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DECLARATION OF CONDOMINIUM

OCEAN BEACHCLUB CONDOMINIUM

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J. M. Kosmas

CLERK OF COUNTY COURT
PALM BEACH COUNTY, FLORIDA

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DECLARATION OF CONDOMINIUM
OCEAN BEACHCLUB CONDOMINIUM

SUBMISSION STATEMENT

OCEAN DEVELOPMENT GROUP, INC., A FLORIDA CORPORATION, being the owner of record of the fee simple title to the real property situate, lying and being in Volusia County, Florida, more particularly described and set forth in the Survey Exhibit attached hereto as Exhibit No. 1 (which is made a part hereof as though fully set forth herein) together with equipment, furnishings and fixtures therein contained not personally owned by unit owners, hereby states and declares that said realty, together with improvements thereon, together with littoral rights as may be applicable and appurtenant thereto, together with non-exclusive easements over the property described and set forth in Exhibit No. 1 to this Declaration of Condominium, is submitted to condominium ownership pursuant to the Condominium Act of the State of Florida, Chapter 718, Florida Statutes, and the provisions of said Act are hereby incorporated by reference and included herein thereby, and does herewith file for record this Declaration of Condominium.

I. DEFINITIONS

As used in this Declaration of Condominium and the By-Laws and Exhibits attached hereto, and any amendments thereof, unless the context otherwise requires, the following definitions shall prevail:

A. All terms used in this Declaration which are defined in Section 718.103, Florida Statutes and Section 721.05, Florida Statutes shall have the meanings set forth in the cited Statutes. In the event that a term is defined in both Statutes and such definitions conflict in any way, the definitions contained in Section 721.05, Florida Statutes, shall prevail.

B. Assessments means a share of the funds required for the payment of common expenses which, from time to time, are assessed against the unit owners.

C. Association, or Condominium Association, means Ocean BeachClub Homeowners Association, Inc., a Florida non-profit corporation, which entity is responsible for the operation of the condominium.

D. Board of Administration or Board of Directors means the representative body responsible for administration of the Association.

E. By-Laws means the By-Laws of the Association, as they exist from time to time.

F. Common elements means the portions of the condominium property not included in the units.

G. Common expenses means the expenses for which the unit owners are liable to the Association.

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H. Common surplus means the excess of all receipts of the Association including, but not limited to, assessments, rents, profits and revenue on account of the common elements, over and above the amount of common expenses.

I. Condominium means that form of ownership of condominium property under which units or improvements are subject to ownership by one or more owners, and there is appurtenant to each unit, as part thereof, an undivided share in the common elements.

J. Condominium Act means and refers to the Condominium Act of the State of Florida, Chapter 718, Florida Statutes.

K. Condominium documents means this Declaration, the By-Laws and all Exhibits annexed hereto, as the same may be amended from time to time.

L. Condominium parcel, or parcel, means a unit, together with the undivided share in the common elements which are appurtenant to the unit.

M. Condominium property means and includes the land in the condominium, whether or not contiguous, and all improvements thereon, and all easements and rights appurtenant thereto intended for use in connection with the condominium.

N. Condominium unit, or unit, is each of the separate and identified units delineated in the Survey Exhibit attached hereto.

O. Declaration, or Declaration of Condominium, means this instrument, as it may be from time to time amended.

P. Developer means OCEAN DEVELOPMENT GROUP, Inc., a Florida Corporation, its successors and assigns.

Q. Florida Real Estate Time-Share Act means and refers to the Florida Real Estate Time-Share Act of the State of Florida, Chapter 721, Florida Statutes.

R. Institutional first mortgage means any first mortgage held by an institutional mortgagee.

S. Institutional mortgagee means a bank, savings and loan association, insurance company or union pension fund authorized to do business in the United States of America, any agency of the United States government, a real estate or mortgage investment trust, the Developer or any assignee of a mortgage held by the Developer, or a lender generally recognized in the community as an institutional type lender.

T. Maintenance Fee means a share of the funds required for the payment of those expenses associated with a unit which, from time to time, are assessed against the owners of such unit.

U. Management agreement means and refers to that certain agreement attached to this Declaration and made a part hereof, which provides for the management of the condominium property.

V. Manager means and refers to the entity identified as the manager in the Management Agreement attached to this Declaration, its successors and assigns. The Manager shall be responsible for the management of the condominium property as provided in the Management Agreement attached to this Declaration and made a part hereof.

W. Occupant means the person or persons, other than the unit owner, in possession of a unit.

X. Time Share Estate means a right to occupy a timeshare unit, coupled with a freehold estate or an estate for years with future interests in a timeshare property or a specified portion thereof.

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Y. Unit owner, or owner of a unit, or parcel owner, means the owner of a condominium parcel.

Z. The following definitions shall refer only to those Units committed to and sold under a plan of "interval ownership".

1. Interval ownership is a timeshare concept whereby units and the share of common elements assigned to the unit are conveyed for periods of time, the purchaser receiving a stated time period for a period of years, together with a remainder over in fee simple as tenant in common with all other purchasers of unit weeks in each such condominium unit, in that percentage interest determined and established by Exhibit Number 3 to the Declaration of Condominium, at 12:00 noon on the first Sunday in the year 2035.

