

RECORD AND RETURN TO:
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DECLARATION OF CONDOMINIUM
OF
SUMMERHOUSE III BEACH & RACQUET CLUB CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM is made this 14th day of July, 1982, by CRESCENT BEACH DEVELOPERS, LTD., a Florida limited partnership, its successors and assigns (the "Developer"), the owner of fee simple title to the land described herein, and with the intent and purpose of submitting said land and all improvements thereon to the condominium form of ownership, the Developer makes the following declarations.

I. SUBMISSION TO CONDOMINIUM OWNERSHIP.

The Developer hereby submits to the condominium form of ownership and use the land described in Article III hereof, the improvements now and hereafter situated thereon and the easements and rights appurtenant thereto (the "Condominium Property"), pursuant to Chapter 718, Florida Statutes, 1979, as amended to the date hereof (the "Condominium Act".)

II. NAME AND ADDRESS

The name by which this condominium is to be identified is SUMMERHOUSE III BEACH & RACQUET CLUB CONDOMINIUM, herein referred to as the "Condominium."

III. THE LAND

The land submitted to Condominium (the "Land") is located in St. Johns County, Florida and is described in Exhibit "A" attached hereto and consists of a parcel of real property (the "Condominium Land") upon which will be constructed residential buildings and certain other improvements described in Article IV hereof. A survey of the Condominium Land is attached hereto and made a part hereof as Exhibit "B".

IV. DESCRIPTION OF CONDOMINIUM PROPERTY

A. The improvements which shall comprise part of the condominium property, consist of sixty-three (63) residential units located in five buildings. Attached hereto as Exhibit C is a site plan of the improvements and floor plans of units which identify each condominium unit by number and constitutes a graphic description of the buildings in which units are located. The construction of the improvements on the land is not substantially complete at the time of recordation of this Declaration; however, at the time the improvements or a portion thereof are substantially complete, the Developer shall cause this Declaration to be amended to include a certificate of a surveyor authorized to practice in this state which provides that the construction of the units or certain units to be conveyed are substantially complete so that the materials in Exhibits "A", "B" and "C", together with the provisions of the Declaration describing such improvements are an accurate representation of the location and dimension of such improvements and that the identification, location and dimensions of the common elements and of each unit or of units to be conveyed can be determined from these materials.

B. In addition to the residential buildings situated thereon, the Condominium Land also includes improvements consisting of the outside automobile parking areas, one swimming pool, driveways, walks, landscaping and all underground structures and improvements which are not part of or located within residential buildings and which are not elsewhere herein reserved to and/or retained by the Developer or owned directly by the Association.

V. DEFINITIONS

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A. Units

Each Unit together with all appurtenances thereto shall, for all purposes, constitute a separate parcel of real property which may be owned in fee simple and which may be conveyed, transferred and encumbered in the same manner as any other parcel of real property subject only to the provisions of these condominium documents and the Condominium Act. Each owner shall be entitled to exclusive possession of his Unit subject to the provisions of the condominium documents and the Condominium Act.

The boundaries of each Unit shall be as follows:

1. The upper horizontal boundary of each Unit shall be the lower surface of the unfinished ceiling extended to an intersection with the vertical boundaries.

2. The lower horizontal boundary shall be the plane of the upper surface of the unfinished floor extended to an intersection with the vertical boundaries.

3. The vertical boundaries of each Unit shall be the plane of the inner surface of the sheetrock (being that part of the sheetrock opposite the part of the sheetrock exposed to the interior of the Unit). All glass and other transparent and/or translucent material or screens covering windows and doors and the material covering other openings in the exterior walls of the Units shall be construed to be within the boundaries or limits and part of the Unit exclusively served by such windows, doors and other openings.

B. Common Elements

The term "Common Elements" as used herein shall mean and comprise all of the real property and improvements of the Condominium except Units including, without limitation: (1) easements through Units for conduits, pipes, ducts, vents, plumbing, wiring and other facilities, equipment and/or fixtures for the furnishing of utility services, heating and cooling and/or ventilation to Units and Common Elements; and (2) easements of support in every portion of a Unit which contribute to the support of other Units and/or Common Elements; and (3) installations for the furnishing of utility services to more than one Unit or to the Common Elements or to a Unit other than the Unit containing the installation, specifically excluding however, any utility main lines, distribution lines, force mains or collection lines and meters owned and maintained by the utility company servicing the Condominium Property or owned by the Association as set forth in Article VII D hereof; and (4) the property and installations in connection therewith required for the furnishing of services to more than one Unit or to the Common Elements; and (5) fixtures owned or held for the common use, benefit and enjoyment of all owners of Units in the Condominium; (6) the riparian and/or littoral rights appertaining to the Land, if any; and (7) easements for ingress and egress serving the Condominium Property.

C. Limited Common Elements

The term "Limited Common Elements" as used herein shall mean and comprise the Common Elements which are reserved herein, or assigned, or granted separately herefrom, for the use of a certain Unit or Units to the exclusion of other Units, and consisting of the following:

1. The patio or balcony attached to the exterior of a building and serving only one Unit.

2. One parking space for each Unit as delineated on Exhibit C attached hereto, which shall automatically pass with title to the respective Unit without the necessity for specific reference in the Deed to the Unit.

D. Summerhouse I and II Beach & Racquet Club Condominium

Developer has developed 130 condominium units immediately adjacent to the north of this Condominium, consisting of a sixty-seven (67) unit condominium known as Summerhouse I Beach & Racquet Club Condominium and a sixty-three (63) unit condominium known as Summerhouse II Beach & Racquet Club Condominium. As provided elsewhere herein, Summerhouse I, II and III shall all be operated by the same Association in which unit owners in all three condominiums will be Members. In addition, and as more particularly provided elsewhere herein, the Association will own and operate certain lands for the use and benefit of all Members of the Association, including unit owners hereof, unit owners in Summerhouse I and II and unit owners of possible future condominiums.

VI. APPURTENANCES TO UNITS

There shall be appurtenant and pass with title to each Unit the rights, shares and interests provided by the Condominium Act which shall be deemed to include, without limitation, the following:

A. An undivided 1/63rd share in the Common Elements and in the "Common Surplus" (as those terms are elsewhere herein defined).

B. The right to use exclusively, those portions of the Common Elements designated and/or reserved herein and/or granted elsewhere to a certain Unit or Units as Limited Common Elements;

C. An exclusive easement for the use of the air space occupied by the Unit as it exists at any particular time (as shown on Exhibit "C" hereto) and as it may lawfully be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is permanently vacated from time to time;

D. Non-exclusive easements, to be used and enjoyed in common with the owners of all Units in this Condominium, in Summerhouse I and II and with owners of Units in the Possible Future Development Area as defined in Article VIII B hereof, their guests and invitees, for use of those Common Elements or other facilities not designated elsewhere herein as Limited Common Elements including, without limitation, easements for:

(1) The furnishing and maintenance of utility services to all parts of the real property of the Condominium(s) over, across, in and through the Land, buildings and other improvements, as the fixtures and equipment therefor now exist and/or may be modified or relocated; and

(2) Vehicular and pedestrian access over, across, upon, in and through the drives, entries, gates, walks, grounds and other portions, if any, of the Common Elements as are intended and/or provided for pedestrian and vehicular traffic through the Condominium and for recreational purposes in and to the Recreation Land (as hereinafter defined) and the improvements, fixtures and equipment thereon, and for access to public ways, specifically over that property designated and described on Exhibit A attached hereto as the Access Easement Area and over which will be constructed the entrance-way to the Condominium Property from State Road A-1-A.

E. An exclusive easement for the unintentional and non-negligent encroachment by any Unit upon any other Unit or Common Element, or vice versa, for any reason not caused by or resulting from the willful or negligent act of Developer or any Unit owner or

owners, including, without limitation, encroachments caused by or resulting from the original construction of improvements, which exclusive easement shall exist at all times during the continuance of such encroachments, as an easement appurtenant to the encroaching Unit or other improvements, to the extent of such encroachment;

F. An easement for construction, support and agreement for shared maintenance relating to

- (1) the exterior north wall of Building 1 which will be physically connected to the south wall of Building 5 of Summerhouse II Beach & Racquet Club Condominium and, also
- (2) the exterior south wall of Building 5 which may in the future, at Developer's option, be physically connected to the exterior northern wall of a condominium building in the Possible Future Development Area, as described in Article VIII, B hereof, all as contained in the Easements and Shared Maintenance Agreement attached hereto as Exhibit I.

