

- D. BY-LAW means the By-Laws of the Condominium Association, a copy of which is attached as Exhibit No. "3" to this Declaration of Condominium and incorporated herein by reference, as the same may be from time to time amended.
- E. COMMON ELEMENTS means those portions of the Condominium Property not included in the Units and not Limited Common Elements, as set forth herein. (See Article V(C)).
- F. COMMON EXPENSES means the expenses for which the Unit Owners are liable to the Condominium Association.
- G. COMMON SURPLUS means the excess of all receipts of the Condominium Association, including, but not limited to, Assessments, rents, profits, and revenues on account of the Common Elements, over the amount of Common Expenses, including reasonable reserves.
- H. CONDOMINIUM ACT means and refers to the Condominium Act of the State of Florida (Chapter 718, Florida Statutes, as amended).
- I. CONDOMINIUM DOCUMENTS means this Declaration of Condominium and the Exhibits hereto, as the same may be amended from time to time.
- J. CONDOMINIUM PARCEL means a Condominium Unit, together with the undivided share in the Common Elements and Limited Common Elements which is appurtenant to the Unit.
- K. CONDOMINIUM UNIT or UNIT shall mean and comprise the Units which are designated and identified on Pages 5 through 12 of Exhibit "1" to this Declaration of Condominium. (See Article V(A)).
- L. DECLARATION OF CONDOMINIUM means this instrument and the Exhibits hereto as amended from time to time.
- M. LIMITED COMMON ELEMENTS means those Common Elements which are reserved for the use of a certain unit or units to the exclusion of other Units, as specified in Article V(B) herein.
- N. OCCUPANT means the person or persons, other than the Unit owner, in possession of a Unit.
- O. SURVEY EXHIBITS means the legal description of the Land, the Surveyor's Certificate, and the survey of the Land and graphic description of the improvements in which Units are located and plot plan thereof which are attached as Exhibit "1" to this Declaration of Condominium and incorporated herein by reference.
- P. UNIT OWNER means the owner or owners of a Condominium Unit.
- Q. Unless the context otherwise requires, all of the terms in this Declaration shall be assumed to have the meaning attributed to said term by Chapter 718, Florida Statutes.

ARTICLE III

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Annexed hereto and expressly made a part hereof as Exhibit "1" is a Survey of the land and graphic description and plot plan of the improvements constituting the CONDOMINIUM, identifying the UNITS,

and COMMON ELEMENTS, as said terms are herein defined, and their respective locations and approximate dimensions. Each UNIT is separately and distinctly identified as designated on said Exhibit "1" and no UNIT bears the same designation as any other UNIT.

ARTICLE IV

PHASE DEVELOPMENT

- A. DEVELOPER reserves the right, but does not have the obligation, to develop the Condominium in phases and hereafter to submit to condominium regime under the terms and conditions of this Declaration and the Condominium Act the property described in Article I above and referred to as PHASE TWO. DEVELOPER may assign its rights under this Article (including the right to execute and approve any appropriate amendment to this Declaration) to any other person or entity as an appurtenance to PHASE TWO.
- B. PHASE TWO shall become part of the CONDOMINIUM upon the election of the DEVELOPER and the recordation of an amendment to this Declaration executed only by DEVELOPER, extending the terms and conditions of this Declaration to PHASE TWO. It is specifically provided that the addition of PHASE TWO to the CONDOMINIUM shall not require the consent, signatures, or joinder of any party who may then be owner or owners of any Unit or holders of any mortgages or liens upon any Unit located on PHASE ONE.
- C. The legal description of PHASE TWO is set forth on Page 3 of Exhibit "1" attached hereto. Any future development that may be constructed will contain Units compatible in design, floor plan, and construction specifications with the existing Units on PHASE ONE so far as is feasible and possible. DEVELOPER plans to construct six 2-bedroom townhouses of approximately 967 square feet each, and twelve 2-bedroom, 2 bath and 1 bath non-townhouse units of approximately 840 square feet each, on PHASE TWO, but is not obligated to construct PHASE TWO in this manner, and is not obligated to construct any improvements on PHASE TWO. There shall be a maximum number of 18 Units constructed on PHASE TWO. The number of Units that may eventually be included in the CONDOMINIUM shall not exceed 160 Units. The amendment adding any Units to the CONDOMINIUM shall also provide that the ownership and share in the common expenses and common surplus shall be adjusted, upon submission of PHASE TWO to the CONDOMINIUM regime, as is indicated on Exhibit 4 hereto. The formula for determination of percentage ownership of common elements is as follows:
- The percentage ownership in common elements equals the square footage of the Unit in question divided by the total square footage of all Units in the Condominium.
- D. The impact of the completion of PHASE TWO and the submission of PHASE TWO to the CONDOMINIUM regime will be to increase population density and vehicle traffic in the immediate area of PHASE TWO, to increase the number of members in the Association and thereby proportionately decrease the Unit owner's percentage share in the Common Expenses, Common Surplus, and Common Elements, and to increase the amount of Common Expenses that the Association is likely to incur by increasing the size of the Common Elements.
- E. PHASE TWO must be added to the CONDOMINIUM within seven (7) years of the date of recording of this Declaration.
- F. Time-share estates will not be created with respect to units in any phase of the CONDOMINIUM.

G. The provisions of this Declaration shall not constitute an encumbrance on or grant to the Association, a Unit Owner, or any other party, of any right, claim, or interest in PHASE TWO until, if DEVELOPER so elects, PHASE TWO is added to the CONDOMINIUM in accordance with this Declaration, and then the encumbrance, right, claim, or interest, if any, shall extend only to PHASE TWO so added.

H. As provided in the Articles of Incorporation of Association, all of the record owners of Units shall be members of the Association entitled to one vote for each Unit owned by them. When PHASE TWO is added to the CONDOMINIUM, all of the record owners of Units in PHASE TWO shall be members of the Association, together with all of the existing members of the Association, and shall be entitled to one vote for each Unit owned by them. If PHASE TWO is not added to the CONDOMINIUM, the total number of members and votes shall remain unchanged.

I. Notwithstanding the provisions of this Article DEVELOPER reserves the right to use PHASE TWO, including easements appurtenant thereto, for any use that may be permitted by applicable land use regulations in effect now or in the future. DEVELOPER is not obligated to make any improvements whatsoever to PHASE TWO, and is not obligated to submit PHASE TWO to the CONDOMINIUM REGIME. In addition, nothing in this Declaration shall limit DEVELOPER'S right to transfer ownership of PHASE TWO.

ARTICLE V

UNITS, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS

The CONDOMINIUM consists of UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS, as said terms are hereinafter defined.

A. UNITS, as the term is used herein, shall mean and comprise the 142 separate identified Units in PHASE ONE which are designated in Exhibit "1" to this Declaration of Condominium (and the 18 additional Units in PHASE TWO if hereafter added), including all utility service lines and facilities (including air-conditioning, heating, and ventilation equipment) appurtenant to each UNIT running to or into each UNIT from the point of connection to the service line serving two or more UNITS in common. However, there are excluded from UNITS all spaces and improvements lying beneath the undecorated and/or unfurnished inner surfaces of the perimeter walls, interior bearing walls, and floors, and above the undecorated and/or unfinished inner surfaces of the ceilings of each UNIT, and further excluding all pipes, ducts, wires, conduits, and other facilities running through any interior wall for the furnishing of utility services to two or more UNITS in common or to LIMITED COMMON ELEMENTS or COMMON ELEMENTS.