2. Unit week means a period of ownership in a unit committed to interval ownership which shall consist of not less than seven days. Unit weeks are computed as follows:

Unit Week No. 1 is the seven days commencing on the first Sunday of each year. Unit Week No. 2 is the seven days next succeeding. Additional weeks up to and including Unit Week No. 51 are computed in a like manner. Unit Week No. 52 contains the seven days succeeding the end of Unit Week No. 51 without regard to the month or year, plus and excess days not otherwise assigned. Unit weeks run from noon on the first Sunday of the period to noon on the last Sunday of the period.

II. NAME

The name by which this Condominium is to be identified shall be Ocean Beach Club Condominium.

III. COMMITTING A UNIT TO INTERVAL OWNERSHIP

TIME SHARE ESTATES AS DEFINED IN SECTION 721.05 (24), FLORIDA STATUTES, WILL BE CREATED WITH RESPECT TO UNITS IN THIS CONDOMINIUM.

A unit shall become a unit committed to interval ownership upon the recording of the first deed concerning said unit in which unit weeks are conveyed by the Developer. No unit may be committed to interval ownership by any person or entity other than the Developer. A unit will no longer be committed to interval ownership any time all unit weeks are owned by the same legal entity. Notwithstanding the above, the Developer may assign its right to commit units to interval ownership to any other entity to which it conveys substantially all units which it owns in the condominium property.

There are 8 units in this Condominium, each of which may contain 52 unit weeks, resulting in a maximum of 416 unit weeks in the Condominium. If Phase II consisting of 2 units is added to this Condominium pursuant to Article XXII of the Declaration of Condominium and Section 718.403, Florida Statutes, there may be a maximum of 520 unit weeks in the Condominium.

IV. IDENTIFICATION OF UNITS

The Condominium property consists essentially of all units and other

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improvements as set forth in Exhibit No. 1 which is attached to and made a part of this Declaration, and for purpose of identification all units located on said Condominium property are given identifying numbers. No unit bears the same identifying number as does any other unit. The aforesaid identifying number as to the unit is also the identifying number as to the condominium parcel. Exhibit No. 1 also contains a survey of the land, graphic description of the improvements, and a plot plan, and when read together with this Declaration, there is sufficient detail to identify the location, dimensions and size of the common elements and of each unit, as evidenced by the Certificate of the Registered Land Surveyor attached thereto. The legend and notes contained within the said Exhibit are incorporated herein and made a part hereto by reference.

Construction of Phase I is substantially complete.

V. IDENTIFICATION OF UNITS COMMITTED TO INTERVAL OWNERSHIP

Wherever the term "unit owner" or "unit owners" is used within the context of this Declaration, it shall be construed to include all owners of unit weeks within any unit. The interests of each owner of unit weeks with respect to each other within such units committed to interval ownership shall be delineated on Exhibit No. 2 which is annexed to this Declaration and made a part hereof.

VI. OWNERSHIP OF COMMON ELEMENTS

Each of the unit owners of the Condominium shall own an undivided interest in the common elements, and the undivided interest, stated as a fraction, is set forth on Exhibit No. 3 which is annexed to this Declaration and made a part hereof.

The fee title to each condominium parcel shall include both the condominium unit and the above respective undivided interest in the common elements, with said undivided interest in the common elements to be deemed to be conveyed or encumbered with its respective condominium unit. Any attempt to separate the fee title to a condominium unit from the undivided interest in the common elements appurtenant to each unit shall be null and void.

VII. VOTING RIGHTS

There shall be one person with respect to each unit who shall be entitled to vote at any meeting of the Association, and such person shall be known (and is hereinafter referred to), as the "voting member". If a unit is owned by more than one person, the owners of said unit shall designate one of them as the voting member, or in the case of a corporate unit owner, an officer or employee thereof shall be designated as the voting member. The designation of the voting member shall be made as provided by and subject to the provisions and restrictions set forth in the By-Laws of the Association.

Each owner or group of owners shall be entitled to one vote for each unit owned. The vote of a condominium unit is not divisible.

Notwithstanding the above, each owner of unit weeks in a unit committed to interval ownership shall be entitled to vote at meetings of the Association and shall be entitled to 1/52nd vote for each unit week owned.

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VIII. COMMON EXPENSE AND COMMON SURPLUS

The common expenses and common surplus of the condominium shall be shared by the unit owners as specified and set forth in Exhibit Nos. 2 and 3 to this Declaration.

IX. COMMON EXPENSES FOR UNITS COMMITTED TO INTERVAL OWNERSHIP

All owners of unit weeks in units committed to interval ownership shall pay their share of the common expenses, which shall include the following applicable items:

Repair and upkeep of the unit for normal wear and tear.
Example: repainting interior walls;

Repair and replacement of furniture, fixtures, appliances, carpeting and utensils;

Casualty and/or liability insurance in the unit;

Utilities for the subject unit;

Personal property, real estate, and any other applicable taxes not billed directly to the owners of the unit weeks in the unit;

Any other expenses incurred in the normal operations and maintenance of the unit which cannot be attributed to a particular unit week owner.

