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DECLARATION OF CONDOMINIUM  
OF  
HARBOR SIDE VILLAGE II CONDOMINIUM

Harbor Side Development Corporation, a Florida corporation, hereby makes this Declaration of Condominium of Harbor Side Village II Condominium (the "Declaration") to be recorded in the public records of Flagler County, Florida (the "County"), where the Land is located and states and declares:

I. SUBMISSION STATEMENT

Harbor Side Development Corporation hereby submits the "Condominium Property", as defined in Article IV of this Declaration, and as further described on Exhibit A of this Declaration, to condominium ownership pursuant to the Condominium Act, Chapter 718, Florida Statutes, as amended prior to the date of the execution of this Declaration (the "Act").

II. NAME

The name of the condominium created by this Declaration (the "Condominium") and the "Condominium Property" are to be identified as:

Harbor Side Village II Condominium

III. LAND

The land included in the Condominium Property and submitted to condominium ownership by this Declaration (the "Land") is legally described in Article I above.

The terms contained in this Declaration shall have the meanings given such terms in the Act and, for clarification, the following terms shall have the following meanings:

A. "Act" means Chapter 718, Florida Statutes, as amended prior to the date of the execution of this Declaration.

B. "Annual Assessment" means a share of funds required for the payment of "Common Expenses" which are assessed annually against a "Condominium Unit Owner" (as these terms are defined in this Declaration).

C. "Articles" means the Articles of Incorporation of the "Association" ( defined in this Declaration). A copy of the Articles is attached as Exhibit D.

D. "Association" means Harbor Side Village II Condominium Association, Inc., a Florida corporation not for profit, a condominium association responsible for the operation of the Condominium.

E. "Board of Directors" means the Board of Directors of the Association.

F. "Building" means a separate roofed and walled structure containing more than one Condominium Unit. The Condominium contains two (2) Buildings.

G. "By-Laws" means the by-laws of the Association. A copy of the By-Laws is attached as Exhibit E.

H. "Common Elements" means the portions of the Condominium Property, including the Land, not included in the "Condominium Units" (defined in this Declaration).

I. "Condominium" means the condominium created by submitting the Land and all improvements thereon to condominium ownership pursuant to this Declaration.

J. "Condominium Documents" means, in the aggregate, this Declaration, the Articles, the By-Laws, and all of the instruments and

documents referred to therein and executed in connection with the Condominium, and the rules and regulations ("Rules") adopted by the Association.

K. "Condominium Property" means the Land and all improvements thereon (including the Condominium Units) submitted to condominium ownership pursuant to this Declaration and all easements and rights appurtenant thereto intended for use in connection therewith. The Condominium Property does not include the Common Area (defined in this Declaration).

L. "Condominium Unit" means "unit", as set forth in the Act; and is that part of the Condominium Property which is subject to exclusive ownership.

M. "Condominium Unit Owner" or "Owner" means "unit owner" as set forth in the Act and is the owner of fee simple title of record to a Condominium Unit, including Declarant as long as it owns any Condominium Unit.

N. "County" means Flagler County, Florida.

O. "Declarant" means Harborside Development Corporation, its successors or assigns of any or all of its rights under this Declaration as specified by Declarant. A Condominium Unit Owner solely by the purchase of a Condominium Unit shall not be deemed a successor or assign of Declarant's rights or obligations under the Condominium Documents unless such Condominium Unit Owner is specifically so designated as a successor or assign of Declarant's rights or obligations in the respective instrument of conveyance or other instrument executed by Declarant.

