

** OFFICIAL RECORDS **
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**TERMINATION OF PRIOR DECLARATIONS
AND
AMENDMENT AND RESTATEMENT OF DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PARADISE POINT TOWNHOMES, A PLANNED UNIT DEVELOPMENT**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (hereinafter "**Declaration**") is made this 30th day of November, 1998, by **PARADISE POINT TOWNHOMES OWNERS' ASSOCIATION, INC., OF NAVARRE BEACH, FLORIDA**, a Florida non-profit corporation (hereinafter the "**Declarant**").

WITNESSETH:

WHEREAS, by virtue of that certain *Partial Assignment of Lease* dated August 10, 1982, recorded in Official Records Book 1673, Page 218, as amended by that certain *Corrective Restated and Amended Lease Agreement, Partial Assignment of Lease and Sublease* dated April 25, 1986, recorded in Official Records Book 2276, Page 71, all of the Public Records of Escambia County, Florida; Navarre Two Joint Venture, an Alabama partnership (the "**Developer**"), was the owner of a leasehold interest in that certain real property located in what was then known as Escambia County, Florida (now known as Santa Rosa County, Florida), said real property being more particularly described as:

Paradise Point Townhomes, a planned unit development, as recorded in Plat Book 11, Page 89, of the public records of Escambia County, Florida.

(the "**Property**"); and

WHEREAS, on July 13, 1983, the Developer declared that all of the Property be held, sold, assigned and conveyed subject to various easements, restrictions, covenants and conditions, by recording the Declaration of Covenants, Conditions and Restrictions in Official Records Book 1807, Page 960, of the Public Records of Escambia County, Florida (the "**First Declaration**"); and

WHEREAS, in conjunction with the First Declaration, the Developer created an association known as Paradise Point Townhome Owners' Association, Inc., a Florida non-profit corporation (the "**First Association**"), by filing Articles of Incorporation with the Florida Department of State on July 21, 1983; and

WHEREAS, for some unknown reason the Developer created a dramatically similar set of covenants and restrictions dated September 30, 1983, and recorded that Declaration of Covenants, Conditions and Restrictions in Official Records Book 1824, Page 695, of the Public Records of Escambia County, Florida (the "**Second Declaration**"); and

WHEREAS, in conjunction with the Second Declaration, the Developer created another association known as Paradise Point Townhome Owners' Association, Inc., of Navarre Beach, Florida, also a Florida non-profit corporation (the "**Second Association**"), by filing Articles of Incorporation with the Florida Department of State on October 13, 1983; and

WHEREAS, on November 22, 1984, the Developer assigned and conveyed to the Second Association all of its leasehold interest in and to the common areas of the Property pursuant to that Partial Lease Assignment recorded in Official Records Book 1951, Page 911, of the Public Records of Escambia County, Florida; and

WHEREAS, all of the Paradise Point Townhome Units are now owned by individual purchaser/owners (the "Owners"), which Owners are required to be members of and are organized and operating under the Second Association; and

WHEREAS, Article XI, Section 11 of the First Declaration and the Second Declaration allows for the First Declaration and the Second Declaration to be amended by an instrument signed by not less than 67% of the unit owners; and

WHEREAS, the Association conducted its annual meeting on July 19, 1997 and again on September 19, 1998, during which all of the Owners voted (in person or by proxy) to amend, clarify and restate the existing covenants, conditions and restrictions and bylaws governing the Property and thereby terminate the First and Second Declaration. A copy of the minutes of each annual meeting authorizing the Association to amend, clarify and restate the governing documents is attached hereto and made a part hereof as Exhibit "A"; and

WHEREAS, the Owners desire to amend, modify and otherwise clarify the existing restrictions, covenants and conditions by recording one consolidated document setting forth the covenants, conditions and restrictions that govern the Property and, in so doing, the Owners desire to terminate the First Declaration and the Second Declaration respectively.