The common expenses shall be prorated among all owners of unit weeks in a specific unit by applying a fraction, the numerator of which is the number of unit weeks owned by a specific owner, the denominator of which is 52, to the total of all such expenses.

Notwithstanding any other provision of Article IX, the Board of Directors may, at its option, make a determination to exclude from the common expense assessment all or part of the personal property, real estate, and any other applicable taxes not billed directly to the owners of the unit weeks in any unit committed to interval ownership. In the event the Board or Directors makes such a determination, then the owners of unit weeks shall be separately assessed for said taxes based upon the formula provided for herein for the pro-ration of the common expenses.

X. METHOD OF AMENDMENT OF DECLARATION

This Declaration may be amended at any regular or special meeting of the unit owners, called and conveyed in accordance with the By-Laws, and the affirmative vote of voting members casting not less than 51% of the total vote of the members of the Association.

All amendments shall be recorded and certified as required by the Condominium Act. Subject to the provisions of Article XVIII of this Declaration, no amendment shall change the size of any condominium parcel, nor a condominium unit's proportionate share of the common expenses or common surplus, nor the voting rights appurtenant to any unit, unless the record owner(s) thereof, and all record owners of mortgages or other voluntarily placed liens thereon, shall join in the execution of the amendment. No amendment shall be passed which shall impair or prejudice the rights and priorities of any mortgages, or change the provisions of this Declaration with respect to institutional mortgages, without written approval of all institutional mortgagees of

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record, nor shall the provisions of Article XV of this Declaration be changed without the written approval of all institutional mortgagees of record.

No amendment to this Declaration, or the exhibits thereto, shall change the rights and privileges of the Developer without the Developer's written approval.

Notwithstanding the foregoing paragraphs of this Article X:

A. The Developer reserves the right to change the interior design and arrangement of all units and to alter the boundaries between units, as long as the Developer owns the units so altered; however, no change shall increase the number of units nor alter the boundaries of the common elements, except the party wall between any condominium units, without amendment of this Declaration in the manner hereinbefore set forth. If the Developer shall make any changes in units, as provided in this paragraph, such changes shall be reflected by an amendment of this Declaration, with a survey attached, reflecting such authorized alteration of units, and said amendment need only be executed and acknowledged by the Developer and any holders of institutional mortgages encumbering the said altered units, and the consent of the unit owners, the Association, the owner and holder of any lien encumbering any other condominium unit or unit week, or any others, shall not be required. The survey shall be certified in the manner required by the Condominium Act.

B. The Developer, so long as it owns more than 10% of the condominium units or unit weeks in the condominium, reserves the right at any time to amend the Declaration, as may be required by any lending institution or public body, or in such a manner as the Developer may determine to be necessary in its sole discretion, provided that such amendment shall not change the rights and privileges of institutional mortgagees, increase the proportion of common expenses borne by the unit owners, nor decrease the ownership of common elements, change a unit owner's voting rights or change the size of the common elements to the prejudice of the unit owners. Said amendment need only be executed and acknowledged by the Developer, and the consent of the unit owners, the Association, the owner and holder of any lien encumbering a condominium unit or unit week in this Condominium, or any others, shall not be required.

C. The Developer reserves the right to amend the Declaration to add one additional phase to this Condominium, pursuant to Article XXII of this Declaration, and Section 718.403, Florida Statutes. Said amendment need only be executed and acknowledged by the Developer, and the consent of the unit owners, the Association, the owner and holder of any lien encumbering a condominium unit or unit week in this Condominium, or any others, shall not be required.

XI. BY-LAWS

The operation of the condominium property shall be governed by the By-Laws of the Association, which are set forth in a document which is marked Exhibit "C", and made a part hereof.

No modification of or amendment to the By-Laws of said Association shall be valid unless set forth in or annexed to a duly recorded amendment to this Declaration. The By-Laws may be amended in the manner provided for therein, but no amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any condominium parcel, or which would change any provision of the By-Laws with respect to institutional mortgages, without the written

approval of all institutional mortgagees of record. No amendment shall change the rights and privileges of the Developer without the Developer's written approval. Any amendment to the By-Laws, as provided herein, shall be executed by the parties as required in this Article and in Article X above, and said amendment shall be recorded in the Public Records of Volusia County, Florida.

XII. THE OPERATING ENTITY

The operating entity of the Condominium shall be the Association, which has been organized pursuant to the Condominium Act. The said Association shall have all of the powers and duties set forth in the Condominium Act, as well as all of the powers and duties granted to or imposed upon it by this Declaration, the By-Laws of the Association, and its Articles of Incorporation which are marked as Exhibit "B" and made a part hereof, and all of the powers and duties necessary to operate the Condominium as set forth in this Declaration and the By-Laws, as they may be amended from time to time.