G. An easement for ingress, egress, utilities and parking over and on that property described as Easement A on the legal description attached hereto as Exhibit A. The portion of the paved driveway leading to Building 1 shall be commonly used by residents of this Condominium and Summerhouse II and it is anticipated that the portion of the paved driveway leading to Building 5 shall be commonly used by residents of this Condominium and a future condominium to be built in the Possible Future Development Area, and for that purpose, said properties are subject to easements and also subject to shared maintenance obligations all as described in said Easements and Shared Maintenance Agreement attached hereto as Exhibit I and described as Easements "B", "C" and "D" on Exhibit A attached hereto.

H. An exclusive easement for the use of the area of land and air space occupied by the air conditioning compressor and the equipment and fixtures appurtenant thereto, situated in and/or on Common Elements of the Condominium but exclusively serving and individually owned by the Owner of the Unit, as the same exist in and on the Land, which exclusive easement shall be terminated automatically in any air space which is permanently vacated by such air conditioning compressor and the equipment and fixtures appurtenant thereto; provided that the removal of the same for repair and/or replacement shall not be construed to be a permanent vacation of the air space which it occupies.

I. The right to membership in the "Association" (elsewhere herein defined) upon the terms and conditions set forth elsewhere herein.

VII. RECREATION LAND AND SEWER PLANT

A. The Developer, prior to the closing of the sale of the first unit in Summerhouse I, conveyed to the Association title to that certain property described in Exhibit D-1 attached hereto and designated Recreation Land A on which Developer has built one tennis court. The Developer, prior to the closing of the sale of the first unit in Summerhouse II, shall also convey to the Association title to that certain property described on Exhibit D-2 attached hereto and designated Recreation Land B upon which the Developer shall construct two tennis courts and two racquetball courts as shown on Exhibit C. The Developer, prior to the closing of the sale of the first unit in Summerhouse III, shall also convey to the Association title to that certain property located on Exhibit D3 attached hereto and designated Recreation Land C upon which the Developer shall construct two (2) tennis courts and two (2) racquetball courts and a management building

containing an office meeting room and laundry room. Said Recreation Land and the facilities located thereon shall not constitute part of the Common Elements of the Condominium, but shall be owned by the Association which shall also have the responsibility for all expenses relative thereto including maintenance, operation and upkeep and real estate taxes. Said Association shall prepare a separate budget on the Recreation Land on an annual basis and each Unit Owner of Summerhouse I, Summerhouse II, and Summerhouse III shall, as a member of the Association, have the right to use said facilities pursuant to such rules and regulations as are promulgated from time to time by the Association and each Unit Owner of Summerhouse I, Summerhouse II and Summerhouse III shall share equally in the expenses relative thereto and pursuant to such separate budget. All of such expenses shall be considered common expenses and the Association shall have the same rights and remedies for collecting said Recreation Land Assessments as the Association has for other common expenses, including lien rights against Units for delinquent Recreation Land Assessments.

B. In the event the Association administers the operation and affairs of additional dwelling units as provided in Article VIII of this declaration, all members of the Association, including Unit Owners in the Possible Future Development Area as defined in Article VIII B hereof, shall have a non-exclusive right to use said Recreation Land and Recreation Facilities as members of the Association and likewise shall all share equally in the expenses relative thereto. For purposes of such use, all members of the Association, including Unit Owners in future condominiums, shall have an easement and right of access over such of the condominium property as is reasonably necessary for such use and access.

C. The Developer currently intends, but shall not be obligated, to construct additional tennis courts and racquet ball courts to be owned by the Association and to be available for the use of all Members of the Association and for which all Unit Owners of this Condominium and Summerhouse I and II, together with Unit Owners in the Possible Future Development Area as defined in Article VIII B hereof, shall share equally in the expense of maintenance, repair and replacement. Any such future recreation land and facilities shall not be located on the Condominium Property. Each Unit Owner, together with unit owners in the Possible Future Development Area, shall have the right to use said facilities in accordance with such rules and regulations as are promulgated by the Association, which shall be the entity responsible for all the recreational area management and maintenance. In addition, all Unit Owners of this condominium and of Summerhouse I and II and in the Possible Future Development Area shall have rights of ingress and egress from their Units to the recreational areas over and across the paved areas as are provided for pedestrian and vehicular traffic through each condominium's Common Elements for recreational purposes and as will be more particularly shown and described on surveys attached as Exhibits to future condominium declarations or plats. However, the Developer shall have no obligation to provide or construct any such additional recreational facilities.

D. Developer, prior to the closing of the sale of the first unit of Summerhouse I, conveyed to the Association for no charge, the real property described on Exhibit E attached hereto, designated Sewer Plant Site. Although no private sewer treatment plant is necessary due to the fact that the County extended its sewer lines to the property, this property is still owned by the Association for such use as the Board of Directors shall determine. All water and sewer lines and related installations and equipment shall be owned and maintained by the Association, except as such are located within any portion of the Condominium units. All Members of the Association shall share equally the expense of operating, maintaining, repairing and replacing the sewer lines and equipment and the water lines, and the Association shall include such anticipated costs and expenses, and such reserves

for replacement as it deems necessary, in its annual budget along with the Recreation Land costs and expenses and reserves.

There is hereby created a non-exclusive easement over the Condominium Land in favor of the Association for the purpose of reasonable access to the Sewer Plant Site over such paved areas as are provided for pedestrian and vehicular traffic and in and to the sewer lines and pipes as are located under the Condominium Land for use by all Members of the Association, including unit owners in the Possible Future Development Area and an easement over the Condominium Land under which said pipes are located for the purpose of maintenance of said lines and service.

E. The Recreation Land and Sewer Plant Site Assessments payable by each member of the Association shall be equal to a fractional portion of the annual recreation budget adopted by the Board of Directors of the Association wherein the numerator is 1 and the denominator is the total number of members of the Association as that number may be increased from time to time with the addition of future condominiums being operated and administered by said Association. Said assessments shall be considered Common Expenses of each condominium, and the Association shall have the same lien right and collection remedies for nonpayment of the recreational and sewer plant site assessments as the Association has for nonpayment of regular condominium maintenance assessments.

VIII. ASSOCIATION

A. The entity responsible for the operation of this Condominium, as well as Summerhouse I and II, shall be Summerhouse Beach and Racquet Club Condominium Association, Inc., a Florida corporation not-for-profit (the "Association"). A copy of the Association's Articles of Incorporation and Bylaws are attached hereto and made a part hereof as Exhibits F and G, respectively. The Association shall administer and manage the Condominium Property; provided, that the Association may, to the extent permitted by the Condominium Act, by contract, delegate its maintenance, management and operational duties and obligations; and provided further, however, that the Developer hereby reserves the rights provided in the Condominium Act and this declaration and the Bylaws of the Association to initially manage and operate the Condominium Property.

B. In the event the Developer shall elect to submit any portion of the land located immediately south of this Condominium Property, and as more particularly described on Exhibit H attached hereto and designated the "Possible Future Development Area," to the condominium form of ownership within ten years from the recordation date hereof, Developer may, at its option, provide that the Summerhouse Beach and Racquet Club Condominium Association, Inc., be made the Condominium Association responsible for the operation and administration of such future condominiums. Owners of dwelling units in these future condominiums shall automatically become members of the Association and shall be entitled to the same voting rights as are extended herein to Unit Owners hereof, provided, however, that the total number of Condominium Units to be administered at any time by the Association shall not exceed 300 Units.

C. Nothing contained herein shall be deemed to require the Developer to submit the Possible Future Development Area or any portion thereof to condominium ownership, nor to require that the Summerhouse Beach and Racquet Club Condominium Association, Inc. be the entity responsible for the operation and administration of any of the additional condominium(s) submitted by the Developer. The Developer reserves the right in its sole discretion to determine the type of development or improvements of the Possible Future Development Area, if any, including the right to control the mix and location and type of structures and to create a separate operating and administrative entity for any such development,

whether condominium or otherwise. Notwithstanding anything contained herein to the contrary, neither this Declaration nor any term or provision hereof shall constitute a defect, encumbrance, lien or cloud upon the title of any portion of the property included within the Possible Future Development Area and is intended only to reserve certain rights to the Developer, as the owner of the Possible Future Development Area, its successors or assigns.

IX. VOTING RIGHTS OF UNIT OWNERS

The owner or owners of each Unit shall become a member or members of the Association automatically upon and simultaneously with the delivery of a deed of conveyance of fee title thereto from Developer or its successors in title. There shall be appurtenant, and pass with title, to each Unit one vote as a member of the Association, which may be exercised by the owner(s) as set forth in the Articles of Incorporation and Bylaws of the Association. Membership in the Association shall terminate when a Unit Owner's vested interest in the fee title to the Unit terminates. Membership in the Association cannot be separately transferred, assigned or pledged in any manner except as an appurtenance to the respective Unit.