NOW THEREFORE, the Owners, by and through their duly elected President of the Association, do hereby terminate the First Declaration as recorded in Official Records Book 1807, Page 960, of the Public Records of Escambia County, Florida; and do hereby terminate the Second Declaration recorded in Official Records Book 1824, Page 695, of the Public Records of Escambia County, Florida; and do simultaneously amend, modify, clarify and otherwise restate the covenants, conditions and restrictions governing the Property as follows:

ARTICLE I **DEFINITIONS**

Section 1. "Association" shall mean and refer to *Paradise Point Townhome Owners' Association, Inc. of Navarre Beach, Florida*, a Florida non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more person(s) or entities, of a leasehold interest as to any lot which is part of the Property, whether such lot shall be improved or unimproved.

Section 3. "Property" or "Properties" shall mean and refer to that certain real property hereinbefore described (known as Paradise Point Townhomes), and such additions thereto as may hereafter be brought within the jurisdiction of the Association in accordance with the provisions of Article XI Section 4 of this Declaration.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners as assigned and conveyed to the Association from the Developer pursuant to that Partial Lease Assignment dated November 22, 1984, recorded in Official Records Book 1951, Page 911, of the Public Records of Escambia County, Florida.

Section 5. "Lot" shall mean and refer to those individual lots as described on the plat of PARADISE POINT TOWNHOMES, a planned unit development.

Section 6. "Declarant" shall mean and refer to *Paradise Point Townhome Owners' Association, Inc. of Navarre Beach, Florida*, its successors or assigns.

Section 7. "Unimproved Lot" shall mean and refer to any Lot in the planned unit development that is vacant and does not contain a residential dwelling certified ready for occupancy by the appropriate county official administering the county zoning ordinances. The Association shall have the right to request inspection of any Lot by the appropriate county official to determine if such lot may be certified as ready for occupancy.

Section 8. "Short Term Rentals" shall mean the rental of a unit for a period of thirty (30) days or less.

ARTICLE II

PROPERTY RIGHTS

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

- (a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the common area.
- (b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his/her Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
- (c) The right of the Association to dedicate or transfer all or any part of its title to the common area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument signed by two-thirds (2/3) of the members agreeing to such dedication or transfer has been recorded.
- (d) The right of the Association to designate and assign parking spaces so that each owner shall have reasonable parking spaces conveniently located in proximity to such Owner's Lot.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his/her right of enjoyment to the common area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section 2. The Association shall have one class of voting membership. Members shall be all Owners and each Owner shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine among themselves, but in no event shall more than one vote be cast with respect to any Lot. An Owner of a Lot shall have the right to vote on Association matters when (1) the Owner's Lot has been improved by the construction of a residential dwelling, (2) said dwelling has been certified ready for occupancy by the appropriate county official administering the county zoning ordinances, and (3) the Owner is current in payment of all monthly and special assessments.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligations of Assessments. The Owner of each Improved Lot within the Property, by accepting title thereto, whether or not it shall be so expressed in such assignment, lease, sublease, deed or other instrument of conveyance, is deemed to covenant and agree to pay to the Association (1) annual assessments or charges,

(2) special assessments for capital improvements, such assessments to be established and collected as provided in this Declaration, and (3) special assessments imposed upon an individual Lot Owner for repair or maintenance necessitated by the willful or negligent act of the Owner, his family, or their guests, tenants or invitees.

The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by him.

Section 2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the common area, and for the units situated upon the Properties.

(b) In addition to maintenance upon the common area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows: paint, repair, replace and care for the roofs, exterior building surfaces, trees, shrubs, grass, walkways and other exterior improvements. Such exterior maintenance shall not include glass surfaces nor any maintenance of any kind inside the patio areas appurtenant to each ground floor unit. Additionally, the Association shall maintain the sewage service disposal facilities.

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

Section 3. Maximum Annual Assessment. The Association's Board of Directors, with the approval of a majority of the members present and voting at a meeting of the membership called for such purpose, shall establish the amount of the annual assessment, which annual assessment must be fixed at a uniform rate for all Lots, unless in the event of maintenance or repair cost necessitated by the willful or negligent act of an Owner, his family or their guests, tenants or invitees, occasion an increased assessment to a particular Owner. Annual assessments may be collected on a monthly, quarterly, semi-annual or annual basis as the Board of Directors may establish. Unless otherwise indicated by the Board of Directors, however, each annual assessment shall be payable in monthly installments.