Every owner of a condominium parcel, whether he has acquired his ownership by purchase, gift, conveyance, transfer, operation of law or otherwise, shall be bound by the By-Laws and Articles of Incorporation of the said Association, the provisions of this Declaration and the Management Agreement.

XIII. ASSESSMENTS

The Association, through its Board of Directors, shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the common expenses of the condominium property and such other assessments as are specifically provided for in this Declaration and Exhibits attached hereto. The procedure for the determination of all such common expenses and assessments shall be as set forth in the By-Laws of the Association and this Declaration, and the Exhibits attached hereto.

The common expenses shall be assessed against each condominium parcel owner as provided for in Article VIII of this Declaration.

Assessments, installments, maintenance fees, and holdover charges as defined in Article XVI(E), that are unpaid for over ten days after due date, shall bear interest at the maximum rate permitted by law from due date until paid, and at the sole discretion of the Board of Directors, a late charge of \$25.00, or such other amount as is specified in the Rules and Regulations adopted by the Board of Directors, shall be due and payable. Regular assessments shall be due and payable monthly on the first of each month, and monthly bills for same shall not be mailed or delivered to unit owners. Maintenance fees for units committed to interval ownership shall be due and payable on the first day of February of each year, or prior to occupancy, whichever comes first, unless otherwise ordered by the Board of Directors.

The Association shall have a lien on each condominium parcel or unit week for unpaid assessments, maintenance fees and holdover charges, together with a lien on all tangible personal property located within said unit, except that such lien upon the aforesaid tangible personal property shall be subordinate to prior bona fide liens of record. Reasonable attorney's fees incurred by the Association incident to the collection of such assessments, maintenance fees and holdover charges, or the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, shall be payable by the unit owner and secured by such lien. The Board of Directors may

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take such action as it deems necessary to collect assessments, maintenance fees and holdover charges by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in its best interests. Said lien shall be effective as and in the manner provided for by the Condominium Act, and shall have the priorities established by said Act. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment, maintenance fee or holdover charges lien, and to apply as a cash credit against its bid all sums due, as provided herein, covered by the lien enforced. In case of such foreclosure the unit owners shall be required to pay a reasonable rental for the condominium parcel for the period of time said parcel is occupied by the unit owner or anyone by, through or under said unit owner, and plaintiff, in such foreclosure, shall be entitled to the appointment of a receiver to collect same from the unit owner and/or occupant.

In the case of a lien against an owner of unit weeks in a unit committed to interval ownership, said lien shall be limited to the unit weeks owned by said owner and shall not encumber the property, real or personal, of any other owner of unit weeks in said unit.

Where the mortgagee of an institutional first mortgage of record or other purchaser of a condominium unit obtains title to a condominium parcel as a result of foreclosure of the institutional first mortgage, or when an institutional first mortgagee of record accepts a deed to said condominium parcel in lieu of foreclosure, such acquirer of title, its successors and assigns shall not be liable for the shares of common expenses, or assessment by the Association pertaining to such condominium parcel, or chargeable to the former unit owner of such parcel, which became due prior to acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure, unless the share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed 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, his successors and assigns.

The Association, acting through its Board of Directors, shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments, maintenance fees, or holdover charges to the Developer, or to any unit owner or group of unit owners, or to any other third party.

XIV. INSURANCE PROVISIONS

A. Purchase of Insurance: The Association shall obtain insurance described herein together with such other insurance as the Association deems necessary in and for the interest of the Association, all unit owners and their mortgagees, as their interests may appear. The premiums for such coverage and other expenses in connection with said insurance shall be assessed against the unit owners as part of the common expense. The named insured shall be the Association, individually and as agent for the unit owners, without naming them, and as agent for their mortgagees.

Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the mortgagees of unit owners. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the insurance trustee hereinafter designated, and all

policies and endorsements thereon shall be deposited with the insurance trustee, or upon the written request of the Developer, with such party as the Developer shall designate. All institutional mortgagees who own and hold a first mortgage on a condominium unit or unit week shall have a right to receive a certified copy of the insurance policy(s) which are obtained pursuant to this Article XIV, and the party responsible for obtaining said policy(s) shall (a) cause certified copies of said policy(s) to be delivered to all institutional mortgagees upon receipt of same, (b) cause to be delivered to all institutional mortgagees not later than 30 days prior to the expiration of any insurance policy, a certified copy of a binder or certificate of the insurer evidencing the replacement thereof, and not later than 15 days prior to the expiration of such policy(s), a certified copy of the new policy(s), and (c) cause to be delivered to all institutional mortgagees evidence as to the payment of all premiums due on insurance policies obtained pursuant to this Article XIV. Unit owners may obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expenses.

B. Coverage:

(1) Casualty. All buildings and improvements upon the condominium property shall be insured in an amount which shall be not less than 80% of the full insurable value (actual replacement value), and all personal property included in the common elements shall be insured for its value, all as determined annually by the Board of Directors of the Association in accordance with generally accepted insurance practices. Such coverage shall afford protection against:

(a) Loss or damage by fire, flood, lightning and such other risks as are included in coverage of the type known as the broad form of supplemental or extended coverage; and

(b) 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 condominium property, including, but not limited to, vandalism and malicious mischief.