X. AMENDMENT OF DECLARATION

Except for amendments which the Developer is authorized and/or obligated elsewhere herein to make and except as may be elsewhere herein or in the Condominium Act otherwise specifically provided, this Declaration may be amended only in the following manner:

A. Notice

Notice of the subject matter of any proposed amendment to this Declaration shall be included in the notice of any meeting at which such proposed amendment is to be considered.

B. Proposal

Amendments to this Declaration may be proposed by the Board of Directors (the "Board") of the Association by resolution adopted by a majority vote of the Directors elected from this Condominium present at any regular or special meeting of the Board at which a quorum is present; or, in the alternative, by a written instrument signed by a majority of the Board elected from this Condominium or by the owners of a majority of the Units, whether by vote of such owners as members of the Association at a special or regular meeting of the members or by written instrument signed by them.

C. Adoption

Any amendment to this Declaration so proposed by the Board or members of the Association shall be transmitted to the President of the Association; or, in the absence of the President, to a Vice President or other acting chief executive officer, who shall thereupon call a special meeting of the Unit owners in this Condominium to consider and vote upon such proposed amendment; provided that a proposed amendment may be considered and voted upon at an annual meeting of the members of the Association if the next such meeting is to held within the time hereafter limited and if notice of the proposed amendment shall be included in the notice of such meeting. The special or annual meeting, as the case may be, of the members shall be held not sooner than thirty (30) days nor later than sixty (60) days from the date of receipt by the Association of the proposed amendment. Notice of the meeting shall be in the form and shall be delivered and the meeting shall be called and held as provided for in the By-Laws of the Association; provided, that any member may, in writing signed by such member, waive notice of any such meeting in the manner provided for in the By-Laws of the Association and such waiver, when delivered to the Secretary of the Association for filing in its records, whether before, during or after such

meeting shall be construed to be the equivalent of giving notice to such member. The proposed amendment may be adopted and shall become effective, by and upon the affirmative vote at such meeting of unit owners owning not less than sixty-six and two-thirds percent (66-2/3%) of the Units; provided, that any amendment so proposed may be adopted, without a formal meeting of the members, by an instrument executed and acknowledged with the formalities of a deed by members owning not less than sixty-six and two-thirds percent (66-2/3%) of all Units. If any such amendment affects the common elements or common property of any other condominium or dwelling units in Summerhouse I or the Possible Future Development Area (including easements and other rights herein reserved to such unit owners), then such amendment shall only be effective after approval by the members of such other condominium or homeowners association in accordance with the provisions of the declaration of condominium for such condominium or articles or by-laws of such association(s). Notwithstanding the foregoing provisions for adoption of amendments to this Declaration or any other provisions for amendment in the Condominium Act, no amendment shall:

(1) Change any "Condominium Parcel" (as defined in the Condominium Act) unless the record owner thereof and all record owners of liens thereon shall join in the execution and acknowledgment of the amendment;

(2) Discriminate against any Unit owner or against any Unit or building or class of buildings comprising part of the Condominium Property, unless the record owners of all affected Units and record owners of all liens thereon shall join in the execution and acknowledgment of the amendment;

(3) Change the share of Common Elements appurtenant to any Unit or Units or the share of any Unit owner in the Common Surplus, or increase the share of any Unit owner(s) in the Common Expenses, unless the record owners of all Units and the record owners of all liens thereon shall join in the execution and acknowledgment of such amendment;

(4) Make any change in Article XIII hereof, entitled "Insurance" nor in Article XIV hereof, entitled "Reconstruction or Repair After Casualty" unless the record owners of all liens on Units shall join in the execution and acknowledgment of the amendment;

(5) Adversely affect the lien or priority of any previously recorded mortgage to a mortgagee; or

(6) Adversely affect any right, reservations, privileges, powers and options of the Developer or Unit Owners in other condominiums operated by the Association as stated herein, or with respect to the Recreation Land, the Sewer Plant Site, and/or the Possible Future Development Area, without the prior written consent of the Developer and the unit owners of such other condominiums affected.

D. Effective Date and Recording Evidence of Amendment

As to members of the Association and persons having actual knowledge of the adoption of any amendment to this Declaration, such amendment shall be effective as of the date of adoption or otherwise as may be specified in the resolution or instrument creating the amendment. As to non-members of the Association without actual knowledge of an amendment to this Declaration, the same shall be effective at the time the affected person acquires actual knowledge thereof or at the time of filing the amendment or certificate of amendment in the public records of St. Johns County, Florida, whichever occurs first. The President of the Association, or, in the absence of the President, a Vice President or other acting chief executive officer of the Association, shall cause to be filed in the Public Records of St. Johns County,

Florida, the original amendment to the Declaration, if it is in the form of an instrument executed and acknowledged by Unit owners and the holders of liens thereon, or a certificate of amendment, if it is a certification by the proper officers of the Association that such amendment was adopted by the Association at a meeting of the members. A true and correct copy of each such amendment or certificate of amendment shall be delivered, forthwith after adoption thereof, to the record owners of all units and to the record owners of all liens on Units, by the President, Vice President or other acting chief executive officer of the Association, but delivery of such copies shall not be a condition precedent to the effectiveness of any such amendment.

E. Amendment to Correct Omission or Error in Condominium Documents

Notwithstanding any provision to the contrary set forth in this Article X or elsewhere, in and of this Declaration, the Articles of Incorporation or By-Laws of the Association, the affirmative vote of the owners of not less than fifty-one per cent (51%) of the Units in the Condominium shall be sufficient to adopt an amendment to this Declaration for the purpose of correcting a defect, error or omission in or of this Declaration not materially adversely affecting the rights of owners, lienors or mortgagees.

F. Amendment by Developer

Notwithstanding any provision to the contrary set forth in Article X or elsewhere in this Declaration or in the Articles of Incorporation or ByLaws of the Association, the Developer may amend this Declaration to add any surveyor's certificate(s) as described in Article IV A without the consent or joinder of any Unit owner or mortgagee of any unit.

XI. COMMON EXPENSES AND COMMON SURPLUS

A. The term "Common Expenses", as used herein, shall mean all expenses for which the owners of Units in Summerhouse III Beach & Racquet Club Condominium shall be liable to the Association. The term "Common Surplus", as used herein, shall mean the excess of all receipts of the Association from owners of Units in Summerhouse II Beach & Racquet Club Condominium including, without limitation, assessments, rents, profits and revenues on account of the Common Elements of Summerhouse III Beach & Racquet Club Condominium, over the amount of the Common Expenses of Summerhouse III Beach & Racquet Club Condominium. All owners of Units in Summerhouse III shall share the Common Expenses and shall own the Common Surplus in an equal fractional amount of 1/63rd.

B. As set forth in Article VIII hereof, the Association may, at Developer's option, be made the Condominium Association responsible for the operation and administration of such other condominiums as may be developed in the Possible Future Development Area described on Exhibit H attached hereto. The owner of a vested present interest in the fee title to any of the dwelling units in any such future development which Developer has elected to have operated by the Association shall automatically be members of the Association and shall be entitled to the same voting rights as are extended herein to owners of Units in this condominium provided, however, that matters concerning only one condominium shall be voted on only by the Unit Owners of that condominium, all as more specifically set forth in the Articles and Bylaws of the Association. The Common Expenses and Common Surplus of any such condominium(s) may be commingled with those of the other condominium(s) operated by the Association, if any, but shall be subject to separate budgeting and accounting as

provided elsewhere herein and in the Bylaws and Articles of the Association. The operation of such additional condominium(s) by the Association shall not constitute and is not intended to result in a merger of the Common Elements, and each condominium shall constitute a separate and distinct condominium from all others.

XII. MAINTENANCE, REPAIRS AND REPLACEMENTS

Responsibility for maintenance, repairs and replacements of Condominium Property and property of Unit owners located or situated within the Condominium shall be as follows:

A. Unit Owner's Responsibility

Each Unit Owner shall maintain, repair and replace, at his expense: his Unit, and the fixtures, equipment and appliances comprising a part thereof, located therein or exclusively serving the same even if located outside the Unit, and including, without limitation, all doors within the Unit and those which open to the Unit from the outside, interior walls and partitions, windows and window apparatus and glass, sliding glass and screen doors, heating and air conditioning equipment within the Unit, the air conditioning compressor located outside of the Unit, and the ducts, pipes, wirings, controls and other apparatus serving only that Unit, even if located outside the Unit. Each Unit Owner shall be responsible for the cost of keeping his Limited Common Elements in a clean and orderly condition except his assigned parking space which shall be the Association's responsibility. Notwithstanding the obligation of the Unit Owners for maintenance, repair and replacement of and in Units, the proceeds of all insurance awards or payments under insurance carried by the Association for loss or damage to or within Units shall be applied against repairs and replacements to the extent that such award or payments exceed the deductible provisions of such insurance.