B. LIMITED COMMON ELEMENTS shall mean and comprise the patios and balconies contiguous to each UNIT in the CONDOMINIUM, and such additional LIMITED COMMON ELEMENTS in PHASE TWO as may be hereafter added. Each patio and balcony is reserved for the exclusive use of those Units which are contiguous to said patio or balcony.

C. COMMON ELEMENTS, as the term is used herein, shall mean and comprise all of the real property, improvements, and facilities of the CONDOMINIUM other than the UNITS and LIMITED COMMON ELEMENTS as same are hereinabove defined, and shall include easements through UNITS and LIMITED COMMON ELEMENTS for conduits, pipes, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to UNITS and COMMON ELEMENTS, and easements of support in every portion of a UNIT which contributes to the support of improvements, and shall further include all personal property held and maintained for the joint use and enjoyment of all of the owners of all such UNITS.

ARTICLE VI

OWNERSHIP OF UNITS, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS

A. Each UNIT shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the owner or owners of each said UNIT shall own, as an appurtenance to the ownership of each said UNIT, an undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS, the undivided interest appurtenant to each said UNIT being that which is herein after specifically assigned thereto. The percentage of undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS assigned to each UNIT shall not be changed except with the unanimous consent of all of the owners of all of the UNITS, except that the percentage of undivided interest in COMMON ELEMENTS and LIMITED COMMON ELEMENTS appurtenant to each UNIT in PHASE ONE shall automatically change as provided herein upon the submission of PHASE TWO to the CONDOMINIUM regime.

ARTICLE VII

FRACTION OF UNDIVIDED INTEREST
IN COMMON ELEMENTS APPURTENANT TO EACH UNIT

The undivided interest in COMMON ELEMENTS appurtenant to each UNIT is that fraction indicated for each respective UNIT on Exhibit No. 4 attached hereto.

ARTICLE VIII

RESTRICTION AGAINST FURTHER SUBDIVISION AND SEPARATE
CONVEYANCE OF APPURTENANT COMMON ELEMENTS AND
LIMITED COMMON ELEMENTS

A. No UNIT may be divided or subdivided into a smaller UNIT or UNITS than as shown in Exhibit "1" hereto, nor shall any UNIT or portion thereof be added to or incorporated into any other UNIT.

B. The undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS declared to be an appurtenance to a UNIT shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said UNIT, and the undivided interest in COMMON ELEMENTS and LIMITED COMMON ELEMENTS appurtenant to a UNIT shall be deemed conveyed, devised, encumbered, or otherwise included with the UNIT even though such parcel and/or undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such UNIT. Any instrument conveying, devising, encumbering, or otherwise dealing with any UNIT, which describes said UNIT by the UNIT designation assigned thereto in EXHIBIT "1" without limitation or exception, shall be deemed and construed to affect the entire UNIT and its appurtenant undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS. Nothing herein contained shall be construed as limiting or preventing ownership of any UNIT and its appurtenant undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

ARTICLE IX

CONDOMINIUM SUBJECT TO RESTRICTIONS, ETC.

The UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS are hereby declared to be subject to the restrictions, easements, conditions, and covenants prescribed and established herein, governing the use of said UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS, and setting forth the obligations and responsibilities

incident to ownership of each UNIT and undivided interest in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS.

ARTICLE X

EASEMENTS

A. The COMMON ELEMENTS and LIMITED COMMON ELEMENTS shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement in favor of all of the owners of UNITS in the CONDOMINIUM for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of UNITS. Notwithstanding anything above provided in this ARTICLE, the ASSOCIATION, hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the owners of UNITS may be entitled to use COMMON ELEMENTS and LIMITED COMMON ELEMENTS.

B. In the event that any UNIT shall encroach upon any of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS for any reason not caused by the purposeful or negligent act of the UNIT owner or owners, or agents of such owner or owners, then an easement appurtenant to such UNIT shall exist for the continuance of such encroachment onto the COMMON ELEMENTS and LIMITED COMMON ELEMENTS for so long as such encroachment shall naturally exist; and, in the event that any portion of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS shall encroach on any UNIT, then an easement shall exist for the continuance of such encroachment of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS into any UNIT for so long as such encroachment shall naturally exist.

C. The UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS shall be and hereby are made subject to an easement for such utility services as may be desirable or necessary to adequately service PHASE ONE and PHASE TWO, including the right to install, lay, maintain, repair, relocate, and replace any utility lines and equipment over, under, or along PHASE ONE and PHASE TWO; provided that such easement through a UNIT shall not be enlarged or extended beyond its extent on the date of the first conveyance of said UNIT by DEVELOPER after this Declaration of Condominium is recorded, without the consent of the UNIT Owner.

D. Each UNIT shall have an easement for structural support over every other UNIT and portion of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS supporting such UNIT, and each portion of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS shall have an easement for support over all UNITS and all portions of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS supporting such portion of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS.

E. Each UNIT shall be and hereby is made subject to an easement in favor of the ASSOCIATION for entrance to the UNIT to maintain, repair, or replace the COMMON ELEMENTS and to remedy or abate any emergency originating in or threatening any UNIT. Each UNIT owner shall deposit under the control of the ASSOCIATION a key to such UNIT. The ASSOCIATION shall not be liable for any damages occurring upon the ASSOCIATION'S forced entry into a UNIT if a key to said UNIT has not been deposited with the ASSOCIATION.

F. An easement for ingress and egress and utility services running from Edgewood Drive to PHASE ONE and PHASE TWO is shown on Exhibit "1"; and the legal description of said easement is contained on Page 4 of Exhibit "1". Said easement is hereby declared to be reserved for the joint non-exclusive use of the owners of PHASE ONE and PHASE TWO, and the owners of UNITS in the CONDOMINIUM, and the invitees of said parties, for the uses

and purposes stated in the Declaration of Easement executed by DEVELOPER being recorded simultaneously herewith. In addition to all usual and customary uses of said easement for ingress and egress and utilities services for residential condominium purposes, said easement may be used for ingress and egress to PHASE TWO during any period of development and construction irrespective of whether PHASE TWO has then been or is then intended to be submitted to the CONDOMINIUM and irrespective of whether the time within which said PHASE TWO may be submitted to the CONDOMINIUM has expired. During any period of construction and development on PHASE TWO, said easement may be used for ingress and egress to the construction and development site for construction personnel, equipment, material, and for such other purposes in connection with the prosecution of such construction and development as if said easement were a publicly dedicated road.

G. The easements set forth herein shall run with the land and shall be binding upon every UNIT owner and every claimant of the CONDOMINIUM Property or any portion thereof, or of any interest therein, and their respective heirs, executors, administrators, successors, and assigns.

ARTICLE XI

ADMINISTRATION BY ASSOCIATION

To provide efficiently and effectively for the administration of the CONDOMINIUM by the owners of UNITS, a nonprofit Florida Corporation, known and designated as LAKE BENTLEY SHORES, INC., herein called "ASSOCIATION", has been organized, and said corporation shall administer the operation and management of the CONDOMINIUM, and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. A true copy of said Articles of Incorporation and By-Laws are annexed hereto and expressly made a part hereof as EXHIBITS "2" and "3" respectively. The owner or owners of each UNIT shall automatically become a member or members of said corporation upon his, their, or its acquisition of an ownership interest in title to any UNIT, and the membership of such owner and owners shall terminate automatically upon transfer of title to such UNIT, regardless of the means by which such ownership may be divested. On all matters on which the Membership of the ASSOCIATION shall be entitled to vote, there shall be one vote for each UNIT, which vote may be cast by the owner or owners of each UNIT in such manner as shall be provided by said Articles of Incorporation and By-Laws. No person, firm, or corporation holding any lien, mortgage, or other encumbrance upon any UNIT shall be entitled, by virtue of such lien, mortgage, or other encumbrance, to Membership in said ASSOCIATION, or to any of the rights or privileges of such Membership. In the administration of the operation and management of the CONDOMINIUM, said ASSOCIATION shall have and is hereby granted the authority and power to enforce the provisions of this Declaration of Condominium, levy and collect assessments in the manner hereinafter provided, and to adopt, promulgate, and enforce such reasonable rules and regulations governing the use of the UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS, as the Board of Directors of said ASSOCIATION may deem to be in the best interests of the ASSOCIATION and the CONDOMINIUM.