(2) Public liability, including personal injury and property damage, insurance applicable to the condominium property in such amounts as shall be determined annually by the Board of Directors of the Association.

(3) Insurance on Units Committed to Interval Ownership. The Board of Directors of the Association shall obtain casualty and liability insurance, as needed, on all units committed to interval ownership, in such amounts and with such coverage as shall be determined annually by the Board of Directors which shall include, but not be limited to, additional living expense coverage. The named insured shall be the Association, individually and as agent for all of the unit week owners in each such unit, without naming them, and as agent for their mortgagees. The premiums shall be a part of the maintenance fee. All losses thereunder shall be payable to the insurance trustee hereinafter designated. All such proceeds shall be used for the purpose of repair or replacement of any loss, or in the event such loss is not to be repaired or replaced, as determined elsewhere, to be divided among all owners of unit weeks in such units in accordance with Exhibit Nos. 2 and 3 to the Declaration. Any deficit or overage in such proceeds, after repair or replacement, shall be divided among all such owners of unit weeks in that unit in accordance with Exhibit Nos. 2 and 3 to the Declaration. Deficits shall be treated as part of the maintenance fee next due from those owners.

(4) Worker's Compensation policy to meet the requirements of law.

(5) Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

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C. Premiums: Premiums upon insurance policies, as provided for herein, purchased by the Association, shall be paid by the Association as a common expense.

D. Insurance Trustee; Shares 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 be paid to the insurance trustee, which shall be designated by the Board of Directors and which shall be any bank or trust company in Florida with trust powers. The insurance trustee shall not be liable for payment of premiums nor for the renewal or the 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 to 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 on the records of the insurance trustee:

(1) Common Elements. Proceeds on account of damage to common elements - an undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to his unit.

(2) Condominium Units. Proceeds on account of damage to units shall be held in the following undivided shares:

(a) When the 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 Association.

(b) When the Building is not to be Restored - An undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to his unit.

(3) Mortgagees. In the event a mortgage 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, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the unit owner and mortgagee pursuant to the provisions of the Declaration.

E. 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:

(1) Expense of the Trust. All expenses of the insurance trustee shall be first paid, or provision made therefor.

(2) 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. Remittance to unit owners and their mortgagees shall be payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

(3) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid 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.

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(4) 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 as to the names of unit owners and their respective shares of the distribution.

F. Association as Agent: The Association is hereby irrevocably appointed agent for each unit owner, for each owner of a mortgage or other lien upon a unit, and for each owner of any other interest in the condominium property, to adjust all claims arising under insurance policies purchased by the by the Association and to execute and deliver releases upon the payment of claims.

G. Notice of Insurance Coverage: In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the unit owners, the Association will give notice of the exposure within a reasonable time to all unit owners who may be exposed to the liability, and they shall have the right to intervene and defend the action.

H. Inspection of Insurance Policy: A copy of each insurance policy obtained by the Association shall be made available for inspection by unit owners at reasonable times.

XV. RECONSTRUCTION OR REPAIR AFTER CASUALTY

A. Determination to Reconstruct or Repair: If any part of the common elements or any building containing Condominium units shall be damaged by casualty, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

(1) Certificate. The Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary to determine whether or not the damaged property is to be reconstructed or repaired.

B. Plans and Specifications: Any reconstruction or repair required by this Article XV must provide for an equal number of units if the damaged improvement is a building containing condominium units, and shall be substantially in accordance with the plans and specifications for the original improvements, or if not, then according to plans and specifications approved by the Board of Directors of the Association. If the damaged property is a building containing condominium units, such approval shall be by the owners of not less than 50% of the Common Elements, including the owners and institutional mortgagees of all damaged units, which approval shall not be unreasonably withheld. All reconstruction or repairs shall be in accordance with applicable law, regulations, local ordinances or the actions of a governmental authority having jurisdiction. The Association shall use its best efforts to overcome any prohibition on reconstructing or repairing a damaged improvement including, without limitation, resort to administrative and/or judicial remedies, unless the Association's legal counsel shall have rendered an opinion to the Association that the likelihood of success of such action is remote. If reconstruction or repair of a damaged improvement containing condominium units is prohibited, and the condominium units contained therein are not tenantable, the condominium will be terminated as elsewhere provided. In the event insurance proceeds are insufficient to cover the expenses of reconstruction, the Board of Directors shall levy a special assessment against the unit owners to cover any deficit.

C. Responsibility: If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

D. Estimates of Costs: Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

E. Assessments: The amount by which an award of insurance proceeds to the insurance trustee is reduced on account of a deductible clause in an insurance policy shall be assessed against all unit owners in proportion to their shares in the common elements. If the proceeds of such assessments and of the insurance are not sufficient to defray the estimated costs of reconstruction and repairs by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, additional assessments shall be made against the unit owners in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction of their respective unit. Such assessments on account of damage to common elements shall be in proportion to the owner's share in the common elements.