P. "Declaration" means this document.

Q. "Institutional Mortgagee" means (a) any generally recognized lending institution having a first mortgage lien upon a Condominium Unit including, but not limited to, any of the following institutions: a federal or state savings and loan or building and loan association; a national, state or other bank or real estate investment trust; a mortgage banking company doing business in the State of Florida; or a life insurance company; or a subsidiary of a holding company owning any of the foregoing; or (b) any "Secondary Mortgage Market Institution" including the Federal National Mortgage Association (FNMA), Government

National Mortgage Association (GNMA), Federal Housing Administration (FHA), Federal Home Loan Mortgage Corporation (FHLMC), and Veterans Administration (VA) and such other secondary mortgage market institutions as the Board shall hereafter approve in writing which have acquired a first mortgage upon a Condominium Unit; or (c) any and all investors or lenders which have loaned money to Declarant to acquire, or to construct improvements upon, the Condominium Property and who have a mortgage lien on all or a portion of the Condominium Property securing such loan; or (d) such other lenders as the Board shall hereafter approve in writing which have acquired a first mortgage lien upon a Condominium Unit.

R. "Limited Common Elements" means those Common Elements which are reserved for the exclusive use of a Condominium Unit or Condominium Units, which are more fully described in Article V hereof.

S. "Member" shall mean and refer to all those Owners who are members of the "Association".

T. "Common Areas" means the real property and any improvements thereon which comprise the Common Area within Harbor Side Village II Condominium.

U. "Common Expenses" shall mean and refer to the expenses for which Owners are liable to the Association as described in this Declaration and in any other document governing Harbor Side Village II Condominium, and include, but are not limited to, the costs and expenses incurred by the Association in fulfilling its obligations hereunder and in administering, operating, owning, constructing, reconstructing, financing, maintaining, repairing and replacing the Common Areas, other real property, or portions of either and improvements thereon, as well as expenses incurred by the Association in fulfilling its obligations under this Declaration and any other document governing Harbor Side Village II Condominium, which means and include the costs and expenses described in these documents are such and include regular and special assessments made by the Association in accordance with the terms hereof.

V. "State" means the State of Florida.

#### V. DESCRIPTION OF IMPROVEMENTS

A. The Condominium contains fourteen (14) Condominium Units including garages and Common Elements, as shown on the "Survey" (

defined in this Declaration). Each Condominium Unit is identified by a one or two digit Arabic numbers. No Condominium Unit bears the same designation as any other Condominium Unit in the Condominium. The improvements included in the Condominium are described on the Survey. There shall be ten (10) units of 3 bedrooms/3 baths, Type A/B, with 2,376 square feet; two (2) units of 3 bedrooms/3 baths, Type C, with 1,966 square feet; and two (2) units of 3 bedrooms/2 1/2 baths, Type C, with 2,197 square feet. All square footages include the garage and excludes the lanai and balcony.

B. A survey of the Land, a graphic description of the improvements in which the Condominium Units are located, and a plot plan showing the location of the improvements (the Survey, Plot Plan, and Graphic Description of Improvements are collectively referred to in this Declaration as the "Survey") are attached to and made a part of this Declaration as Exhibit B. The Survey shows and identifies, among other things, the Common Elements and each Condominium Unit and shows their relative locations and approximate dimensions. Attached to the Survey and made a part of this Declaration is a certificate of surveyor prepared and signed in conformance with the requirements of Section 718.104(4)(e) of the Act.

C. All Condominium Units are served by Limited Common Element balconies or patios, depending on whether the Unit is located on the first or second floor of a Building. Limited Common Element balconies and patios shall be maintained, repaired and replaced by the Association as a Common Expense, as more fully set forth in Article XV.B hereof.

D. Each Condominium Unit shall be served by a separate air conditioning compressor which shall be a Limited Common Element reserved for the exclusive use of each such Condominium Unit. The compressors are located on the ground adjacent to the unit. The Owners of Condominium Units shall be responsible for the costs of the operation, maintenance, repair and replacement of the air conditioning compressor serving such Condominium Unit, as set forth more fully in Articles VII.B and XV hereof.

E. The parking area shall be a Common Element reserved for the exclusive use of only Declarant, the Association, and the Owners of the Condominium Units, their guests, family members, invitees, licensees, contractors, employees and lessees. Any use of the parking area by the Association is limited to such uses as are provided for the Association in this Declaration.