B. Association's Responsibility

The Association shall be responsible for and shall assess against and collect from the owners of all Units in the Condominium the costs of maintaining, repairing, replacing and keeping in clean and orderly condition all of the Common Elements provided, however, that each Unit Owner shall keep his own patio or balcony clean and orderly. The Association shall, at the expense of the owners of all Units in the Condominium, repair any and all incidental damage to Units resulting from maintenance, repairs and/or replacement of or to Common Elements. The Association shall be responsible for repairing and replacing all Limited Common Elements and shall assess against and collect from the owner of all Units in the Condominium, the cost of such repair and replacement.

XIII. INSURANCE

Insurance shall be carried and kept in force at all times in accordance with the following provisions:

A. Duty and Authority to Obtain

The Association shall obtain and keep in force at all times the insurance coverage which it is required hereby to carry and may obtain and keep in force all of such other or additional insurance coverage as it is authorized hereby to carry. All insurance obtained by the Association shall be purchased for the benefit of the Association and the Unit owners and their mortgagees. A certificate evidencing a mortgagee endorsement shall be issued to the mortgagee of each Unit. The owner(s) of each Unit may, at

the expense of such owner(s), obtain insurance coverage against damage to and loss of the contents of the Unit, personal liability for injury to and death of persons and damage to and loss of personal property of others, and against additional living expenses, provided, that each policy of such insurance purchased by a Unit owner shall, where such provision is available, provide that the insurer waives its right of subrogation as to any claim or claims against other Unit Owners, the Association, and their respective employees, agents, guests and invitees.

B. Required Coverage

The Association shall purchase and carry casualty insurance covering all of the buildings and other improvements of the Condominium, including, without limitation, Units and Common Elements, in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the Board of Directors of the Association; such insurance to include or afford protection against:

(a) Loss or damage by fire or other hazards covered by the standard extended coverage or other perils endorsements;

(b) Such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings and other improvements similar, in construction, location and use, to the buildings and other improvements of the Condominium, including, without limitation, vandalism, malicious mischief, windstorm, water damage and war risk insurance, if available;

(c) Public liability insurance, in such amounts, with such coverage and in such forms as shall be required by the Board of Directors of the Association to protect the Association and the owners of all Units, including, without limitation hired automobile, non-owned automobile, off premises employee coverage, water damage and legal liability, with cross-liability endorsements to cover liability of all Unit Owners as a group to each Unit Owner;

(d) Workmen's Compensation insurance to meet the requirements of Law; and

(e) Loss or damage by flood, to the extent, if any, required or necessitated by law, including, without limitation, the Flood Disaster Protection Act of 1973, or any similar law or regulation.

C. Optional Coverage

The Association may purchase and carry such other insurance coverage, other than title insurance, as the Board of Directors of the Association, in its sole discretion, may determine from time to time to be in the best interests of the Association and Unit Owners, including Directors' liability insurance coverage, or as an institutional lender may reasonably require while it holds a mortgage encumbering any Unit.

D. Premiums

Premiums for all insurance obtained and purchased by the Association shall be paid by the Association. The cost of insurance premiums, and other incidental expenses incurred by the this Association in administering and carrying out the provisions of this Article, shall be assessed against and collected from Unit Owners as Common Expenses.

E. Assured

All policies of insurance obtained and purchased by the Association shall be for the benefit of the Association, its

members and their mortgagees, as their interests may appear. All proceeds of insurance policies purchased by the Association shall be payable to the Association. The proceeds from insurance against any casualty loss shall be held for the use of the Association, its members and their respective mortgagees, as their interests may appear, to be applied or distributed in the manner herein provided. The Association is hereby constituted and appointed agent for all Unit Owners, with authority to negotiate and settle the value and extent of any and all losses covered under any policy of casualty insurance, and the Association is granted full right and authority to execute, in favor of any insurer, a release of liability arising out of any occurrence covered by any policy or policies of casualty insurance and resulting in loss of or damage to insured property.

F. Insurer

All persons beneficially interested in the insurance coverage obtained, purchased and maintained by the Association shall be bound by the Association's selection of its insurer(s) and the amount of insurance coverage carried and kept in force by the Association.

G. Application of Insurance Proceeds

The proceeds of casualty insurance paid to the Association shall be applied and paid as follows:

1. Common Elements Only.

The proceeds paid to the Association for loss of or damage to real property or improvements constituting Common Elements only shall be applied to the repair, replacement or reconstruction of such loss or damage. If such insurance proceeds exceed the cost of the repair, replacement or reconstruction of such Common Elements, the excess shall be paid by the Association to the owners of all Units, and their respective mortgagees, as their interests may appear, in shares or proportions equal to the undivided interest appurtenant to each Unit in the Common Elements. If the insurance proceeds shall be insufficient to pay the cost of the repair, replacement or reconstruction of such Common Elements, the Association shall pay the difference between the cost of repairing, replacing or reconstructing such loss or damage to the Common Elements and the amount of the proceeds from any Association Reserve Fund which may have been established. If no such Association Reserve Fund has been established, or if any such Association Reserve Fund has been established and is insufficient to pay said difference, the Association shall assess the amount of the difference against, and collect it from, all Unit Owners, as a Common Expense.

2. Units.

The proceeds paid to the Association for loss of or damage to a building, constituting Common Elements and one or more Units thereof only, shall be first applied to the repair, replacement or reconstruction of Common Elements, then to the repair, replacement or reconstruction of any Unit or Units in such building which have been destroyed or damaged. If such insurance proceeds exceed the cost of the repair, replacement or reconstruction of such Common Elements and Units, the excess shall be paid by the Association to the owners of the damaged or destroyed Units and their respective mortgagees, as their interests may appear, in equal amounts. If the insurance proceeds shall be sufficient to pay for the repair, replacement or reconstruction of the Common Elements but shall be insufficient to pay the cost of the repair, replacement or reconstruction of the damaged or destroyed Unit or Units in such building, the Association shall assess the amount of the difference against, and collect the same from, the owner(s) of the Unit(s)

damaged or destroyed, in the proportion that the amount of damage sustained to each such Unit bears to the total deficit, and apply such sum toward the total cost of repairing, replacing or reconstructing all of such damaged or destroyed Common Elements and Units. If the insurance proceeds shall be insufficient to pay the cost of the repairs, replacements, or reconstruction of the Common Elements, the difference between the total cost of repairing, replacing or reconstructing the Common Elements and the amount of the insurance proceeds shall be assessed by the Association against, and collected from, all Unit Owners, as a Common Expense, and in such event, the cost of repairing, replacing or reconstructing the Unit or Units destroyed or damaged shall be assessed by the Association against, and collected from, the owner(s) of such damaged or destroyed Units. If and when insurance proceeds are paid to the Association for any casualty loss, the holder(s) of any mortgage or mortgages encumbering a Unit shall not have the right to determine or participate in the determination of repair or replacement of any loss or damage, and shall not have the right to elect to apply insurance proceeds to the reduction of indebtedness secured by such mortgage(s), unless the insurance proceeds represent a distribution to the owner(s) of the Unit and the mortgagee(s) thereof, after such insurance proceeds have been first applied to repair, replacement or reconstruction of any loss or damage, or unless such casualty insurance proceeds are authorized to be distributed to the owner(s) of the Unit, and the mortgagee(s) thereof by reason of loss of or damage to personal property constituting a part of the Common Elements and as to which a determination is made not to repair, replace or restore such personal property.

XIV. RECONSTRUCTION OR REPAIR AFTER CASUALTY

Whether, and the manner in which, any or all of the Condominium Property which shall be damaged or destroyed by casualty shall be repaired, reconstructed or replaced shall be determined as follows:

A. Residential Buildings

If one or more of the Residential Buildings shall be damaged or destroyed, repair or reconstruction thereof, or termination of the Condominium, shall be in accordance with the following:

1. Total Destruction of the Residential Buildings.

If all the Residential Buildings of the Condominium are totally destroyed or are so damaged that no Unit therein is habitable, neither the Buildings nor any of the improvements comprising Common Elements shall be reconstructed, and the Condominium shall be terminated unless seventy-five percent (75%) of the owners of Units agree in writing, within sixty (60) days after the date of such destruction, to reconstruct the same and/or unless any policy or policies of casualty insurance covering the same shall require reconstruction thereof as a condition precedent to the payment of proceeds thereunder, and in either case as long as the then applicable zoning and other regulatory laws and ordinances shall allow the same to be reconstructed.