ARTICLE XII

RESIDENTIAL USE RESTRICTIONS

Each UNIT is hereby restricted to residential use by the owner or owners thereof, their immediate families, guests, and invitees. No owner or owners of any UNIT shall permit the use

of the same for transient hotel or commercial purposes. Corporate Members other than DEVELOPER shall only permit the use of a UNIT owned by it, by its principal officers or directors, or other guests, provided, however, that such Corporate Member shall sign and deliver to ASSOCIATION a written statement designating the name of the party or parties entitled to use such UNIT in favor of the ASSOCIATION, whereby such party or parties agree to comply with the terms and provisions of this Declaration of Condominium, and of the rules and regulations which may be promulgated by ASSOCIATION from time to time, acknowledging that the party's or parties' right to use such UNIT shall exist only so long as the Corporation shall continue to be a Member of ASSOCIATION. Upon demand by ASSOCIATION to any Corporate Member to remove such party given permission to use a UNIT owned by such Corporate Member, for failure of such user to comply with terms and provisions of the Declaration of Condominium and/or of the rules and regulations of the ASSOCIATION or for any other reason, the Corporate Member shall forthwith cause such user to be removed, failing which, the ASSOCIATION, as agent of the owner, may take such action as it may deem appropriate to accomplish the removal of such user, and all such action by the ASSOCIATION shall be at the cost and expense of the owner who shall reimburse ASSOCIATION therefor upon demand, together with such attorney's fees as the ASSOCIATION may have incurred in the premises. The provisions of this ARTICLE do not apply to DEVELOPER who is hereby expressly exempted from same.

ARTICLE XIII

USE OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS SUBJECT TO RULES AND REGULATIONS

The use of COMMON ELEMENTS and LIMITED COMMON ELEMENTS by the owner or owners of all UNITS, and other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the ASSOCIATION.

ARTICLE XIV

THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES; RESTRICTIONS AGAINST NUISANCES, ETC.

No immoral, improper, offensive, or unlawful use shall be made of any UNIT or of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, nor any part thereof, and all laws, zoning ordinances, and regulations of all governmental authorities having jurisdiction of the CONDOMINIUM shall be observed. No owner of any UNIT shall permit or suffer anything to be done or kept in his UNIT, or on the COMMON ELEMENTS or LIMITED COMMON ELEMENTS, which will increase the rate of insurance on the CONDOMINIUM, or which will obstruct or interfere with the rights of other occupants of the building or annoy them by unreasonable noises, nor shall any such owner undertake any use or practice which shall create and constitute a nuisance to any other owner or occupant of a UNIT, or which interferes with the peaceful possession and proper use of any other UNIT, the COMMON ELEMENTS, or LIMITED COMMON ELEMENTS.

ARTICLE XV

LIMITATIONS UPON RIGHT OF OWNERS TO ALTER OR MODIFY UNITS

No owner of a UNIT shall permit there to be made any structural modifications or alterations in such UNIT without first obtaining

the written consent of the ASSOCIATION, which consent of ASSOCIATION may be withheld in the event that a majority of the Board of Directors of said ASSOCIATION shall determine, in their sole discretion, that such structural modifications or alterations would adversely affect or in any manner endanger the CONDOMINIUM. If the modification or alteration desired by the owner of any UNIT involves the removal of any permanent interior partition, ASSOCIATION shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load bearing partition, and so long as the removal thereof would in no manner affect or interfere with the provision of utility services constituting COMMON ELEMENTS located thereon. No owner shall cause any improvements or changes to be made on the exterior of the CONDOMINIUM, including painting or other decoration, or installation of electrical wiring, television antennae, machines, air conditioning units, or other structures or appliances, which may protrude through the walls or roof of the CONDOMINIUM, or in any manner change the appearance of any portion of the building not within the walls of such UNIT, without the written consent of ASSOCIATION being first had and obtained. No structure, improvement, or appliance may be stored or kept on any balcony or patio without written consent of ASSOCIATION being first had and obtained, except plants and movable patio furniture.

ARTICLE XVI

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE PROPERTY AND ASSESSMENTS THEREFOR

ASSOCIATION shall have the right to make or cause to be made alterations or improvements to the COMMON ELEMENTS and LIMITED COMMON ELEMENTS which do not prejudice the rights of the owner of any UNIT in the use and enjoyment of his UNIT, unless such owner's written consent has been obtained; provided the making of such alterations and improvements are approved by the Board of Directors of said ASSOCIATION, and the cost of such alterations or improvements shall be assessed as common expense to be assessed and collected from all of the owners of UNITS. However, where any alterations and improvements are exclusively or substantially for the benefit of the owner or owners of a UNIT or UNITS requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the owner or owners of the UNIT or UNITS exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors.

ARTICLE XVII

MAINTENANCE AND REPAIR BY UNIT OWNERS

A. Every owner must perform promptly all maintenance and repair work within his UNIT which, if omitted, would affect CONDOMINIUM UNITS belonging to other owners, being expressly responsible for the damages and liability which his failure to do so may engender. The owners of each UNIT shall be liable and responsible for the maintenance, repair, and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage, and sanitary service to his UNIT and which may now or hereafter be situated in his UNIT. Such owner shall further be responsible and liable for maintenance, repair, and replacement of any and all wall, ceiling, and floor exterior surfaces, painting, decorating, and furnishings, and all other accessories which such owner may desire to place or maintain in his UNIT.

B. Each UNIT owner shall keep the LIMITED COMMON ELEMENTS serving such UNIT owner's UNIT clean and free of dirt and debris.

C. Whenever the maintenance, repair, and replacement of any items for which the owner of a UNIT is obligated to maintain, replace, or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by ASSOCIATION, the proceeds of the insurance received by ASSOCIATION, or the Insurance Trustee hereafter designated, shall be used for the purpose of making such maintenance, repair, or replacement, except that the owner of such UNIT shall be, in said instance, required to pay such portion of the costs of such maintenance, repair, and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair, or replacement. Although windows, sliding glass doors, and plate glass installations, as the case may be, are part of the COMMON ELEMENTS, ordinary maintenance and repair on windows, sliding glass doors, and plate glass, shall be performed by each UNIT owner at his own cost and expense. Repair or replacement of window, sliding glass door, or plate glass installations occasioned by reason of damage covered by insurance maintained by ASSOCIATION shall be paid for as provided in the next succeeding ARTICLE. Where loss or damage to drywall beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors, and ceilings, of any UNIT, and to any utility lines leading from a UNIT to a point of common connection with any such lines which also serve other UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS, is caused by the fault or negligence of the owner of any UNIT, the cost of the repair and replacement thereof shall be the responsibility and liability of such owner, although such owner shall have the benefit of any insurance proceeds to be applied toward the cost of repair and replacement where applicable. The last-mentioned repair and replacement may be performed by the ASSOCIATION, at its election. Where under this ARTICLE XVII any maintenance, repair, or replacement is performed by the ASSOCIATION and the owner of any UNIT is liable for payment therefor, the ASSOCIATION shall have the right to make, levy, and collect a special assessment against the owner of such UNIT and such owner's UNIT.