F. Construction Funds: The funds for payment of costs of reconstruction and repair after casualty, which shall consist of 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:

(1) Association. If the total assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair which is the responsibility of the Association is more than \$25,000.00, then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee. In all other cases, the Association shall hold the sums paid upon such assessments and disperse the same in payment of the costs of reconstruction and repair.

(2) 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 and order:

(a) Association - Lesser Damage - If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than \$25,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Board of Directors, provided, however, that upon request to the insurance trustee by a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(b) Association - Major Damage - If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than \$25,000.00, 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.

(c) 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 mortgagee jointly, who may use such proceeds as they may be advised.

(d) Surplus - It shall be presumed that the first monies disbursed in payment of costs and 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.

(e) 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. Instead, the Insurance Trustee may rely upon a certificate of the Association, made by its President and Secretary, 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 a payee of any distribution of insurance proceeds to a unit owner; 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 upon disbursements in payment of costs of reconstruction and repair.

XVI. USE AND OCCUPANCY

A. Use Restriction: The owner of a unit shall occupy and use his unit as a single family private dwelling for himself and the members of his family, his social guests, lessees, licensees and invitees. Notwithstanding the foregoing, nothing in this Declaration shall be construed to restrict the Developer, or any successor in interest to the Developer, from selling and/or conveying any unit under a plan of interval ownership, or any person, group of persons, corporation, partnership, or other entity, from selling, reconveying, or in any other way, transferring same, at any time under said plan of interval ownership.

B. Prohibited Acts: The unit owner shall not permit or suffer anything to be done or kept in his unit which will increase the rate of insurance in the condominium property, or which will obstruct or interfere with the rights of other unit owners, or annoy them by unreasonable noises, or otherwise, nor shall the unit owners commit or permit any nuisance, immoral or illegal acts in or about the condominium property.

C. Restrictions on Alterations: The owner of a unit shall not cause anything to be affixed or attached to, hung, displayed or placed on the interior walls, doors or windows of the units nor the common elements, nor shall he cause any type of ground coverage to be installed nor shall he grow any type of plant, shrubbery, flower, vine or grass outside his unit, nor shall he cause awning or storm shutters, screens, enclosures and the like to be affixed or attached to any units or common elements; nor shall he place any furniture or equipment outside his unit

except with the prior written consent of the Board of Directors, and further, when approved, subject to the Rules and Regulations adopted by the Board of Directors. No clothes line or similar device shall be allowed on any portion of the condominium property, nor shall clothes be hung anywhere except where designated by the Board of Directors of the Association.

D. Common Elements: No person shall use the common elements or any part thereof in any manner contrary to or not in accordance with the Rules and Regulations pertaining thereto, as they are from time to time promulgated by the Board of Directors.

E. Holdover Interval Owner: In the event any owner of a unit week in a unit committed to interval ownership fails to vacate his unit at the expiration of his period of ownership each year, or at such earlier time as may be fixed by the Rules and Regulations adopted by the Board of Directors from time to time, he shall be deemed a "holdover owner". It shall be the responsibility of the Association to take such steps as may be necessary to remove any such holdover owner from the unit, and to assist the owner of any subsequent unit week who may be affected by the holdover owner's failure to vacate, to find alternative accommodations during such holdover period.

In addition to such other remedies as may be available to it, the Association shall secure, at its expense, alternate accommodations for any owner who may not occupy his unit due to the failure to vacate of any holdover owner. Such accommodations shall be as near in value to the owner's own unit as possible. The holdover owner shall be responsible for the following "holdover charges": the cost of such alternate accommodations; any other costs incurred due to this failure to vacate; and an administrative fee of \$100.00 per day, or such administrative fee which is specified in the Rules and Regulations adopted by the Board of Directors prior to the end of his period of holding over. In the event it is necessary that the Association contract for a period greater than the actual period of holding over, in order to secure alternate accommodations as set forth above, the entire period shall be the responsibility of the holdover owner, although the administrative fee shall cease upon actual vacating by the holdover owner.

The Association shall submit a bill to the holdover owner in accordance with this paragraph for the holdover charges. In the event the holdover owner fails to pay same within ten (10) days of the date of same, a lien shall be filed against said holdover owner's unit weeks in accordance with the provisions of Article XIII hereof.

The above provisions of Article XVI (E) shall not abridge the Association's right to take such other action as is provided by law.

XVII. MAINTENANCE AND ALTERATIONS

A. The Board of Directors of the Association may enter into a contract with any firm, persons or corporation, or may join with any other condominium associations and entities in contracting for the maintenance and repair of the condominium property and other type properties, and may contract for or may join with any other condominium associations in contracting for the management of the condominium property and other type properties. The contractor or manager may be authorized to determine the budget, make assessments for common expenses and collect assessments and maintenance fees subject to the approval of the Board of Directors as provided by this Declaration, By-Laws, and Exhibits to the Declaration.

B. Each owner of a unit not committed to interval ownership agrees as follows:

(1) To maintain in good condition and repair his unit and all interior surfaces within or surrounding his unit (such as the surface of the walls, ceilings, floors) whether or not a part of the unit or common elements, and maintain and repair the fixtures therein and pay for any utilities which are separately metered to his unit.