Section 4. Provision for Reserves and Working Capital.

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

(b) Working Capital Fund. A working capital fund shall be established for the purpose of insuring that the Association will have cash available to meet the unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Association. Each Lot Owner shall contribute to such fund a sum equal to one-sixth (1/6) of the annual assessment which has been established for such Owner. Each such contribution shall be collected and transferred to the Association at the time of closing of each Lot and shall be maintained in a segregated account for the use and benefit of the Association. These amounts contributed to the working capital fund are not to be considered as advance payment of regular assessments.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than fourteen (14) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all votes of the membership shall constitute a

quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

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

Section 7. Effect of Nonpayment of Assessments - Remedies of the Association. Any Owner who has not paid assessments, whether annual or special, within ten (10) days of the due date for such assessments will be charged a twenty-five dollar (\$25.00) late fee. Any assessment not paid within thirty (30) days after the due date will bear interest from the due date until paid at a rate of eighteen percent (18%) per annum, or the highest rate allowed by the State of Florida. In addition, the Association may bring an action at law against the Owner personally obligated to pay the assessments or the Association may foreclose the lien against the property that is the subject of the delinquent assessment(s). The delinquent assessment, together with late fees, interest, and reasonable attorney's fees and costs, shall constitute a continuing lien upon such Lot or Unit against which the assessment is made. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the common areas or abandonment of his/her Lot.

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

ARTICLE V **ARCHITECTURAL CONTROL**

No building, fence, wall or other structure shall be commenced, erected or maintained upon the properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three or more representatives appointed by the Board of Directors. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. In no case shall such committee require any more rigorous design than that which exists in the surrounding subdivision nor shall the Association prevent free and unimpeded access to any Lot for the purpose of construction nor unreasonably restrict the use of customary construction methods, equipment, structures, work hours or workmen during the construction of dwellings upon any unimproved Lot in the subdivision nor prevent the Association from constructing, repairing or otherwise maintain roadways, driveways, parking areas or other common areas shown on the plat of PARADISE POINT TOWNHOMES, a planned unit development.

ARTICLE VI
PARTY WALLS

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Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the units upon the properties and placed on the dividing line between the Lots shall constitute a party wall, and to the extent that such rules are not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the Owners under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE VII
USE RESTRICTIONS

Section 1. Each individual Lot shall be used and occupied for residential purposes only. A Lot may be rented by its Owner; provided, however, that Owners of Lots/Units purchased after July 19, 1997, shall be prohibited from entering into Short Term Rentals as such rentals are defined in Article I, Section 8 of this Declaration. All leases or rental agreements pertaining to a Lot shall be in writing and shall specifically subject the lease to the requirements set forth in this Declaration, and all rules and regulations which shall have been properly adopted for the operation of this development. Short Term Rentals (30 days or less) of any Lot/Unit purchased after July 19, 1997, shall be expressly prohibited. Further, use of the Property for other than residential purposes is expressly prohibited; provided, however, that the Association may use any Lot and improvements thereon as a model or as an Association office.

Section 2. No noxious or offensive trade or activity shall be carried on upon any Lot or within any unit, nor shall anything be done thereon which may be or become an annoyance or nuisance to the Owners or other units.

Section 3. No garbage, trash, ashes, refuse, inoperative vehicles, travel trailers, or house trailers or boats of a length greater than twenty (20) feet, junk or other waste shall be thrown, dumped, placed or kept on any of the Lots. All garbage shall be kept in sanitary containers. Each Unit and unimproved Lot shall have no more than two (2) motor vehicles kept on the Unit / Lot at anytime. All guests and visitors shall be directed to park in an area or areas designated by the Association for that purpose. The Owners shall be responsible for enforcement of this provision and will be responsible for insuring that all guest of the Owners adhere to the provisions of this Declaration.

Section 4. No animals, livestock or poultry of any kind shall be raised, bred or kept on the Lots except that dogs, cats or other household pets may be kept by Owners provided they are

fully under the control and supervision of an Owner, when outside the enclosed portion of each Unit, by means of leash or other similar device. No party renting a Unit shall be entitled to keep any pet on the Property at any time.