ARTICLE XVIII

MAINTENANCE AND REPAIR OF COMMON ELEMENTS AND LIMITED COMMON ELEMENTS BY ASSOCIATION

ASSOCIATION, at its expense, shall be responsible for the maintenance, repair, and replacement of COMMON ELEMENTS and LIMITED COMMON ELEMENTS, including those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring, and other facilities located in the COMMON ELEMENTS and LIMITED COMMON ELEMENTS for the furnishing of utility services to the UNITS and said COMMON ELEMENTS and LIMITED COMMON ELEMENTS, and should any incidental damage be caused to any UNIT by virtue of any work which may be done or caused to be done by ASSOCIATION in the maintenance, repair, or replacement of any COMMON ELEMENTS or LIMITED COMMON ELEMENTS, said ASSOCIATION shall, at its expense, repair such incidental damage. Whenever repair or replacement of windows, sliding glass doors, plate glass installations, or screening is necessitated by any casualty covered by insurance carried by ASSOCIATION, the cost and expense of such repair or replacement up to the amount of its said insurance recovery shall be paid by the ASSOCIATION; otherwise the repair and replacement of all such installations shall be performed by each UNIT owner for his UNIT at his cost and expense. Notwithstanding the foregoing, UNIT owners shall be responsible for keeping the LIMITED COMMON ELEMENTS serving the UNIT owned by such UNIT owner clean and free of dirt and debris.

ARTICLE XIXPERSONAL LIABILITY AND RISK OF LOSS OF
UNIT OWNERS, SEPARATE INSURANCE COVERAGE, ETC.

The owner of each UNIT may, at his own expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects, and other personal property belonging to such owner, and may, at his own expense and option, obtain insurance coverage against personal liability for injury to the person or property of another while within such owner's UNIT or upon the COMMON ELEMENTS or LIMITED COMMON ELEMENTS. All such insurance obtained by the owner of each UNIT shall, wherever such provisions shall be available, provide that the insurer waives its right of subrogation as to any claims against other owners of UNITS, ASSOCIATION, and the respective servants, agents, and guests of said other owners and ASSOCIATION. Risk of loss of or damage to any furniture, furnishings, personal effects, and other personal property (other than such furniture, furnishings, and personal property constituting a portion of the COMMON ELEMENTS) belonging to the owner of each UNIT, or which may be kept in any UNIT, shall be borne by the owner of each such UNIT. All furniture, furnishings, and personal property constituting a portion of the COMMON ELEMENTS and held for the joint use and benefit of all owners of all UNITS shall be covered by such insurance as shall be maintained in force and effect by ASSOCIATION as hereinafter provided. The owner of a UNIT shall have no personal liability for any damages caused by the ASSOCIATION or in connection with the use of the COMMON ELEMENTS or LIMITED COMMON ELEMENTS except for any mandatory obligation imposed upon such owner by law.

ARTICLE XXINSURANCE COVERAGE TO BE MAINTAINED BY
ASSOCIATION; INSURANCE TRUSTEE APPOINT-
MENT AND DUTIES; USE AND DISTRIBUTION
OF INSURANCE PROCEEDS, ETC.

The following insurance coverage shall be maintained in full force and effect by ASSOCIATION covering the operation and management of the CONDOMINIUM, meaning the UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS; to-wit:

A. Hazard insurance covering all of the UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS in an amount equal to one hundred percent (100%) of the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carrier; such coverage to afford protection against (i) loss or damage by fire or other hazards covered by the standard extended coverage and other perils endorsement, subject to such deductible provision as the Board of Directors of ASSOCIATION may approve from time to time; and (ii) such other risks of a similar or dissimilar nature as are or shall be customarily covered with respect to buildings similar in construction, location, and use to the CONDOMINIUM, including, but not limited to, vandalism, malicious mischief, windstorm, water damage, flood, and war risk insurance, if available. All hazard policies issued to protect CONDOMINIUM buildings shall provide that the word "building" wherever used in the policy shall include, but shall not necessarily be limited to fixtures, installations, or additions comprising that part of the building within the unfinished interior surfaces of the interior walls, floors, and ceiling of the individual units initially installed or replacements thereof, in accordance with the original plans and specifications. With respect to the coverage required by the preceding sentence, the UNIT owners shall be considered additional insureds under the policy. All policies of hazard insurance must provide that the insurance carrier shall notify all first mortgagees at least ten (10) days in advance of any reduction in or cancellation of the policy.

B. Public liability and property damage insurance in such amounts and in such form as shall be required by ASSOCIATION to protect said ASSOCIATION and the owners of all UNITS, including, but not limited to, hired automobile, non-owned automobile, and off-premises employee coverage, provided that the minimum amount of coverage shall be at least \$1,000,000 per occurrence, single limit, for personal injury and/or property damage.

C. Workmen's Compensation insurance to meet the requirements of law.

D. Such other insurance coverage as the Board of Directors of ASSOCIATION, in its sole discretion, may determine from time to time to be in the best interest of ASSOCIATION and the owners of all of the UNITS.

E. All liability insurance maintained by ASSOCIATION shall contain liability endorsements to cover liability of all owners of UNITS as a group to each UNIT owner.

F. All insurance coverage authorized to be purchased shall be purchased by ASSOCIATION for itself and for the benefit of all of the owners of all UNITS. The cost of obtaining the insurance coverage authorized above is declared to be a common expense, as are any other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

G. All policies of casualty insurance covering the CONDOMINIUM shall provide for the insurance proceeds covering any loss to be payable to the Insurance Trustee named as hereinafter provided, or to its successors, and the insurance proceeds from any casualty loss shall be held for the use and benefit of ASSOCIATION and all of the owners of all UNITS and their respective Mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. ASSOCIATION is hereby declared to be and is appointed Authorized Agent for all of the owners of all UNITS for the purpose of filing such Proofs of Loss as may be required under any policy or policies of casualty insurance, and negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of casualty insurance, and 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 of casualty insurance and resulting in loss of or damage to insurance property. Proof of Loss and/or any Release of Liability executed by ASSOCIATION shall be binding upon all owners of all UNITS and their respective Mortgagees and other parties who may claim any lien or encumbrance upon their respective UNITS.

H. The insurance policies required by this ARTICLE XX shall be written by an insurance company or companies to be selected by the Board of Directors of the ASSOCIATION; provided, however, that any such insurance company shall be licensed to transact business in the State of Florida and shall have a financial rating by Best's Insurance Reports of Class VI or better. The Board of Directors of ASSOCIATION shall also have the right to designate the Insurance Trustee. All parties beneficially interested in such insurance coverage shall be bound by such selection so made, except as hereinafter provided.