(2) Not to make or cause to be made any structural additions, alteration, decoration, repair, replacement or change of the common elements or to any outside or exterior portion of the building within a unit without the prior written consent of the Board of Directors of the Association.

C. Each owner of unit weeks in a unit committed to interval ownership agrees:

(1) To pay his proportionate share of the cost of the maintenance and repair of all interior and exterior components of said unit, the cost of maintenance, repair and replacement of all appliances, furniture, carpeting, fixtures, equipment, utensils, and other personal property within said unit, and such other costs of repair, maintenance, upkeep and operation of the unit as is necessary for the continued enjoyment of said unit by all said owners of unit weeks therein. The Association shall be responsible for the maintenance and repair of the items described herein.

(2) Not to make, cause, or allow to be made, any repairs, modifications, alterations, or replacements to the common elements, the outside or exterior portion of the buildings, whether within a unit or part of the common elements, the exterior or interior of his unit, or of the furnishings, appliances, personal property, or decor thereof, without the prior written consent of the Board of Directors of the Association, and all other owners of the unit weeks therein.

(3) Expenses of repairs or replacements to the unit or its components, furnishings, carpeting, appliances, or other property, real, personal, or mixed, occasioned by the specific use or abuse of any owner of unit weeks in any unit, or any licensee or tenant of said owner, shall be borne in their entirety by said owner.

(4) The Association shall determine the interior color scheme, decor and furnishings, of each such unit, as well as the proper time for redecorating and replacements thereof.

D. All owners of units, including owners of unit weeks in units committed to interval ownership, agree as follows:

(1) To allow the Board of Directors, or the agents or employees of any Manager or the Association, to enter into any unit for the purpose of maintenance, inspection, repair, or replacement of the improvements within the units or the common elements, or to determine in case of emergency, circumstances threatening units or the common elements, or to determine compliance with the provisions of this Declaration and the By-Laws of the Association.

(2) To show no signs, advertisements or notices of any type on the common elements or his unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association.

E. In the event the owner of a unit fails to maintain said unit as required herein, or makes any alterations or additions without the required written consent, or otherwise violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in court for an injunction to seek compliance with the provisions hereof. In addition thereto the Association shall have the right to levy an assessment against the owner of a unit and the unit for such necessary sums to remove any unauthorized addition or alteration and to restore the

property to good condition and repair. Where said failure, alternation, addition, or other violation is attributable to an owner of unit weeks in a unit committed to interval ownership, any such levy of an assessment shall be limited to the unit weeks owned by said owner of unit weeks and shall be of no force and effect as to any other owner of unit weeks in said unit.

Said assessment shall have the same force and effect as all other assessments. The Association shall have the further right to have its employees or agents, or any subcontractors appointed by it, enter a unit at all reasonable times to do such work as is deemed necessary by the Board of Directors of the Association to enforce compliance with the provisions hereof.

F. The Association shall determine the exterior color scheme of the buildings and all exteriors, and interior color scheme of the common elements, and shall be responsible for the maintenance thereof, and no owner shall paint an exterior wall, door, window, or any exterior surface, or replace anything thereon or affixed thereto, without the written consent of the Board of Directors of the Association.

G. The Association shall be responsible for the maintenance, repair and replacement of the common elements and all property not required to be maintained, repaired and/or replaced by the unit owners. Notwithstanding the unit owner's duty of maintenance, repair, replacement and the other responsibilities as to his unit, as is provided in this Declaration and Exhibits attached hereto, the Association may enter into an agreement with such firms or companies as it may determine to provide certain services and/or maintenance for and on behalf of the unit owners whereby maintenance and services are provided on a regularly scheduled basis for air conditioning maintenance and service and appurtenances thereto, exterminating services and other types of maintenance and services as the Association deems advisable, all for such period of time and on such basis as it determines. Said agreements shall be on behalf of all unit owners, and the assessments due from each unit owner for common expenses shall be increased by such sum as the Association deems fair and equitable under the circumstances in relation to the monthly charge for said maintenance or service. Each unit owner shall be deemed a party to said agreement with the same force and effect as though said owner had executed said agreement, and it is understood and agreed that the Association shall execute said agreements as the agent for the unit owners. The aforesaid assessment shall be deemed to be an assessment under the provisions of Article XIII of this Declaration.

XVIII. TERMINATION

A. If 51% of the unit owners and holders of all liens and mortgages affecting any of the condominium parcels execute and duly record an instrument terminating the condominium, or if there exists a prohibition on the reconstruction or repair of a damaged improvement containing condominium units which are not tenantable, as required by Article XV, said property shall be deemed to be subject to termination and thereafter owned in common by the unit owners. The undivided interest in the property owned in common by each unit owner shall then become the fraction of the undivided interest previously owned by such owner in the common elements upon termination of the condominium.