Section 5. No signs of any kind shall be displayed to the public view on the Property except one sign per Unit, which sign shall not be more than three (3) square feet in area, advertising the Lot for sale or rent and a reasonable sign identifying the Owner of each Unit.

ARTICLE VIII

DUTY TO REBUILD OR REPAIR AND INSURANCE COMPANIES

Section 1. In the event of damage to or destruction of any Unit by fire, windstorm, water or any other cause whatsoever, the Owner shall, within a reasonable time, cause said Unit to be repaired or rebuilt so as to place the same in as good and tenantable condition as it was before the event causing such damage or destruction. Failure to so repair or rebuild shall constitute a breach of these covenants. All insurance proceeds for loss or damage to any Unit or to any other improvement upon any Lot shall be used to assure the repair or rebuilding of any such Unit or any part thereof.

Section 2. The Association shall have a lien on all insurance proceeds, regardless of whether the Association is named in any insurance policy, to enforce the intent of this Article VIII.

Section 3. Authority to Purchase; Named Insured. All of the following sections shall govern all Owners as to insurance to be carried upon all Units. The Association may purchase insurance on Units any time the Board of Directors may choose or upon any Unit in the event the Owner fails to produce upon request of the Board of Directors a policy in conformity with these succeeding sections under this Article VIII. The named insured shall be the Association individually and as agent for the Owners without naming them individually, and as agent for the Mortgagees of the Owners. Provisions shall be made for the issuance of mortgage endorsements and memoranda of insurance to the mortgagees of Units and memoranda of insurance to individual Unit Owners. The mortgagee endorsement shall be furnished for each Unit subject to a mortgage with a dollar amount specified therein as the coverage for that particular Unit. Unit Owners may obtain coverage at their expense upon their personal property and living expenses. One years premium shall be paid at closing on each Unit.

Section 4. Coverage. All Units and all improvements to the common area shall be insured in an amount equal to one hundred percent (100%) of the current replacement costs, excluding land, foundation, excavation and other items normally excluded from coverage, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

- (a) Property Insurance. (1) Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and (2) all other perils that are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "All Risk" endorsement where such is available. (3) Loss or damage by flood to the extent such coverage is available under the National Flood Insurance Program.
- (b) Liability Insurance. Comprehensive general liability insurance coverage covering all the common areas, and public ways of the project as are owned by the Association, whether or not such areas be leased to some third party. Such coverage limits shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use; provided, however, such coverage shall be for at least one million dollars for bodily injury, including death of persons and property damage arising out of a single occurrence. Coverage under such policies shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and death of persons in connection with the operation, maintenance or use of the common areas, and legal liability arising out of law suits related to employment contracts of the Association. Such

coverage shall include, if available, a cross liability endorsement to cover liabilities of the Owners as a group or as an Association to an individual Unit Owner.

(c) Fidelity Bonds. Fidelity Bonds shall be required to be maintained by the Association for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. If the responsibility for the handling of funds has been delegated to a management agent, fidelity bonds shall also be required for its officers, employees and agents handling or responsible for funds of, or administered on behalf of the Association. Such fidelity bond coverage shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. In no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments, including reserve funds, on all units.

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

Section 5. Premiums. Premiums upon insurance policies purchased by the Association is a common maintenance expense purchased for all Units and assessed against each Unit equally. If insurance is purchased for a particular unit because of the failure of the Owner to do so, such premium cost shall be treated as a special assessment against the unit and shall be enforceable by the Association in accordance with Article IV, Section 1 of this Declaration.

Section 6. Imposition of Lien and Personal Obligation for Assessments. The assessment for insurance premiums as set forth in this Article VIII, together with interest, cost and reasonable attorney's fees, shall be a continuing lien upon such unit against which each such assessment is made. Each such assessment, together with interest, cost and reasonable attorney's fees shall also be the obligation of the person who is the owner of the Property at the time the special assessment is made.

Section 7. Right of Mortgagee to Purchase Insurance; Creation of Lien.