VI. UNDIVIDED SHARES IN COMMON ELEMENTS

Each of the Condominium Units shall have appurtenant thereto an equal undivided share in the Common Elements in accordance with the "Schedule of Shares in Common Elements", attached hereto as Exhibit C and made a part hereof, subject, however, to the use of the Common Elements by the Condominium Unit Owners in accordance with the provisions of this Declaration. Exhibit C may be amended from time to time as provided in Articles V.B and XXV.C hereof.

VII. SHARES IN COMMON EXPENSES AND COMMON SURPLUS

A. The Common Expenses shall be shared and the common surplus shall be owned by each of the Condominium Unit Owners in the same proportions as their ownership interest in the Common Elements set forth on Exhibit C to this Declaration. Exhibit C may be amended from time to time as provided in Articles V.B and XXV.C hereof.

B. With respect to Limited Common Element air conditioning compressors, each Condominium Unit Owner having the exclusive use of same shall pay the costs attributable to the operation, maintenance, repair, replacement and cleaning of such Limited Common Elements.

VIII. VOTING RIGHTS OF UNIT OWNERS IN THE ASSOCIATION

A. Each Owner or the Owners collectively of the fee simple title to a Condominium Unit shall be entitled to one (1) "Voting Interest" (defined in the Act) in the Association with respect to matters on which a vote by Condominium Unit Owners is taken under the Condominium Documents or the Act.

B. The vote of the Owners of a Condominium Unit owned by more than one (1) natural person or by a corporation or other legal entity shall be cast by the person ("Voting Member") named in a proxy or certificate of voting authorization ("Voting Certificate") executed by all of the Owners of the Condominium Unit or, if appropriate, by properly designated officers, partners or principals of the respective legal entity and filed with the Secretary of the Association. If such a proxy or Voting Certificate is not filed with the Secretary of the

Association, the Voting Interest of such Condominium Unit shall not be considered for a quorum or for any other purpose.

C. Notwithstanding the provisions of Paragraph B of this Article VIII, whenever any Condominium Unit is owned by a husband and wife, they may, but shall not be required to, designate a Voting Member. If a proxy or Voting Certificate designating a Voting Member is not filed by the husband and wife, the following provisions shall govern their right to vote:

1. When both husband and wife are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Condominium Unit owned by them. If they are unable to concur in their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

2. When only one (1) spouse is present at a meeting, the spouse present may cast the Voting Interest of the Condominium Unit without establishing the concurrence of the other spouse, absent any prior written notice to the contrary to the Association by the other spouse. In the event of prior written notice to the contrary to the Association by the other spouse, the Voting Interest of said Condominium Unit shall not be considered.

3. When neither spouse is present, the person designated in a proxy or Voting Certificate signed by either spouse may cast the Voting Interest of the Condominium Unit, absent any prior written notice to the contrary to the Association by the other spouse or the designation of a different Voting Member by the other spouse. In the event of prior written notice to the contrary to the Association or the designation of a different Voting Member by the other spouse, the Voting Interest of said Condominium Unit shall not be considered.

#### IX. ASSOCIATION

A. The Association, a Florida corporation not for profit, is responsible for the operation of the Condominium. A true copy of the Articles is hereto annexed as Exhibit D and made a part hereof. A true copy of the By-Laws is hereto annexed as Exhibit E and made a part hereof. The Association may own and operate certain Common Areas of the Harbor Side Village II Condominium in accordance with this Declaration,

which Common Areas will be available for use by the Owners of the Condominium.

B. Each Condominium Unit Owner shall be a member of the Association in accordance with the provisions of the Articles.

X. MEMBERSHIP AND VOTING RIGHTS

A. Harbor Side Village II Condominium Association, Inc.

1. Membership and Voting Rights

(a) Membership in the Association shall be established by the acquisition of ownership of fee simple to a condominium Unit.

(b) Each Condominium Unit shall be entitled to one (1) vote, each vote being exercised and cast in accordance with the Articles of Incorporation and By-Laws.