B. It is understood that in the year 2035, the purchasers of units committed to interval ownership shall become tenants in common. The Board of Directors of the Association shall, no less than 30 days nor more than 60 days prior to the actual date of such conversion to tenancy in common call a meeting of all owners of unit weeks in units committed to interval ownership. At such meeting, a vote shall be taken to decide the disposition of the units committed to interval ownership. A quorum at such meeting shall be a majority of the total outstanding votes of all

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owners of unit weeks in units committed to interval ownership. At such meeting, the owners, by a majority vote, may vote to continue their intervals, in which case the restrictive covenants set forth below will be adopted as covenants running with the land, for a period of ten (10) years. The Board of Directors of the Association shall, no less than 30 days nor more than 60 days prior to the actual expiration of said ten year period, call a meeting of all owners of unit weeks in units committed to interval ownership. The owners may then vote to continue the intervals for an additional ten year period. This process shall be repeated as the end of each successive ten year period approaches. Should less than the majority of the owners vote to continue the intervals at any such meeting, then the Board of Directors of the Association shall take the necessary steps to discontinue the interval ownership program at the Condominium, at which time the Board of Directors of the Association and each owner of a unit week in a unit committed to interval ownership shall have the right to take such action as is permitted by this Declaration and the laws of the State of Florida. This shall include, but not be limited to, filing suit in a court of competent jurisdiction in Volusia County, Florida, for partition of the units, if permitted by applicable laws.

In the event the owners vote to continue their unit weeks as provided above, then each owner shall have the exclusive right to occupy his unit, and as between owners to use and enjoy the common elements of the Condominium, and the rights and easements appurtenant to his unit, during his unit weeks (and, in the case of Developer, during all unit weeks not theretofore conveyed) and to authorize others so to do, but only when acting through the Association. No owner shall occupy his unit, or exercise any other rights of ownership with respect to his unit other than the rights herein provided to him during any other unit weeks, unless expressly so authorized by the owner entitled to occupy the unit during such unit weeks. Each owner shall keep his unit and all furnishings in good condition and repair during his unit weeks, vacate the unit at the expiration of his unit weeks, remove all persons and property therefrom, excluding only furnishings, leave the unit in good and sanitary condition and repair, and otherwise comply with such reasonable checkout and other procedures as may from time to time be contained in the Rules and Regulations promulgated by the Association.

Subject to the laws of the State of Florida, no owner or other person or entity acquiring any right, title or interest in a unit shall seek or obtain through any legal procedures judicial partition of the unit, or sale of the unit in lieu of partition, at any date prior to the expiration of each successive ten year period voted by a majority of the Owners. If, however, any unit weeks shall be owned by two or more persons as tenants in common or as joint tenants, nothing herein contained shall prohibit a judicial sale of the unit weeks in lieu of partition as between such co-tenants or joint tenants.

XIX. USE OF COMMON ELEMENTS AND RECREATIONAL FACILITIES

The Association and its members, the Developer and its successors and assigns, and all parties who own an interest in and to the common elements and recreational facilities, if any, agree that they shall not have any right to bring any action for partition or division of the real property that constitutes said common elements or recreational facilities, and said parties do hereby waive said rights of partition and division of said common elements and recreational facilities. The initial Rules and Regulations, and all amendments and revisions thereof pertaining to use of the common elements and recreational facilities shall be posted in conspicuous places on the common elements or recreational facilities. The unit owners hereby covenant and agree to be bound by such Rules and Regulations, and said parties shall obey same and be responsible for their being obeyed by said unit owners, their families, guests, invitees, lessees and servants.

Any person who is the owner of a condominium parcel, together with members of his family, social guests, lessees, invitees and licensees, may use the recreational facilities. Where a corporation is a parcel owner, the use of said recreational facilities shall be limited at any one time to such officer, director or employee of said corporation who is in actual residence or possession of a unit and such individual shall be deemed to be the condominium parcel owner for the purposes of this paragraph. Where a party owns one condominium unit and leases same, the lessee shall be entitled to the use of the recreational facilities and said lessee's rights thereto shall be the same as though said lessee were the unit owner, and during the term of said lease, the unit owner and his family shall not be entitled to the use of the recreational facilities. Use of the recreational facilities by owners of unit weeks in the units committed to interval ownership, or any other person using the facilities through said owner, shall be limited to the period of ownership each year of said owner of unit weeks in such unit.

XX. MANAGEMENT AGREEMENT

A. Pursuant to the provisions of Article XVII (A), the Association has entered into a Management Agreement, a copy of which is annexed hereto as Exhibit "G" and made a part hereof. Each unit owner, his heirs, successors and assigns, shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

(1) Adopting, ratifying, confirming and consenting to the execution of said Management Agreement by the Association.

(2) Covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by unit owners in the cases provided therefore in said Management Agreement.

(3) Ratifying, confirming and approving each and every provision of said Management Agreement, and acknowledging that all of the terms and provisions thereof are reasonable.

(4) Agreeing that the persons acting as Directors and Officers of the Association entering into such an agreement have not breached any of their duties or obligations to the Association.

(5) It is specifically recognized that some or all of the persons comprising the original Board of Directors of the Association are, or may be, associated with the Manager, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association nor as possible grounds to