I. The Insurance Trustee shall be a banking institution having trust powers and doing business in the State of Florida. The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal of any casualty insurance policy, nor for the sufficiency of coverage, nor for the form or content of any such policy, nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds of casualty insurance as are paid and to hold same in trust for the purposes herein stated, and for the benefit

of ASSOCIATION and the owners of all UNITS and their respective Mortgagees, such insurance proceeds to be disbursed and paid by the Insurance Trustee as hereinafter provided. ASSOCIATION, as a common expense, shall pay a reasonable fee to said Insurance Trustee for its services rendered hereunder, and shall pay such costs and expenses as said Insurance Trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said Insurance Trustee shall be liable only for its wilful misconduct, bad faith, or gross negligence, and then for only such money which comes into the possession of said Insurance Trustee. Whenever the Insurance Trustee may be required to make distribution of insurance proceeds to owners of UNITS and their mortgagees, as their respective interests may appear, or to any other party for repair, replacement, or reconstruction of property, the Insurance Trustee may rely upon a Certificate of the President or Secretary of the ASSOCIATION, executed under oath, and which Certificate will be provided to said Insurance Trustee upon request of said Insurance Trustee made to ASSOCIATION, such Certificate to certify unto said Insurance Trustee the name or names of the owners of each UNIT, the name or names of the mortgagee or mortgagees who may hold a mortgage or mortgages encumbering each UNIT, and the respective percentages of any distribution which may be required to be made to the owner or owners of any UNIT or UNITS, and their respective mortgagees, as his or their respective interests may appear, or to certify the name or names of the party or parties to whom payments are to be made for repair, replacement, or reconstruction of property. In the event any insurance proceeds are paid to the Insurance Trustee for any casualty loss, the holder or holders 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 any mortgage or mortgages, unless such insurance proceeds represent a cash distribution to the owner or owners of any UNIT or UNITS and their respective mortgagee or mortgagees as herein authorized.

J. In the event of the loss of or damage to only COMMON ELEMENTS and LIMITED COMMON ELEMENTS; which loss or damage is covered by casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be applied to the repair, replacement, or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement, or reconstruction of such COMMON ELEMENTS and LIMITED COMMON ELEMENTS; then such excess insurance proceeds shall be paid by the Insurance Trustee to the owners of all of the UNITS and their respective mortgagees, the distribution to be separately made to the owner of each UNIT and his respective mortgagee or mortgagees, as their respective interests may appear, in such proportion that the share of such excess insurance proceeds paid to the owner of each UNIT and his said mortgagee or mortgagees, if any, shall bear the same ratio to the total excess insurance proceeds as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. If it appears that the insurance proceeds covering the casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement, or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be sufficient, then ASSOCIATION shall deposit with the Insurance Trustee a sum which, together with the insurance proceeds received or to be received will enable said Insurance Trustee to completely pay for the repair, replacement, or reconstruction of any loss or damage, as the case may be. The moneys to be deposited by ASSOCIATION with the Insurance Trustee, in said latter event, may be paid by ASSOCIATION out of its Reserve For Replacement Fund, and if the sum in such Reserve For Replacement Fund is not sufficient, then ASSOCIATION shall levy and collect an assessment against the owners of all UNITS and said UNIT in an amount which shall provide the funds required to pay for said repair, replacement, or reconstruction.

K. In the event of loss of or damage to COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and any UNIT or UNITS, which loss or damage is covered by casualty insurance, the proceeds paid to the Insurance Trustee to cover such loss or damage shall be first applied to the repair, replacement, or reconstruction, as the case may be, of COMMON ELEMENTS and LIMITED COMMON ELEMENTS, real or personal, and then any remaining insurance proceeds shall be applied to the repair, replacement, or reconstruction of any UNIT or UNITS which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement, or reconstruction of the COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and the UNIT or UNITS sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the Insurance Trustee to the owners of all UNITS, and to their mortgagee or mortgagees, as their respective interests may appear, such distribution to be made in the manner in the proportions as provided hereinbefore. If it appears that the insurance proceeds covering casualty loss or damage payable to the Insurance Trustee are not sufficient to pay for the repair, replacement, or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Board of Directors of ASSOCIATION shall, based upon reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement, or reconstruction between the COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and the UNIT or UNITS sustaining any loss or damage. If the proceeds of said insurance are sufficient to pay for the repair, replacement, or reconstruction of any loss of or damage to COMMON ELEMENTS and LIMITED COMMON ELEMENTS; but should the same not be sufficient to repair, replace, or reconstruct any loss of or damage to any UNIT or UNITS, then ASSOCIATION shall levy and collect an assessment from the owner or owners of the UNIT or UNITS sustaining any loss or damage, and the assessment so collected from said owner or owners shall be deposited with said Insurance Trustee so that the sum on deposit with said Insurance Trustee shall be sufficient to completely pay for the repair, replacement, or reconstruction of all COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and UNIT or UNITS. If said latter event, the assessment to be levied and collected from the owner or owners of each UNIT or UNITS sustaining loss or damage shall be apportioned between such owner or owners in such manner that this assessment levied against each owner of a UNIT and his UNIT shall bear the same proportion to the total assessment levied against all of said owners of UNITS sustaining loss or damage as does the cost of repair, replacement, or reconstruction of each owner's UNIT bear to the cost applicable to all of said UNITS sustaining loss or damage. If the insurance proceeds payable to the Insurance Trustee in the event of the loss of or damage to COMMON ELEMENTS, LIMITED COMMON ELEMENTS, and UNIT or UNITS is not in an amount which will pay for the complete repair, replacement, or reconstruction of the COMMON ELEMENTS and LIMITED COMMON ELEMENTS, it being recognized that such insurance proceeds are to be first applied to payment for the repair, replacement, or reconstruction of said COMMON ELEMENTS and LIMITED COMMON ELEMENTS before being applied to the repair, replacement, or reconstruction of UNIT or UNITS, then the cost to repair, replace, or reconstruct said COMMON ELEMENTS and LIMITED COMMON ELEMENTS in excess of available insurance proceeds shall be levied and collected as an assessment from all of the owners of all UNITS in the same manner as would such assessment be levied and collected had the loss or damage sustained been solely to COMMON ELEMENTS and LIMITED COMMON ELEMENTS; and the cost of repair, replacement, or reconstruction of UNIT or UNITS sustaining loss or damage shall then be levied and collected by assessment of the owner or owners of UNIT or UNITS sustaining the loss or damage in the same manner as is above provided for the apportionment of such assessment between the owner or owners of UNIT or UNITS sustaining such loss or damage.

L. In the event of loss of or damage to property covered by the casualty insurance, ASSOCIATION shall within sixty (60) days after any such occurrence, obtain reliable and detailed estimates of the cost to place such damaged property in condition as good as that before such loss or damage, such estimates to contain and include the cost of any professional fees and premium for such bond as the Board of Directors of ASSOCIATION may deem to be in the best interests of the Membership of ASSOCIATION. Whenever it shall appear that the insurance proceeds available for such loss or damage will not be sufficient to defray the cost of the repair, replacement, or reconstruction thereof, the additional moneys required to completely pay for such repair, replacement, or reconstruction of said loss or damage, whether to be paid by all of the owners of UNITS or only by the owner or owners of any UNIT or UNITS sustaining loss or damage, or both, shall be deposited with said Insurance Trustee not later than thirty (30) days from the date on which said Insurance Trustee shall receive the moneys payable under any casualty insurance policy.

M. In the event of loss of or damage to personal property belonging to ASSOCIATION, the insurance proceeds, when received by the Insurance Trustee, shall be paid to ASSOCIATION. In the event of the loss of or damage to personal property constituting a portion of the COMMON ELEMENTS, and should the Board of Directors of ASSOCIATION determine not to replace such personal property as may be lost or damaged, then the insurance proceeds received by the Insurance Trustee shall be paid to all of the owners of all UNITS and their respective mortgagee or mortgagees, as their interests may appear, in the manner and in the proportions hereinbefore provided for the distribution of excess insurance proceeds.