A. If the Association or a Unit Owner fails (for any reason) to purchase insurance called for in this Declaration, or fails to provide the coverage called for on any Unit, or if any Unit Owner becomes delinquent in the payment of his/her prorata share of the insurance premium on his/her Unit, or if the Association cannot purchase insurance called for on a unit, the Mortgagee having a mortgage interest on any unit(s) may advance to the Association sufficient funds on behalf of the delinquent Unit Owner to allow the Association to purchase such insurance.

B. The mortgagee shall have the right to purchase such insurance or advance premiums for the purchase of such insurance for any delinquent Unit Owner.

C. If any insurance policy is purchased by a mortgagee as provided for herein for any unit, such mortgagee shall have all the rights under this Article given to the Association.

D. In the event it becomes necessary for the mortgagee of any unit to purchase insurance called for in this Declaration or to advance funds to pay insurance premiums for the Owner of any Unit who is delinquent in the payment of his/her insurance premiums, whether or not such mortgagee holds a mortgage on such unit then delinquent, such premiums or advance shall be a charge on such unit and Lot and shall be a continuing lien upon such property and shall be enforceable by the mortgagee in accordance with the laws of the State of Florida.

Section 8. Cancellation Provisions. All policies obtained by the Association pursuant to Section 4 of this Article VIII, must provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association.

ARTICLE IX
TOTAL OR PARTIAL CONDEMNATION, LOSS, OR DESTRUCTION;
TERMINATION OF PROJECT

Section 1. Notice of Action to Mortgage Holders, Mortgage Insurers or Guarantors.

Upon written request to the Association identifying the name and address of the Mortgage holder, mortgage insurer, or guarantor, and the Lot number as to which such mortgage is applicable, any mortgage holder, mortgage insurer, or guarantor will be entitled to timely written notice of the following:

- (a) Any condemnation loss or any casualty loss which affects a material portion of the development, or any Lot upon which there is a mortgage which remains uncured for a period of sixty (60) days.
- (b) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.
- (c) Any proposed action which would require the consent of a specified percentage of mortgage holders.

Section 2. Rights of Eligible Mortgage Holders, Eligible Insurers and Guarantors.

A holder a first mortgage on a Lot or an insurer or governmental guarantor of such first mortgage who has requested notice of certain matters in accordance with Article IX, Section 1 above shall be afforded the following rights:

- (a) Any restoration or repair of the development after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by holders of first mortgages on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to first mortgages.
- (b) Any election to terminate the legal status of the development after substantial destruction or a substantial taking and condemnation of the development property must require the approval of the holders of first mortgages on Lots which have at least fifty-one percent (51%) of the votes of those Lots subject to first mortgages.
- (c) No allocation of interest in the common areas resulting from a partial condemnation or partial destruction of such development may be effected without the prior approval of those holders of first mortgages on all remaining Lots, whether existing in whole or in part, and which have at least fifty-one percent (51%) of the votes of such remaining Lots subject to first mortgages.
- (d) When professional management has been previously required by any first mortgage holder or insurer or guarantor thereof, any decision to establish self management by the Association shall require the prior written consent of Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of first mortgage holders on Lots which have at least fifty-one percent (51%) of the votes of Lots subject to first mortgages.

ARTICLE X
GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by a proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure of the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date of this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless a majority of members of the Association and sixty-seven percent (67%) of the holders of first mortgages against Lots in the development decide that such covenants, conditions and restrictions shall abate, which decision, if made, shall be evidenced by an agreement in writing, signed by a majority of the membership and by sixty-seven percent (67%) of the first mortgage holders, setting forth their decision, which document shall be effective when duly recorded in the Public Records of Santa Rosa County.

Section 4. Availability of Records and Other Documents. The Association shall make available to the Owner of any Lot, to any mortgagee, or to any insurer or guarantor of any first mortgage, current copies of this Declaration, the Articles of Incorporation of the Association, and the books, records and financial statements of the Association. Such items shall be available to any of the described parties for inspection upon request during normal business hours or under other reasonable circumstances. Additionally, any mortgagee, or insurer or guarantor of a first mortgage shall be entitled, upon request, to an audited financial statement for the immediately preceding fiscal year, free of charge to the party so requesting. In the event such financial statement is requested, the same shall be furnished within a reasonable time following such request.