2. Damage to the Buildings.

If one or more but less than all of the Residential Buildings are wholly or partially damaged and a majority of the Units in any building remains habitable, the damaged or destroyed Common Elements and/or Units shall be repaired or reconstructed so that the building and/or Unit(s) shall be restored to substantially the same condition as existed prior to such damage or destruction, unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere herein provided that the Condominium shall be terminated.

B. Common Elements

Damaged or destroyed improvements constituting part of the Common Elements, other than Recreation Land and Sewer Plant Site, shall be repaired, reconstructed and/or replaced unless, in the event of total destruction of the Units, or, by agreement after partial destruction, the Condominium shall be terminated.

C. Damaged or Destroyed Improvements Upon Recreation Land or Sewer Plant Site

Damaged or destroyed improvements of and upon the Recreation Land owned by the Association shall be repaired, reconstructed and/or replaced unless this condominium and all other condominium(s) and any homeowner association located within the Possible Future Development Area having an ownership interest in such facilities shall be terminated.

D. Plans and Specifications

Repair or reconstruction of Condominium Property shall be substantially in accordance with the plans and specifications pursuant to which the same was originally constructed, provided that the Board of Directors of the Association may authorize reasonable variations from the original plans and specifications as may appear to them to be necessary or desirable.

E. Responsibility

If the damage or destruction shall be limited only to one or more Units for which the responsibility of maintenance, repair and replacement is that of the affected Unit Owners, then such Unit Owners shall be responsible for carrying out the repair or reconstruction thereof. In all other instances of damage or destruction, the Association shall be responsible for carrying out the repair and reconstruction thereof.

F. Construction Funds

All funds for the payment of repair and reconstruction costs, consisting of insurance proceeds and/or funds collected by the Association from Unit Owners, shall be disbursed toward payment of such costs in the following manner:

1. Unit Owner

The portion of insurance proceeds representing damage for which the responsibility of repair and reconstruction is upon one or more, but less than all Unit Owners, shall be paid by the Association to the affected Unit Owners and, if any of such Units are mortgaged, to the Unit Owners and their mortgagees jointly.

2. Association - Lesser Damage

If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than Five Thousand and No/100 Dollars (\$5,000.00), then the Construction fund shall be disbursed in payment of such costs upon the order of the Association.

3. Association - Major Damage.

If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is more than Five Thousand and No/100 Dollars (\$5,000.00), 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 registered to practice in Florida and insurance proceeds. If there is a balance in the 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 herein stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of assessment paid by such owner into the construction fund shall not be made payable to any mortgagee.

XV. USE RESTRICTIONS

Use of the Condominium Property shall be in accordance with and subject to the following provisions so long as the Condominium exists:

A. Units

Each of the Units shall be occupied only by a single family, its servants and guests or lessees, as a residence and for no other purposes. Except as the right to divide and subdivide is reserved to Developer, no Unit may be divided or subdivided into a smaller Unit, nor any portion thereof sold or otherwise transferred.

B. Common Elements

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

C. Nuisances

No nuisances shall be allowed upon the Condominium Property, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Condominium Property by residents. All parts of the Condominium Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate, nor shall any fire hazards be allowed to exist. No use shall be made of any Unit or of the Common Elements or Limited Common Elements which will increase the rate of insurance upon the Condominium Property.

D. Lawful Use

No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or any part thereof; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies pertaining to maintenance, replacement, modification or repair of the Condominium Property shall be the same as is elsewhere herein specified.

E. Leasing

Entire Units, but not less than entire Units, may be leased; provided occupancy is only by the tenant and his family, servants and guests.

F. Regulations

Reasonable regulations concerning the use of the Condominium Property may be made and amended from time to time by the Board; provided, however, that all such regulations and amendments thereto may be changed or revoked by two-thirds of the Unit Owners, who are present at any meeting at which a quorum exists, and with respect

to the Recreation Land, by two-thirds of all members of the Association who are present at a full Association meeting at which a quorum exists.

G. Rights of the Developer

1. Until Developer has completed and sold all of the Units, neither the Unit Owners nor the Association nor the use of the Condominium Property shall interfere with the completion of the proposed improvements and the sale of the Units. Developer may make such use of the unsold Units and common area as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, the showing of the land, and the display of signs, use of the Recreation Land in the promoting of sale or rental of additional dwelling units in the Possible Future Development Area provided such rights shall not be exercised in an unreasonable manner not consistent with the right of Unit Owners; and further provided, that Developer retains the right, so long as it holds fee simple title to any Unit in the Condominium, to establish a plan for leasing any Unit or Units in the Condominium, whether such Unit or Units be owned by it or not, and thereafter to administer such plan for voluntarily participating Unit Owners on such terms as Developer may provide.

2. The Developer reserves for itself, its nominees, designees, successors and assignees, an easement over and across the boundaries of the Condominium Property as may be reasonably necessary in connection with the construction of improvements within the Possible Future Development Area, including, but not limited to, the use of necessary and usual equipment in connection with such construction activity, the usual and common noise level created by such construction activity and together with all other common and usual activities associated with such construction activity, and specifically including the right to attach, connect, and tie into the south wall of Building 5 for the purpose of adding condominium units in the area immediately south of this Condominium in the Possible Future Development Area, and to attach, connect, and tie into the north wall of Building 1 to connect it with Building 5 of Summerhouse II Beach & Racquet Club Condominium and pursuant to the terms of the Easements and Shared Maintenance Agreement attached hereto as Exhibit I.

3. Neither the Association, any other association nor owner of any dwelling unit having use rights in the Recreation Land shall be excused from payment of its proportionate share of such costs and expenses of the Recreation Land by reason of the fact that one or more of the owners or occupants of a Unit or of dwelling units entitled to use of the Recreation Land shall elect not to make use thereof, or by virtue of the fact that one or more of the owners or occupants of a Unit or dwelling units otherwise entitled to the use of the Recreation Land shall be barred therefrom or prohibited use thereof by virtue of violations of the rules and regulations applicable to the use thereof.

4. Notwithstanding anything contained in this Declaration of Condominium to the contrary, so long as the Developer shall own any portion of the Possible Future Development Area, no rules and regulations relevant to the use of the Recreation Land shall be adopted without the prior written consent of the Developer. In addition, so long as the Developer owns any portion of the Possible Future Development Area, no permanent improvements other than as set forth in the site plan of the Recreation Land attached hereto as Exhibit C shall be constructed upon the Recreation Land nor shall any substantial repair or reconstruction be performed upon the Recreation Land without the prior written consent of Developer.

5. The Developer reserves for itself as the owner of the land constituting the Possible Future Development Area and for future owners and occupants of dwelling units located within the Possible

Future Development Area, a non-exclusive easement for pedestrian traffic over, through and across sidewalks, paths, walks and over the Recreation Land as may be from time to time intended and designated for such purpose and use.

6. Pursuant to the provisions of the Condominium Act, Developer shall be excused from payment of assessments attributable to Units owned by the Developer until the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Unit occurs. However, Developer must pay the portion of common expenses incurred during that period which exceed the amount assessed against other Unit owners.

XVI. MAINTENANCE OF COMMUNITY INTERESTS

In order to maintain a community of congenial residents and protect the value of Units, the transfer of title to or possession of Units by any owner other than Developer shall be subject to the following provisions so long as the Condominium exists, which provisions each owner covenants to observe:

A. Transfers Subject to Approval

1. Sale.

No Unit Owner may dispose of a Unit or any interest therein by sale without approval of the Association except to another Unit Owner.

2. Gift.

If any Unit Owner proposes to transfer his title by gift, the proposed transfer shall be subject to the approval of the Association; provided however, the transfer of a Unit Owner's title or any interest therein by gift or devise to a member of such Unit Owner's immediate family shall not require the approval of the Association.

3. Other Transfers.

If any Unit Owner proposes to transfer his title in any manner not heretofore considered in the foregoing subsections, the proposed transfer shall be subject to the approval of the Association; provided, however, that any lease of a Unit shall not be subject to approval by Association.

B. Approval by Association

1. Notice to Association.

(a) Sale.

A Unit Owner intending to make a bona fide sale of his Unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require. Such notice, at the Unit Owner's option, may include a demand by the Unit Owner that the Association furnish a purchaser if the proposed purchaser is not approved; and if such demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell.

(b) Gift; Other Transfers.