N. Contracts for repair, replacement, or reconstruction of loss or damage shall be let by the Board of Directors in name of ASSOCIATION and said Board of Directors shall authorize payments to be made thereunder by Insurance Trustee. Board of Directors may enter into such agreement with the Insurance Trustee as it may deem in the best interest of ASSOCIATION for purpose of effectuating the intent hereof.

ARTICLE XXI

LEASE OF UNITS BY OWNER

Should any owner of a UNIT lease such UNIT, any such lease shall provide that the lessee shall comply with and abide by all of the restrictions pertaining to the use of UNITS, COMMON ELEMENTS, and LIMITED COMMON ELEMENTS contained in this Declaration of Condominium, and with the rules and regulations contained herein or hereafter established by ASSOCIATION governing the use of same, and should any lessee not comply with such covenants, then ASSOCIATION shall be given the right to cancel and terminate such lease, all without any obligation to the owner, and in said respect, ASSOCIATION shall be regarded as the owner's agent, fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease.

ARTICLE XXII

ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES

ASSOCIATION shall at all times maintain a Register setting forth the names of the owners of all of the UNITS, and, in the event of the sale or transfer of any UNIT to a third party, the purchaser or transferee shall notify ASSOCIATION in writing of his interest in such UNIT, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has

acquired his interest in any UNIT. Further, the owner of each UNIT shall at all times notify ASSOCIATION of the names of the parties holding any mortgage or mortgages on any UNIT, the amount of such mortgage or mortgages, and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any UNIT may, if they so desire, notify ASSOCIATION of the existence of any mortgage or mortgages held by such party on any UNIT, and upon receipt of such notice, ASSOCIATION shall register in its records all pertinent information pertaining to the same.

ARTICLE XXIII

ASSESSMENTS: LIABILITY, LIEN, AND ENFORCEMENT

ASSOCIATION is given the authority to administer the operation and management of the CONDOMINIUM. To provide the funds necessary for such operation and management, the ASSOCIATION is directed, empowered, and authorized, as follows:

A. All assessments levied against the owners of UNITS and said UNITS shall be uniform, and, unless specifically otherwise provided for in this Declaration of Condominium, the assessments made by ASSOCIATION shall be in such proportion that the amount of assessment levied against each owner of a UNIT and his UNIT shall bear the same ratio to the total assessment made against all owners of UNITS and their UNITS as the undivided interest in COMMON ELEMENTS appurtenant to each UNIT bears to the total undivided interest in COMMON ELEMENTS appurtenant to all UNITS. Should ASSOCIATION be the owner of any UNIT or UNITS, the assessment which would otherwise be due and payable to ASSOCIATION by the owner of such UNIT or UNITS, reduced by the amount of income which may be derived from the leasing of such UNIT or UNITS by ASSOCIATION, shall be apportioned and assessment therefor levied ratably among the owners of all UNITS which are not owned by ASSOCIATION, based upon their proportionate interests in COMMON ELEMENTS, exclusive of the interests therein appurtenant to any UNIT or UNITS owned by ASSOCIATION.

B. The assessment levied against the owner of each UNIT and his UNIT shall be payable in annual, quarterly, or monthly installments, or in such other installments and at such time as may be determined by the Board of Directors of ASSOCIATION.

C. The Board of Directors of ASSOCIATION shall establish an Annual Budget in advance, for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of CONDOMINIUM, including a reasonable allowance for contingencies and reserves, such budget to take into account projected and anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Upon adoption of such Annual Budget by the Board of Directors of ASSOCIATION, copies of said Budget shall be delivered to each owner of a UNIT and the assessment for said year shall be established upon such Budget, although the delivery of a copy of said Budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, 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, said Board of Directors shall have the authority to levy such additional assessment or assessments as it may deem to be necessary.

D. The Board of Directors of ASSOCIATION, in establishing said Annual Budget for operation, management, and maintenance of the CONDOMINIUM, shall include therein a sum to be collected and

maintained as a reserve account or fund for capital expenditures, deferred maintenance, and replacement of COMMON ELEMENTS, which reserve fund shall be for the purpose of enabling ASSOCIATION to replace structural elements and mechanical equipment constituting a part of COMMON ELEMENTS, as well as the replacement of personal property which may constitute a portion of the COMMON ELEMENTS held for the joint use and benefit of all of the owners of all UNITS. The amount to be reserved shall be computed by means of a formula which shall be based upon the estimated life and estimated replacement cost of each reserve item. The amount to be allocated to such Reserve Fund For Replacement shall be established by said Board of Directors so as to accrue and maintain at all times a sum reasonably necessary to anticipate the need for replacement of COMMON ELEMENTS. The amount collected and allocated to the Reserve Fund For Replacements from time to time shall be maintained in a separate account by ASSOCIATION, although nothing herein contained shall limit ASSOCIATION from applying any moneys in such Reserve Fund For Replacements to meet other needs or requirements of ASSOCIATION in operating or managing the Project in the event of emergencies, or in the event that the sums collected from the owners of UNITS are insufficient to meet the then fiscal financial requirements of ASSOCIATION, but it shall not be a requirement that these moneys be used for such latter purposes, as a separate assessment may be levied therefor if deemed to be preferable by the Board of Directors of ASSOCIATION in the sole discretion of said Board of Directors.

E. The Board of Directors of ASSOCIATION, in establishing said Annual Budget for operation, management, and maintenance of the Project, may include therein a sum to be collected and maintained as a general operating reserve which shall be used to provide a measure of financial stability during periods of special stress when such sums may be used to meet deficiencies from time to time existing as a result of delinquent payment of assessments by owners of UNITS, as a result of emergencies, or for other reason placing financial stress upon the ASSOCIATION. The annual amount allocated to such operating reserve and collected therefor shall not exceed ten (10%) per cent of the current annual assessment levied against the owners of all UNITS and their UNITS. Upon accrual in said operating reserve of a sum equal to fifty (50%) per cent of the current annual assessment, no further payments shall be collected from the owners of UNITS as a contribution to such operating reserve, unless such operating reserve shall be reduced below said fifty (50%) per cent level, in which event, contributions to such operating reserve may be included in the annual assessment so as to restore said operating reserve to an amount which shall equal fifty (50%) per cent of the current annual amount of said assessments.

F. All moneys collected by ASSOCIATION shall be treated as the separate property of said ASSOCIATION, and such moneys may be applied by 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 of Condominium and the Articles of Incorporation and By-Laws of said ASSOCIATION, and as moneys for any assessment are paid unto ASSOCIATION by any owner of a UNIT, the same may be commingled with moneys paid to said ASSOCIATION by the other owners of UNITS. Although all funds and common surplus, including other assets of ASSOCIATION, and any increments thereto or profits derived therefrom, or from the leasing or use of COMMON ELEMENTS, shall be held for the benefit of the members of ASSOCIATION, no member of said 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. When the owner of a UNIT shall cease to be a member of ASSOCIATION by reason of his divestment of ownership of such UNIT, by whatever means, ASSOCIATION shall not be required to account to such owner for any share of the funds or assets of ASSOCIATION, or which may have been paid to ASSOCIATION by such owner, as all moneys which any owner has paid to ASSOCIATION shall be and constitute an asset of said ASSOCIATION which may be used in the operation and management of the CONDOMINIUM.