XI. EASEMENTS

A. Easements and Cross-Easements on Common Elements. Declarant, for itself, its nominees, and the Association, reserves the right to impose upon the Common Elements from time to time such easements and cross-easements for ingress and egress and the installation, maintenance, construction and repair of facilities, including, but not limited to, electric power, telephone, sewer, water, gas, drainage, irrigation, lighting, television transmission, cable and master antenna transmission and reception, surveillance, garbage and waste removal, emergency services, and the like, as it deems to be in the best interest of the Condominium.

B. Easement for Encroachments. All of the Condominium Property shall be subject to easements for encroachments, which now or hereafter exist, caused by settlement or movement of any improvements upon the Condominium Property or improvements contiguous thereto, including, without limitation, the Common Area, or caused by minor inaccuracies in building or rebuilding of such improvements. The above easements shall continue until such encroachments no longer exist.



XII. APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF  
LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

A. If any taxing authority having jurisdiction over the Condominium shall levy or assess any tax or special assessment against the Condominium as a whole rather than levying and assessing such tax or special assessment against each Condominium Unit (a "New Tax"), then such New Tax shall be paid as a Common Expense by the Association. Any New Tax shall be included, if possible, in the estimated annual budget of the Association, or if not possible, shall be separately levied and collected as a Special Assessment by the Association against all of the Condominium Unit Owners. Each Condominium Unit Owner shall be assessed by and shall pay to the Association a percentage of the New Tax equal to such Condominium Unit Owner's share in the Common Elements. The Association shall separately specify and identify that portion of the annual Budget or of the Special Assessment attributable to such New Tax, and the portions of such New Tax allocated to a Condominium Unit shall be and constitute a lien in favor of the Association upon such Condominium Unit.

B. All personal property taxes levied or assessed against "Association Property" (defined in the Act) and all Federal and State income taxes levied and assessed against the Association shall be paid by the Association and shall be included as a Common Expense in the annual budget of the Association.

XIII. OCCUPANCY AND USE RESTRICTIONS

A. All the Condominium Units shall be used for single family residences only.

B. If legal title to a Condominium Unit is in the name of a corporation, trust, partnership or other than an individual or individuals, the Condominium Unit Owner, by certificate delivered to the Secretary of the Association, shall designate one (1) family or person as the authorized occupant of the Condominium Unit. Except for the designated family or person, no other occupant may occupy the Condominium Unit.

C. Leases and Tenants.

1. Application. This Declaration and the Condominium Documents shall apply not only to Condominium Unit Owners, but also to any lessee or tenant or the party who is occupying a Condominium Unit by way of lease express or implied, license or invitation.

2. Failure to Notify. Failure of a Condominium Unit Owner to notify any person of the existence of the provisions of this Declaration shall not in any way act to limit the right of the Association to enforcement of the provisions of this Declaration against such person.

3. Enforcement. The Association may enforce the provisions of this Declaration against any person occupying a Condominium Unit whether Condominium Unit Owner, lessee, tenant, invitee, guest or other person. Further, each Condominium Unit Owner hereby irrevocably delegates to the Association the power for the Association to enforce any provisions of any lease or license or other agreement permitting occupancy of the Condominium Unit to the extent it may against an Owner, and the power to evict a tenant as set forth in the Florida Statutes. The right of enforcement includes the right to evict such lessee, tenant, invitee, guest or other such person pursuant to Florida Statutes, in the event any such person violates any of the provisions of this Declaration. Declarant shall be entitled to all costs thereof including, but not limited to, attorneys' fees.

4. Right to Use Facilities. During any period when a Condominium Unit Owner has leased his Condominium Unit or otherwise permitted his Condominium Unit to be occupied only by someone other than the Condominium Unit Owner, such Condominium Unit Owner's right to use any recreational facilities otherwise available to Condominium Unit Owners shall be suspended.