Section 5. Association's Right of Entry. The Association shall have a reasonable right of entry upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance or operation of the development.

Section 6. Easements for Encroachments. If any portions of the common areas encroach upon any Lot or any Lot or improvements intended to have been constructed on such Lot encroach upon the common areas or another Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

Section 7. Easements for Utility Services. There is reserved for the benefit of all Owners a perpetual easement across all lots for the location, installation, maintenance, repair and replacement of all utility services which have been installed or may hereinafter be installed to serve any improvements located within the development.

Section 8. Easement for Ingress and Egress. The Developer, as the owner of the leasehold estate in the real property lying south of Paradise Point Townhomes, a planned unit development, created and reserved for the benefit of all Owners and occupants of Lots within the development, a non-exclusive perpetual easement from the development to Gulf Boulevard, which easement is shown on the plat of Paradise Pint Townhomes, a planned unit development, such easement to provide a means of ingress and egress to and from the development to Gulf Boulevard. It is the express intention of the Developer that such area shall also be used by the owners and occupants of those improvements to be constructed on the leasehold estate lying south of and adjacent to Paradise Point Townhomes.

Section 9. Non-Exclusive Easement to Use Beach Area for Recreational Purposes. The Developer, as the owner of the leasehold estate in the real property lying north of Paradise Point Townhomes, a planned unit development, created and reserved for the benefit of all Owners and occupants of Lots within the Development, a non-exclusive perpetual easement to use such real property for recreational purposes. It is the express intention of the Developer that such area shall also be used by the Owners and occupants of those improvements constructed on the leasehold estate lying south of and adjacent to Paradise Point Townhomes, a planned unit development.

Section 10. Non-Exclusive Easement of Pedestrian Ingress and Egress Through Development. The Developer reserved a non-exclusive perpetual easement of ingress and egress from the beach area described in Section 9 above to the leasehold estate lying south of and adjacent to Paradise Point Townhomes, a planned unit development, such easement to be for the use and benefit of the Owners and occupants of those improvements constructed on the leasehold

estate lying south of and adjacent to Paradise Point Townhomes, a planned unit development. Such easement shall be across the vehicular access way along the western portion of the development and across the western most pedestrian easement as shown on the plat of Paradise Point Townhomes, a planned unit development.

Section 11. Amendment. This Declaration may be amended by an instrument signed by not less than sixty-seven percent (67%) of the Lot Owners. Any amendment must be recorded in the Public Records of Santa Rosa County, Florida. Additionally, any amendment which shall have the effect of terminating the legal status of the development as a PUD project as defined in the FNMA Conventional Home Mortgage Selling Contract Supplement shall also require the approval of first mortgage holders of record holding mortgages on lots which have at least sixty-seven percent (67%) of the votes of lots subject to first mortgages. Additionally, the approval of first mortgage holders holding mortgages on lots which have at least fifty-one percent (51%) of the votes of lots subject to first mortgages shall be required to amend any material provision of this Declaration which establishes, provides for, governs or regulates any of the following:

- (a) Voting.
- (b) Assessments, assessment liens, or subordination of such liens.
- (c) Reserves for maintenance, repair and replacement of the common area.
- (d) Insurance or fidelity bonds.
- (e) Rights to use of the common area.
- (f) Responsibility for maintenance and repair of the several portions of the development.
- (g) Expansion or contraction of the development or the addition, annexation or withdrawal of property to or from the development.
- (h) Boundaries of any lot.
- (i) The interest in the common areas.
- (j) Convertibility of lots into common areas or of common areas into lots.
- (k) Leasing of Lots.
- (l) Imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer or otherwise convey his or her Lot.
- (m) Any provisions which are for the express benefit of mortgage holders, or insurers, or guarantors of first mortgages on Lots.

An amendment to this Declaration shall not be considered material and shall, therefore, not require the approval of first mortgage holders if such amendment is for the purpose of correcting technical errors or for clarification only. Any first mortgage holder, insurer or guarantor of a first mortgage who receives a written request to approve amendments to this Declaration who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.