G. The payment of any assessment or installment thereof due to ASSOCIATION shall be in default if such assessment, or any installment thereof, is not paid unto ASSOCIATION on or before the due date for such payment. When in default for more than fifteen (15) days, the delinquent assessment or delinquent installment thereof due to ASSOCIATION shall thereafter bear interest at the highest lawful rate per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to ASSOCIATION.

H. The owner or owners of each UNIT shall be personally liable, jointly and severally, as the case may be, to ASSOCIATION for the payment of such portion of all assessments, regular or special, which may be levied by ASSOCIATION against the UNIT of such owner or owners while such party or parties are owner or owners of a UNIT in the CONDOMINIUM. In the event that any owner or owners are in default in payment of any assessment or installment thereof against his, her, or their UNIT owed to ASSOCIATION, such owner or owners of any UNIT shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

I. 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, LIMITED COMMON ELEMENTS, or by abandonment of the UNIT or in any other way.

J. The ASSOCIATION is hereby granted a lien upon such UNIT and its appurtenant undivided interest in COMMON ELEMENTS and LIMITED COMMON ELEMENTS which lien shall secure and does secure the money due for all assessments now or hereafter levied against the owner of each UNIT, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to ASSOCIATION, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by ASSOCIATION in enforcing this lien upon said UNIT and its appurtenant undivided interest in COMMON ELEMENTS and LIMITED COMMON ELEMENTS. The lien granted to ASSOCIATION may be foreclosed in the same manner as real estate mortgages may be foreclosed in the State of Florida, and in any suit for foreclosure of said lien, if said UNIT owner remains in possession of said UNIT and the claim of lien is foreclosed, the owner of said UNIT shall pay ASSOCIATION a reasonable rental for the UNIT, and ASSOCIATION shall be entitled to the appointment of a Receiver for said UNIT, without notice to the owner of such UNIT. The rental required to be paid shall be equal to the rental charged on comparable dwelling units in the County in which the CONDOMINIUM is located. The lien granted to ASSOCIATION shall further secure such advances for taxes, and payment on account of superior mortgages, liens, or encumbrances which may be required to be advanced by ASSOCIATION in order to preserve and protect its lien, and ASSOCIATION shall further be entitled to interest at the highest lawful rate on any such advances made for such purpose. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any UNIT or who may be given or acquire a mortgage, lien, or other encumbrance thereon, is hereby placed on notice of the lien rights granted to ASSOCIATION, and shall acquire such interest in any UNIT expressly subject to such lien rights.

K. The lien herein granted unto ASSOCIATION shall be effective from and after the time of recording in the Public Records of Polk County a claim of lien stating the description of the UNIT encumbered thereby, the name of the record owner, the amount due, and the date when due, and the lien shall continue in effect until all sums secured by said lien, as herein provided, 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 ASSOCIATION. Upon full payment of all sums secured by such claim of lien, ASSOCIATION shall deliver to the owner of the UNIT affected a recordable satisfaction of said claim of lien.

L. In the event that any person, firm, or corporation shall acquire title to any UNIT and its appurtenances by virtue of any foreclosure or judicial sale, or deed in lieu thereof, 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 said UNIT 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 the UNIT shall stand relieved of the lien of any prior assessments. In the event of the acquisition of title to UNIT by foreclosure or judicial sale, or deed in lieu thereof, 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 liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

M. Whenever any UNIT is leased, sold, or mortgaged by the owner thereof, 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 ASSOCIATION by the owner of such UNIT. Such statement shall be executed by an Officer of the ASSOCIATION, and any lessee, purchaser, or mortgagee may rely upon such statement in concluding the proposed lease, purchase, or mortgage transaction, and ASSOCIATION shall be bound by such statement.

N. In addition, the ASSOCIATION shall have such other rights and remedies as are provided to it by law from time to time.

O. 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 said UNIT and such UNIT due to ASSOCIATION shall be in default (whether or not a claim of lien has been recorded by ASSOCIATION), then the rent, proceeds of such purchase, or mortgage proceeds, shall be applied by the lessee, purchaser, or mortgagee first to payment of any then delinquent assessment or installments thereof due to ASSOCIATION before the payment of any rent, proceeds of purchase, or mortgage proceeds to the owner of any UNIT who is responsible for payment of such delinquent assessment.

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

Q. 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 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.

in favor of DEVELOPER, shall be made without the written consent of said DEVELOPER being first had and obtained.

ARTICLE XXVII

REMEDIES IN EVENT OF DEFAULT

The owner or owners of each UNIT shall be governed by and shall comply with the provisions of this Declaration of Condominium, the Articles of Incorporation, and By-Laws of ASSOCIATION, as any of the same are now constituted or as they may be amended from time to time. A default by the owner or owners of any UNIT shall entitle ASSOCIATION or the owner or owners of other UNITS to the following relief:

A. Failure to comply with any of the terms of this Declaration of Condominium or other restrictions and regulations contained in the Articles of Incorporation or By-Laws of ASSOCIATION, or which may be adopted pursuant thereto, shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof, and which relief may be sought by ASSOCIATION or, if appropriate, by an aggrieved owner of a UNIT.

B. The owner or owners of each UNIT shall be liable for the expense of any maintenance, repair, or replacement rendered necessary by his act, neglect, or carelessness, or by that of any member of his family, or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by ASSOCIATION. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a UNIT or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by the owner of any UNIT, ASSOCIATION, if successful, shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the Court.

D. The failure of ASSOCIATION or of the owner of a UNIT to enforce any right, provision, covenant, or condition which may be granted by this Declaration of Condominium or other above mentioned documents shall not constitute a waiver of the right of ASSOCIATION or of the owner of a UNIT to enforce such right, provision, covenant, or condition in the future.

E. All rights, remedies, and privileges granted to ASSOCIATION or the owner or owners of a UNIT pursuant to any terms, provisions, covenants, or conditions of this Declaration of Condominium or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

F. The failure of DEVELOPER to enforce any right, privilege, covenant, or condition which may be granted to the DEVELOPER by this Declaration of Condominium or other above-mentioned document shall not constitute waiver of the right of DEVELOPER to thereafter enforce such right, provision, covenant, or condition in the future.

ARTICLE XXVIIIUSE OR ACQUISITION OF INTEREST IN THE CONDOMINIUM TO RENDER
USER OR ACQUIRER SUBJECT TO PROVISIONS OF
DECLARATION OF CONDOMINIUM, RULES AND REGULATIONS

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

ARTICLE XXIXRIGHTS OF DEVELOPER

A. DEVELOPER shall have the absolute right to purchase, sell, or lease any UNIT from or to any person, firm, or corporation, upon any terms and conditions deemed by DEVELOPER to be in its own best interests.

B. The DEVELOPER shall further have the right to use any UNIT or UNITS owned by it as model apartments and/or sales offices in connection with DEVELOPER'S program to sell or lease said UNIT or UNITS owned by it, and in connection therewith shall have the right to place upon the COMMON ELEMENTS and LIMITED COMMON ELEMENTS signs designating DEVELOPER'S model apartments and/or sales offices and advertising for sale or lease of the UNIT or UNITS owned by DEVELOPER, any said sign or signs to be placed at DEVELOPER'S expense. Such sign or signs may contain advertisement for sales or rentals of PHASE ONE and/or PHASE TWO.

C. In the event of dissolution of DEVELOPER, or merger of DEVELOPER into any other entity which survives DEVELOPER, at a time when the DEVELOPER shall be entitled to have and exercise any rights and privileges hereunder, the rights and privileges of DEVELOPER shall pass to and may be exercised by its said successors or survivor, as the case may be.