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A Unit Owner who proposes to transfer his title by gift or in any other manner not heretofore considered or permitted hereunder, shall give to the Association notice of the proposed transfer of his title, together with such information concerning the transferee as the Association may reasonably require, and a copy of all instruments to be used in transferring title.

(c) Failure to Give Notice.

If the notice to the Association herein required is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a Unit, the Association at its election and without notice may approve or disapprove the transaction or ownership. If the Association disapproves the transaction or ownership, the Association shall proceed as if it had received the required notice on the date of such disapproval.

2. Certificate of Approval.

(a) Sale.

If the proposed transaction is a sale, then, within twenty (20) days after receipt of such notice and information, the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the proper officers of the Association and shall be delivered to the purchaser.

(b) Gift; Other Transfers.

If the Unit Owner giving notice proposes to transfer his title by gift or in any other manner, then, within twenty (20) days after receipt of such notice and information, the Association must either approve or disapprove the proposed transfer of title to the Unit. If approved, the approval shall be stated in a certificate executed by the proper officers of the Association and shall be delivered to the Unit Owner.

(c) If the Association does not approve or disapprove such sale, gift or other transfer, in writing delivered to the purchaser or Unit Owner within twenty (20) days after receipt of Notice of such sale, gift or other transfer, the transaction shall be deemed approved by the Association.

3. Approval of Corporate Owner or Purchaser.

Inasmuch as the Condominium may be used only for residential purposes and a corporation cannot occupy a Unit for such use, if the Unit Owner or purchaser of a Unit is a corporation, the approval of ownership by the corporation shall be conditioned by requiring that the primary occupant of the Unit be also approved by the Association. The approval of ownership by a partnership or joint venture or a Trustee or other holder of legal title for a beneficial owner who is to be the primary occupant of a Unit shall also be conditioned upon approval of the primary occupant by the Association.

C. Disapproval by Association

If the Association shall disapprove a transfer or ownership of a Unit, the matter shall be disposed of in the following manner:

1. Sale.

If the proposed transaction is a sale and if the notice of sale given by the Unit Owner shall so demand, then, within twenty (20) days after receipt of such notice and information, the Association shall deliver or mail by certified mail to the Unit Owner an agreement to purchase by the Association, or a purchaser approved by the Association who will purchase and to whom the Unit Owner must sell the Unit, upon the following terms:

(a) The price to be paid by the purchaser, to be identified in the agreement, shall be that stated in the disapproved contract to sell.

(b) The purchase price shall be paid in full in cash or shall include assumption of any existing mortgage financing plus cash.

(c) The sale shall be closed within thirty (30) days after the delivery or mailing of said agreement to purchase or at the time specified in the disapproved contract, whichever is later.

(d) If the Association shall fail to provide a purchaser upon demand of the Unit Owner in the manner provided, or if a purchaser furnished by the Association shall default in his agreement to purchase, the proposed transaction shall be deemed to have been approved and the Association shall furnish a certificate of approval as elsewhere provided.

2. Gifts; Other Transfers.

If the Unit Owner giving notice proposes to transfer his title by gift or in any other manner, then, within twenty (20) days after receipt from the Unit Owner of the notice and information required to be furnished, the Association shall deliver or mail by certified mail to the Unit Owner written notice of the terms and conditions upon which the transfer must be made, including without limitation, the requirements of the Association regarding occupancy of the Unit and by whom the votes in the Association affairs may be cast.

D. Lease

Notwithstanding anything contained in this Article to the contrary no approval of the Association shall be required in connection with the lease or rental of any Unit; provided that such lease or rental agreement shall provide for use by the lessee and family, servants and guests only.

E. Exceptions

The foregoing provisions of this Article shall not apply to a transfer or purchase by a mortgagee which acquires its title as the result of owning a mortgage upon the Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or its successor in title or through foreclosure proceedings; nor shall such provisions apply to a transfer or sale by which said mortgagee so acquires its title. Neither shall such provisions

require the approval of a purchaser who acquires the title to a Unit at a duly advertised public sale with open bidding which is provided by law, such as but not limited to, execution sale, foreclosure sale, judicial sale or tax sale.

F. Unauthorized Transactions

Any sale, or gift or other transfer not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

G. Notice of Lien or Suit

1. Notice of Lien.

A Unit Owner shall give notice to the Association of every lien upon his Unit other than for permitted mortgages, taxes and special assessments within five days after the attaching of the lien.

2. Notice of Suit.

A Unit Owner shall give notice to the Association of every suit or other proceeding which may affect the title to his Unit; such notice to be given within five (5) days after the Unit Owner receives knowledge thereof.

3. Failure to Comply.

Failure to comply with this Article XVI will not affect the validity of any judicial sale.

XVII. COMPLIANCE AND DEFAULT

Each Unit Owner shall be governed by and shall comply with the terms of the Declaration of Condominium, the Articles of Incorporation and Bylaws of the Association, and any and all regulations adopted pursuant thereto, as they may be amended from time to time. Failure of the Unit Owner to comply therewith shall entitle the Association or other Unit Owners to the following relief in addition to the remedies provided by the Condominium Act:

A. Negligence

A Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family or his or their guests, employees, agents, lessees or other invitees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances, or of the Common Elements or Limited Common Elements.

B. Costs and Attorney's Fees

In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms of the Declaration, the Articles of Incorporation and Bylaws of the Association, and any and all regulations adopted pursuant thereto, as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the Court.

C. No Waiver of Rights

The failure of the Association or any Unit Owner to enforce any covenant, restriction or other provision of the Condominium

Act, this Declaration, the Articles of Incorporation and Bylaws of the Association, or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

XVIII. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

To provide the funds necessary for proper operation and management of the Condominium, the Association has been granted the right to make, levy and collect assessments against the owners of all Units. The following provisions shall govern the making, levying and collecting of such assessments and the payment of the costs and expenses of operating and managing the Condominium by the Association and for operating and managing the property owned by the Association.

A. Determination of Assessments

Each Unit Owner shall pay to the Association 1/63rd of the total assessments deemed necessary by the Board of Directors for the operation of the Condominium Property.

B. Time for Payment

The assessment levied against the owner of each Unit and his Unit shall be payable not less often than quarterly as shall from time to time be fixed by the Board as permitted by the Condominium Act.

C. Annual Budget

Subject to the requirements of the Condominium Act, the Board shall establish an Annual Budget in advance for each fiscal year which shall estimate all expenses for the forthcoming fiscal year required for the proper operation, management and maintenance of the Condominium, including, when deemed necessary or advisable by the Board, a reasonable allowance for contingencies and reserves and shall estimate all income to be collected during the year. Upon adoption of each annual budget by the Board, copies thereof shall be delivered to each Unit Owner, and the assessment for the year shall be based upon such budget. Failure to deliver a copy of the budget to a Unit Owner shall, however, not affect the liability of such owner for such assessment. Should the Board at any time and from time to time determine, in the sole discretion of the Board, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board shall have the authority to levy such additional assessment or assessments as it shall deem to be necessary.

D. Reserve Fund

The Board, in establishing each Annual Budget, shall include therein a sum to be collected and maintained as a reserve fund for the capital expenditures, deferred maintenance and replacement of Common Elements and personal property held for the joint use and benefit of the owners of all Units. These reserve accounts shall include, but not be limited to, roof replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item; provided however, that no such reserve shall be included within the annual budget if the Unit Owners owning not less than fifty-one percent (51%) of the Units, at a duly called meeting of the Association, determine to provide no fiscal reserves or a lesser amount of fiscal reserves than as provided herein for any fiscal year.

E. Recreation Land Budget

The annual budget relevant to the Recreation Land and Sewer Plant Site shall be established by the Board. Assessments therefor

shall be payable at the same time as the regular condominium assessments. Each Member of the Association shall pay an equal portion of these expenses as defined in Article VII E hereof.

F. Use of Association Funds

All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles, and Bylaws. The monies paid to the Association for annual assessments by any Unit Owner may be commingled with monies paid to the Association by the other owners of Units in Summerhouse I and II, or other condominiums in the Possible Future Development Area; provided, however, that the Association shall establish separate budgets for each condominium and for the Recreation Land and Sewer Plant Site and separately account therefor. Although all funds and other assets of the Association, and any increments thereto or profits derived therefrom, or from the leasing or use of Common Elements, including, without limitation, Common Surplus, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit.

G. Delinquency or Default

The payment of any assessment or installment thereof due to the Association shall be in default if not paid to the Association on or before the due date thereof. When in default, the delinquent assessments or installments thereof shall bear interest at the rate of eighteen percent (18%) annum until the same, and all interest due thereon, has been paid in full.

