildings as a result of common casualty, be damaged within the meaning of 11.1 (c) (ii) and it not be decided as therein provided that such buildings shall be reconstructed or repaired, the condominium form of ownership will thereby terminate without agreement and the following shall be effective: The owners of the Units shall thereupon be the owners, as tenants in common, of the Condominium Property and the assets of the Association. The shares of such tenants in common shall be as shown on Exhibit "C" which is attached hereto and is a part hereof.

20.3 General Provisions. Upon termination of the Condominium, the mortgagee and lienor of a Unit Owner who shall thereby become tenants in common, shall have a mortgage and lien solely and exclusively upon the undivided share of such tenancy in common in and to the lands and other properties and rights which he may receive by reason of such termination or exclusion. The termination of the Condominium shall be evidenced by a certificate of the Association executed by its President and Secretary certifying as to the facts affecting the termination, which certificate shall be recorded in the public records of Escambia County, Florida.

20.4 Amendment. This section concerning termination cannot be amended without consent of all Unit Owners and of all record owners of Institutional Mortgages upon the Units.

21. Taxes on Condominium Property.

21.1 Apportionment of Tax or Special Assessment if Levied Against the Condominium as a Whole. In the event that any taxing authority having jurisdiction over Sabine Yacht and Racquet Club shall levy or assess any Tax or Special Assessment against Sabine Yacht and Racquet Club as a whole or the Association or Sponsor, as opposed to levying and assessing such Tax or Special Assessment against each Unit and its appurtenant undivided interest in the Common Elements, as now provided by law, (herein called the "New Total Tax"), then such New Total Tax shall be paid as a Common Expense by the Association, and any Taxes or Special Assessments which are to be so levied shall be wherever possible in the estimated annual budget of the Association, or shall be separately levied and collected as a special assessment by the Association against all of the owners of all Units. Each Unit Owner shall be assessed by and shall pay to the Association a percentage of the New Total Tax equal to that Unit Owner's percentage interest in the Common Elements. In the event that any New Total Tax shall be levied then the assessment by the Association shall separately specify and identify the portion of such assessment attributable to such New Total Tax and such portion shall be and constitutes a lien prior to all mortgages and encumbrances upon any Unit and its appurtenant undivided interest in Common Elements, regardless of the date of the attachment and/or recording of such mortgage or encumbrances, to the same extent as though such portion of New Total Tax had been separately levied by the taxing authority upon each Unit and its appurtenant undivided interest in Common Elements.

21.2 Taxes on Personal Property Owned by the Association. All personal property taxes levied or assessed against personal property owned by the Association shall be paid by the Association and shall be included as a Common Expense in the annual budget of the Association.

22. Intent. It is the intent of the Sponsor to create a condominium pursuant to Chapter 711, Florida Statutes, and pursuant to the common laws of the State of Florida as they may exist on the date this Declaration is filed. In the event that the condominium herein created by this Declaration shall fail in any respect to comply with Chapter 711, Florida Statutes, then the common law as the same exists on the filing date of said Declaration shall control. Therefore, the condominium hereby created shall be governed in accordance with the several laws of the State of Florida, this Declaration, the By-Laws attached hereto as Exhibit "C" and all other instruments and exhibits attached to or made a part of this Declaration of Condominium.

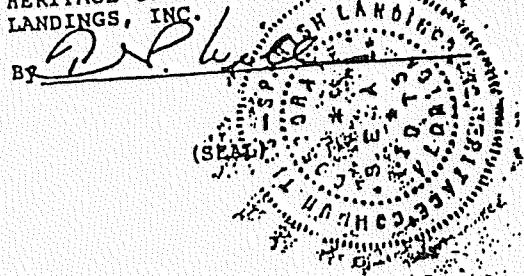
23. Covenants Running with the Land. All provisions of this Declaration of Condominium and all attachments thereto shall be construed to be covenants running with the land and with every part thereof and interest therein, including but not limited to every Unit Owner and claimant of the property or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns shall be bound thereby.

IN WITNESS WHEREOF, the Sponsor has executed this Declaration of Condominium this 23 day of December, 1976.

Signed, sealed and delivered in the presence of:

Kenneth A. Freedwell
Edward X White

HERITAGE COMMUNITIES - SPANISH LANDINGS, INC.



STATE OF Tenn.) ss
COUNTY OF Montgomery

The foregoing instrument was acknowledged before me this 23rd day of December, 1976 by T. P. Williams, Vice President of Heritage Communities - Spanish Landings, Inc., a Florida corporation, on behalf of the corporation.

Frederick R. Neel, Jr.

FREDERICK R. NEEL, JR., Notary Public
Huntsville, Tenn., Montgomery Co., Pa.
My Commission Expires on 12/31/1977