D. The DEVELOPER shall have the right to select and designate Member or Members of the Board of Directors of ASSOCIATION, and to remove and replace any person or persons selected by it to act and serve on said Board of Directors, all as is set forth and provided in the Articles of Incorporation and By-Laws of ASSOCIATION. The Member or Members of the Board of Directors of ASSOCIATION designated and selected by DEVELOPER need not be resident or residents in the CONDOMINIUM. Any representative of DEVELOPER serving on the Board of Directors of ASSOCIATION shall not be required to disqualify himself upon any vote upon any contract or other agreement between DEVELOPER and ASSOCIATION where said DEVELOPER may have a pecuniary or other interest. Similarly, DEVELOPER, as a Member of ASSOCIATION, shall not be required to disqualify itself in any vote which may come before the Membership of ASSOCIATION upon any contract or other agreement between DEVELOPER and ASSOCIATION, where the said DEVELOPER may have a pecuniary or other interest.

E. Should DEVELOPER convey to a single transferee all of the DEVELOPER'S interest in UNITS then remaining owned by DEVELOPER, DEVELOPER shall have the right in the instrument of transfer, or in a separate instrument, recorded in either event in the Public Records of Polk County, to designate such single transferee as Successor Developer, and in such event said single transferee as Successor Developer shall succeed to all of the rights and privileges of the DEVELOPER reserved under this Declaration of Condominium.

F. DEVELOPER shall have the right, as set forth in Article IV, to submit PHASE TWO to the CONDOMINIUM regime.

G. DEVELOPER shall have such further rights as set forth in the Articles of Incorporation, By-Laws, and elsewhere in this Declaration of Condominium.

ARTICLE XXX

RIGHTS OF INSTITUTIONAL LENDERS

"Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, FHA approved mortgage lenders, governmental agencies insuring, guaranteeing, or holding any mortgage or mortgages on any UNIT, real estate investment trusts, DEVELOPER, and mortgage holders joining in this Declaration and the successors and assigns of any such Institutional Lender. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any UNIT or UNITS, or shall be the owner of any UNIT or UNITS, such Institutional Lender or Institutional Lenders shall have the following rights:

A. To approve the company or companies with whom casualty insurance is placed and the amount of such casualty insurance to be carried from time to time by the ASSOCIATION.

B. To approve the Insurance Trustee designated by the ASSOCIATION.

C. To be furnished with at least one copy of the Annual Financial Statement and Report of ASSOCIATION, prepared by Certified Public Accountant designated by the ASSOCIATION, including a detailed statement of annual carrying charges, income collected, and operating expenses, such Financial Statement and Report to be furnished within sixty (60) days following the end of each calendar year.

D. To be given notice by the ASSOCIATION of the call of any 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 By-Laws of ASSOCIATION, which notice shall state the nature of the Amendment being proposed.

E. To be given notice of default in payment of assessments or otherwise under this Declaration and the By-Laws on the part of any Member owning any UNIT encumbered by a mortgage held by such Institutional Lender, such notice to be given in writing and to be sent to the principal office of the Institutional Lender holding the mortgage or mortgages encumbering such Member's UNIT, or to the place designated by said Lender in writing to ASSOCIATION.

F. To cause ASSOCIATION to create and maintain an Escrow Account for the purpose of assuring the availability of funds with which to pay premium or premiums due from time to time on insurance policy or policies which the ASSOCIATION is required to keep in existence, it being understood that the ASSOCIATION shall deposit in an Escrow Depository satisfactory to such Institutional Lender or Institutional Lenders a monthly sum equal to one-twelfth (1/12) of the annual amount of such insurance expense, and to contribute such other sum as may be required therefor to the end that there shall be on deposit in said Escrow Account at least one month prior to the due date for payment of such premium or premiums, a sum which will be sufficient to make full payment therefor. The Insurance Trustee designated by ASSOCIATION shall be the Escrow Depository for the purposes hereof or Board of Directors of ASSOCIATION may designate any Institutional Lender interested in the CONDOMINIUM to act in such capacity.

G. Whenever any Institutional Lender or Institutional Lenders desire the provisions of this Article to be applicable to it, it shall serve written notice of such fact upon the ASSOCIATION by Registered Mail or Certified Mail, addressed to the ASSOCIATION and sent to its address stated herein identifying the UNIT or UNITS upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any UNITS owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, and which notice shall designate the place to which notices are to be given by the ASSOCIATION to such Institutional Lender or Institutional Lenders.

H. The Institutional Lender holding first mortgage liens or fee simple interests in the largest number of UNITS in which all Institutional Lenders hold such interests shall exercise the rights reserved unto Institutional Lender under Paragraphs "A", "B" and "F" of this Article. At any time that more than one Institutional Lender shall hold first mortgage lien or fee simple interests in an equal number of UNITS, but no one Institutional Lender shall hold such interests in a larger number of such UNITS than any other Institutional Lender, then such rights reserved unto Institutional Lenders shall vest in the Institutional Lender whose principal office is located in the closest proximity to the CONDOMINIUM, and the decision of such Institutional Lender shall be controlling. In such case, ASSOCIATION shall apprise all Institutional Lenders of the name of said Institutional Lender which maintains its principal office located in closest proximity to the CONDOMINIUM, and will, within ten (10) days after request of any Institutional Lender, provide it with the name of all Institutional Lenders having an interest in the CONDOMINIUM, as reflected by the Books and records of the ASSOCIATION.

ARTICLE XXXI

PETS PROHIBITED

The maintenance of pets in any UNIT or on the CONDOMINIUM premises shall be subject to such regulations as may be adopted by the Board of Directors of ASSOCIATION, which regulations may include prohibition of pets or particular kinds of pets or pets in excess of a certain size.

ARTICLE XXXII

SEVERABILITY

In the event that any of the terms, provisions, or covenants of this Declaration of Condominium are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants of this Declaration of Condominium.

ARTICLE XXXIII

LIBERAL CONSTRUCTION

The provisions of this Declaration of Condominium shall be liberally construed to effectuate its purpose of creating a uniform Plan of Condominium Ownership.

ARTICLE XXXIV

DECLARATION OF CONDOMINIUM BINDING UPON DEVELOPER,
ITS SUCCESSORS AND ASSIGNS, AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of 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 LIMITED COMMON ELEMENTS. This Declaration of Condominium 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.

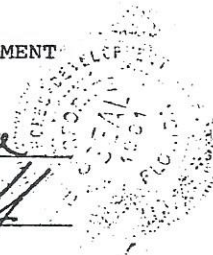
IN WITNESS WHEREOF, DEVELOPER has caused those presents to be executed in its name, by its ^{Vice} President, and the Corporation Seal to be hereunto affixed, attested by its Secretary, this 30th day of April, 1981, at Chevy Chase, Maryland.

Witnesseth this 30th day of April, 1981.

LAKE BENTLEY SHORES DEVELOPMENT CORPORATION

Gynthia A. Bergman
Sharon A. Phillips

By: William O. Vose
ATTEST: [Signature]



STATE OF MARYLAND)
COUNTY OF MONTGOMERY) ss:

The foregoing instrument was acknowledged before me this 30th day of April, 1981 by William O. Vose as Vice President of LAKE BENTLEY SHORES DEVELOPMENT CORPORATION, a Florida corporation.

Gynthia A. Bergman
Notary Public
STATE OF MARYLAND AT LARGE
My Commission Expires: 4/1/82
[NOTARIAL SEAL]