H. Personal Liability of Unit Owner

The owner(s) of each Unit shall be personally liable, jointly and severally, as the case may be, to the Association for the payment of all assessments, regular or special, interest on such delinquent assessments or installments thereof as above provided, and for all cost of collecting the assessments and interest thereon, including reasonable attorney's fees, whether suit be brought or not, levied or otherwise coming due while such person(s) or entity own(s) a Unit.

I. Liability Not Subject to Waiver

No owner of a Unit may exempt himself from liability for any assessment levied against such owner and his Unit by waiver of the use or enjoyment of any of the Common Elements or the Recreation Land, or by abandonment of the Unit, or in any other manner.

J. Lien for Assessment

The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements or Limited Common Elements which lien shall and does secure the monies due for all: (1) assessments levied against the owner(s) of and each Unit, and (2) interest, if any, which may become due on delinquent assessments owing to the Association, and (3) costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing its lien upon the Unit and its appurtenances. The lien granted to the Association may be established and foreclosed in the Circuit Court in and for St. Johns County, Florida, and in any suit for the foreclosure of said lien, the Association

shall be entitled to rental from the owner of any Unit from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a Receiver for said Unit. The rental required to be paid shall be equal to the rental charged on comparable types of units in St. Johns County, Florida. The lien of the Association shall also secure all advances for taxes, and payments on account of superior mortgages, liens or encumbrances made by the Association to preserve and protect its lien, together with interest at the rate of eighteen percent (18%) per annum on all such advances made for such purposes.

K. Recording and Priority of Lien

The claim of lien of the Association shall be effective from and after recording, in the Public Records of St. Johns County, Florida, a claim of lien stating the description of the Unit encumbered thereby, the name of the record owner, the amount and the date when due, and shall continue in effect until all sums secured thereby shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien of the Association shall be subordinate to the lien of any previously recorded mortgage.

L. Effect of Foreclosure or Judicial Sale

In the event that any person, firm, partnership or corporation shall acquire title to any Unit and its appurtenant undivided interest in Common Elements by virtue of any foreclosure, deed in lieu of foreclosure, or judicial sale, such person, firm or corporation so acquiring title shall only be liable and obligated for assessments as shall accrue and become due and payable for the Unit and its appurtenant undivided interest in Common Elements subsequent to the date of acquisition of such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title, and shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Unit by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment or assessments as to which the party so acquiring title shall not be liable shall be absorbed and paid by all owners of all Units as a part of the Common Expense, although nothing herein contained shall be construed as releasing the party personally liable for such delinquent assessment from the payment thereof or the enforcement of collections of such payment by means other than foreclosure.

M. Effect of Voluntary Transfer

When the owner of any Unit proposes to lease, sell or mortgage the same in compliance with other provisions of this Declaration, the Association, upon written request of the owner of such Unit, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by the owner of such Unit. Such statement shall be executed by any officer of the Association and lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction. and the Association shall be bound by such statement.

In the event that a Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the owner of the

Unit and Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association) then the rent, proceeds of such sale or mortgage proceeds, as the case may be, shall be applied by the lessee, purchaser or mortgagee first to payment of any then delinquent assessment or installment thereof due to the Association before payment of the balance of such rent, proceeds of sale or mortgage to the owner of the Unit responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection of any sums remaining owing to it by foreclosure, nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of suit at law to attempt to effect collection of any sum then remaining owing to it.

N. Commencement of Assessments

The date of commencement of the assessments against each Unit, as described in this Article, shall be established by the Board of Directors of the Association.

XIX. REGISTRY OF OWNERS AND MORTGAGEES

The Association shall at all times maintain a Register of the names of the owners and mortgagees of all Units. Upon the transfer of title to any Unit, the transferee shall notify the Association in writing of his interest in such Unit together with recording information identifying the instrument by which such transferee acquired his interest in the Unit. The owner of each Unit encumbered by a mortgage shall notify the Association of the name and address of the mortgagee, the amount of such mortgage, or mortgages, and the recording information identifying the same. The holder of any mortgages encumbering a Unit may notify the Association of any such mortgage(s), and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same.

XX. ALTERATIONS OF AND IMPROVEMENTS TO UNITS AND COMMON ELEMENTS

Except as the right is herein reserved to Developer, neither a Unit Owner nor the Association shall make any alterations, improvements or additions to Units or Common Elements, except in compliance with the following:

A. Developer reserves the right to change the interior design and arrangement of, and to alter the boundaries between, Units owned by Developer, provided that no such change shall increase the number of Units without an amendment to this Declaration of Condominium by the Unit Owners, their mortgagees and the Association, as provided for elsewhere herein. Any such amendment to this Declaration which Developer is authorized to make to reflect the alteration of the boundaries of a Unit or Units owned by Developer may be executed and acknowledged by Developer and shall not require the consent or joinder of other Unit Owners and/or their mortgagees.

B. Unless the Unit Owner(s) shall first submit plans for such work to the Board, and the Board, by resolution unanimously adopted by the affirmative vote of all members thereof, shall approve and consent thereto, no alteration of or improvement or addition to a Unit, or to any Limited Common Element to which the owner has an exclusive right of use, shall be made, constructed, erected or installed which shall: (1) remove, in whole or in part, replace, reroute, or otherwise affect any column, bearing wall or partition, pipe, duct, wire or conduit, or obstruct any easement herein provided for, or (2) remove or change the style, pattern, material, texture or outside color of any door, window, screen, fixture, equipment or appliance in or on an exterior Unit or building wall, or (3) cover, from the inside or outside, the glass or other transparent and/or translucent material in any exterior door or window with, or apply or affix thereto, any material or substance which shall render the same opaque or change the exterior color thereof, except interior draperies, curtains, shades or shutters which are lined, backed, covered or painted on the side visible from the exterior with a neutral color material, or (4) affix to or over any exterior door or window, or otherwise install on the exterior, of any Unit or building, any storm or hurricane shutter or awning or any protective or decorative panel, paneling, trim, enclosure, fixture, or appliance, or (5) otherwise change, modify or alter the exterior of any Unit or building so that it thereby differs in appearance from any other Units or buildings, of the same type. There shall be no material alterations or substantial improvements or additions to the Common Elements except in the following manner: subject to the foregoing restrictions against changing the exterior appearance of Units and/or buildings, the Association shall have the right to make or cause to be made alterations, improvements and/or additions to the Common Elements, except the acquisition of additional real property, which have been approved by two-thirds of the owners of Units and with respect to the Recreation Land, Sewer Plant Site or other property owned by the Association, approved by two-thirds of all of the Members of the Association, including any additional dwelling units located within the Possible Future Development Area to which ownership or use rights in the Recreation Land, Sewer Plant Site or other property owned by the Association are appurtenant. The cost of such alterations, improvements and/or additions shall be assessed against and collected from the owners of all Units as Common Expenses, or, in the case of improvements to the Recreation Land or Sewer Plant site, from all Members of the Association.

In any litigation or other dispute arising out of this Article XX and if the Association shall be the prevailing party, it shall be entitled to reimbursement of its costs incurred in the litigation or dispute, including, without limitation, reasonable attorneys' fees.

XXI. TERMINATION

The Condominium may be terminated in the following manner in addition to the manner provided by the Condominium Act:

A. Destruction

In the event it is determined in the manner elsewhere herein provided that the improvements shall not be reconstructed because of total destruction or major damage, the Condominium plan of ownership will be thereby terminated without agreement.

B. Agreement

The Condominium may be terminated at any time by the approval in writing of all of the owners of the Condominium, and by all

record owners of mortgages upon Units therein owned by Institutional Lenders and other mortgagees approved by the Association. If the proposed termination is submitted to a meeting of the members of the Association, the notice of which meeting gives notice of the proposed termination, and if the approval of 75% of the owners of Units, and of the record owners of all mortgages upon Units in the Condominium are obtained not later than thirty (30) days from the date of such meeting, then the approving owners shall have an option to buy all of the Units of the other owners for the period ending on the sixtieth (60th) day from the date of such meeting. Such option shall be upon the following terms:

1. Exercise of Option.

The option shall be exercised by delivery or mailing by certified mail to each of the record owners of the Units to be purchased of an agreement to purchase signed by the record owners of Units who will participate in the purchase. Such agreement shall indicate which Units will be purchased by each participating owner and shall agree to purchase all of the Units owned by owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.

2. Price.

The sale price for each Unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of such agreement, and in the absence of agreement as to price, it shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

3. Payment.

The purchase price shall be paid in full in cash or shall include assumption of any existing mortgage financing plus cash.

4. Closing.

The sale shall be closed within ten (10) days following the determination of the sale price.

C. Certificate

The termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by its President and Secretary certifying as to facts effecting the termination, which certificate shall become effective upon being recorded in the Public Records of St. Johns County, Florida.

D. Shares of Owners After Termination

After termination of the Condominium the Unit owners shall own the Condominium Property and all assets of the Association as tenants in common in undivided shares, and their respective mortgages and liens shall have mortgages and liens upon the respective undivided shares of the Unit Owners. Such undivided shares of the Unit Owners shall be the same as the undivided shares in the Common Elements appurtenant to the owner's Units prior to the termination, as set forth elsewhere herein.

E. Effect of Termination upon Recreation Land and Sewer Plant Site

Notwithstanding any provisions set forth in this Article XXI, or elsewhere in this Declaration, termination of the Condominium by the owners of Units therein, shall not effect, and Unit Owners shall have no right or privilege to effect, a partition of the undivided interest of each Unit Owner in the Condominium in and to the Recreation Land and Sewer Plant Site, unless Summerhouse I, II and all other condominium(s) located within the Possible Future Development Area and any homeowners association administering other dwelling units having use rights in the Recreation Land and Sewer Plant Site shall be terminated. In the event that the Condominium, all other condominium(s) and homeowners associations are terminated, then the Recreation Land, Sewer Plant Site and the improvements, facilities, and equipment thereon shall be owned in common by all owners of (i) Units in the Condominium, (ii) dwelling units in Summerhouse I, II and any other condominium located in the Possible Future Development Area, and (iii) dwelling units administered by such homeowners associations located within the Possible Future Development Area in equal shares.

In the event of termination of one or more but less than all of such condominium(s) or homeowners associations, the owners of units in the terminated condominium or of dwelling units administered by the terminated condominium shall remain liable to any remaining members of the Association for their share of the maintenance and operation expense of the Recreation Land and Sewer Plant Site, and the improvements, facilities and equipment thereon equal to that share of such operation and maintenance expenses for which any such dwelling unit owner would have been liable pursuant to relevant Declaration of Condominium, Declaration of Covenants, Articles of Incorporation, or Bylaws of the association(s) administering such dwelling units, prior to their termination. So long as such dwelling unit owners of the terminated condominium or association desire to continue using the Recreation Land and Sewer Plant Site and the improvements, facilities and equipment thereon, they shall continue to abide by the applicable rules of any such remaining association(s).

F. Amendment

This Article XXI cannot be amended without consent of all Unit Owners and of all owners of mortgages required to approve termination by agreement.

XXII. CONDEMNATION

A. General

Whenever all or any part of the Condominium Property shall be taken by any authority having the power of condemnation or eminent domain, each owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Association. Unless otherwise provided by law at the time of such taking, any award made therefor shall be disbursed by the Association, as hereinafter provided in this Article XXII.

B. Units

If the taking includes one or more Units, or any part or parts thereof, whether or not there is included in the taking any part of the Common Elements, then the award shall be disbursed as provided by law. All related matters, including, without limitation, alteration of the percentages of undivided interest of the owners in the Common Elements, shall be handled pursuant to and in accordance

with the consent of all owners (or such lesser number of owners as may then be prescribed by the Condominium Act for the purpose of altering the percentages of undivided interest of the owners in the Common Elements) expressed in a duly recorded amendment to this Declaration. In the event that such an amendment shall not be recorded within 90 days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided elsewhere herein whereupon the development may be terminated in the manner herein prescribed.

C. Common Elements

If part of the Common Elements is acquired by eminent domain, the award shall be paid to the Association. The Association shall divide any portion of the award not used for any restoration or repair of the remaining Common Elements among the Unit owners in proportion to their respective Common Element interests before the taking, but the portion of the award attributable to the acquisition of a Limited Common Element shall be equally divided among the owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

XXIII. RIGHTS OF DEVELOPER TO SELL OR LEASE UNITS

So long as Developer, or any mortgagee succeeding Developer in title, shall own any Unit, it shall have the absolute right to lease or sell any such Unit to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interests, and as to the sale of such unit, the right of first refusal and any right of redemption herein granted to the Association shall not be operative or effective in any manner.

XXIV. RIGHTS OF INSTITUTIONAL MORTGAGEES

Any mortgagee of a Condominium Parcel who makes a request in writing to the Association for the items provided in this section shall have the following rights:

A. To be furnished with at least one (1) copy of the annual financial statement and report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such financial statement and report to be furnished within sixty (60) days following the end of each fiscal year.

B. To be given written notice by the Association of the call of a meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration of Condominium, or the Articles of Incorporation and Bylaws of Association, which notices shall state the nature of the amendment being proposed.

C. To be given notice of default by any member owning any Unit encumbered by a mortgage held by such mortgagee of the Unit Owner's obligations under this Declaration which is not cured within thirty (30) days, such notice to be given in writing and to be sent to the principal office of such mortgagee or to the place which it or they may designate in writing to the Association.

D. To be given an endorsement to the insurance policies covering the Common Elements requiring that such mortgagee be given any notice of cancellation provided for in such policy.

E. Regardless of any provision to the contrary contained in this Declaration, unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each loan secured by a first mortgage of individual units in the Property) have given their prior written approval, the Association shall not be entitled to:

1. By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon owned directly or indirectly by the Association. The granting of easements for public utilities or for other public purpose consistent with the intended use of the Property shall not be deemed a transfer within the meaning of this clause;

2. Change the method of determining the obligations, assessments, dues or other charges which may be assessed against any Units by the Association; or

3. By act or omission change, waive or abandon the regulations or enforcement thereof contained in this Declaration pertaining to the architectural design or the exterior appearance of Units.

F. Examine Books and Records

Mortgagees shall have the right to examine the books and records of the Association upon reasonable notice during ordinary working hours.

G. Taxes and Other Charges

In the event the Association fails to pay, when due, taxes assessed against the Common Elements or premiums of insurance covering the improvements on property owned by the Association then any one or more of the Mortgagees may pay such taxes or insurance premiums, and the Association shall be obligated to reimburse such Mortgagee or mortgagees for such payments, and until paid, the same shall constitute a lien upon the Common Elements in favor of the party or parties, entity or entities, paying same, which said lien may be enforced in a court of competent jurisdiction of the State of Florida in the same manner as a judgment lien may be enforced.

XXV. MISCELLANEOUS

A. Severability

The invalidity in whole or in part of any covenant or restriction, or any Article, subarticle, sentence, clause, phrase or word, or other provision of this Declaration of Condominium and the Articles of Incorporation, Bylaws and regulations of the Association shall not affect the validity of the remaining portions thereof.

B. Applicability of Declaration of Condominium

All present or future owners, tenants, or any other person who might use the facilities of the Condominium in any manner, are subject to the provisions of this Declaration, and the mere acquisition or rental of any Unit, or mere act of occupancy of any Unit, shall signify that the provisions of this Declaration of Condominium are accepted and ratified in all respects.

C. Construction

The provisions of this Declaration shall be literally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. The Florida Condominium Act as amended to the date hereof is hereby adopted and made a part hereof. In the event of any conflict between the provisions of this Declaration and the Condominium Act, the provisions of the Condominium Act shall prevail.

D. Parties Bound

The restrictions and burdens imposed by this Declaration of Condominium are intended to and shall constitute covenants running with the Land, and shall constitute an equitable servitude upon each Unit and its appurtenant undivided interest in Common Elements and this Declaration shall be binding upon Developer, its successors and assigns, and upon all parties who may subsequently become owners of Units in the Condominium, and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, the Developer has caused the foregoing Declaration of Condominium to be executed, and its corporate seal to be affixed, by its duly authorized officer on the date set forth above.

Signed, sealed and delivered
in the presence of:

CRESCENT BEACH DEVELOPERS, LTD., by
Crescent Beach Developers, Inc.,
its general partner

Eleanor H. Robinson
Eileen Ann H. H. H.

By *A. Leland Burpee, Jr.*
its *Vice President*
(CORPORATE SEAL)

STATE OF FLORIDA

COUNTY OF ST. JOHNS

The foregoing Declaration of Condominium was acknowledged before me this 14th day of July, 1982, by A. Leland Burpee, Jr., as Vice President of CRESCENT BEACH DEVELOPERS, INC., the general partner of Crescent Beach Developers, Ltd.

Eleanor H. Robinson
Notary Public, State of Florida at Large
NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES APR 22 1984
My Commission expires: ~~BONDED THRU GENERAL INS. UNDERWRITERS~~
(Notarial Seal)