D. A Condominium Unit Owner shall not permit or suffer anything to be done or kept in his Condominium Unit which will increase the insurance rates on his Condominium Unit, the Common Elements or the Common Area or which will obstruct or interfere with the rights of other Condominium Unit Owners or the Association. No Condominium Unit Owner shall annoy other Condominium Unit Owners by unreasonable noises or otherwise, nor shall any Condominium Unit Owner commit or permit to be

committed any nuisance or illegal act in his Condominium Unit, on the Common Elements or the Common Area.

E. No Condominium Unit Owner shall display any sign, advertisement or notice of any type in any window or on the exterior of his Condominium Unit or on the Common Elements, and no Condominium Unit Owner shall erect any exterior antennas, aerials, or wires or cables of any kind upon or protruding from his Condominium Unit or the Common Elements.

F. A Condominium Unit Owner shall be permitted to keep or harbor in his Condominium Unit no more than two (2) dogs or cats, subject to the provisions immediately following: such dog or cat must be walked only in areas designated for such purpose, provided that such dog or cat is leashed whenever outside the Condominium Unit. Any Condominium Unit Owner having a dog or cat shall also abide by any Rules promulgated by the Board of Directors regarding pets. Violation of this paragraph or of any of said rules may result in the termination of Condominium Unit Owner's right to keep such dog or cat. No other animals, livestock, or poultry, shall be permitted anywhere on the Condominium Property. The foregoing restrictions shall not apply to Seeing Eye dogs or Primate (cebus) guides to the extent required by Florida law.

G. No Condominium Unit Owner shall install any storm shutters, awnings, hardware or the like without the prior written approval of the Association, as to design and color and, in any event, Association approval shall not be granted unless such items substantially conform to the architectural design of the Condominium and the design of any such items which have been previously installed at the time Association approval is requested. In addition, all storm shutters shall comply with specifications of the applicable building codes.

H. No clothesline or other similar device shall be allowed on any portion of the Condominium Property.

I. The Common Element parking area of each Building is intended solely for access to and from the Units in the Building served by the parking area. Accordingly,

i.) No car or other obstruction may be placed in any parking area or other area which inhibits access to the Units.

ii.) No item including, by way of illustration and not limitation, bicycles, golf carts, toys, lawn furniture, children's pools, barbecue grills or trash containers may be stored or left overnight in the parking area or the balcony or patio of any Condominium Unit. All storage of property on the Condominium Property must be within the Condominium Units.

iii.) The parking areas may not be used as a recreation or play area by any person.

iv.) The parking area may not be used for repair of motor vehicles, except emergency repairs, or for washing of motor vehicles.

J. The Board of Directors shall, from time to time, promulgate reasonable Rules with respect to the Condominium as it determines to be in the best interests of the Condominium and the Condominium Unit Owners including, but not limited to, reasonable restrictions on occupancy.

K. To the extent not prohibited by Florida law, this Article XIII shall not apply to Declarant for so long as Declarant shall own any Condominium Unit.

#### XIV. MAINTENANCE, REPAIRS AND ALTERATIONS

##### A. Condominium Unit Owners.

1. Each Condominium Unit Owner shall maintain in good condition and repair and replace at his expense when necessary all portions of his Condominium Unit and all interior surfaces within or surrounding his Condominium Unit, such as the surfaces of the walls, ceilings and floors and the fixtures therein, including air conditioning equipment (including the limited common element air conditioning compressor for the unit) and exhaust fans. Each Condominium Unit Owner must perform promptly all such maintenance and repairs which if not so performed would affect a Condominium Unit belonging to any other Condominium Unit Owners or would affect the Condominium Property. Each Condominium Unit Owner shall be liable for any damages that arise due to his failure to perform the above maintenance, repairs and replacement. Each Condominium Unit shall be repaired and maintained in the same condition as such Condominium Unit was conveyed by Declarant to a

Condominium Unit Owner, subject only to any changes or alterations made pursuant to approval by the Association.

2. No Condominium Unit Owner shall make any alteration in or to the Common Elements or the portions of a Condominium Unit which are maintained by the Association, remove any portion thereof, make any additions thereto or do anything which shall or may jeopardize or impair the safety or soundness of the Condominium Property or which, in the sole opinion of the Board, would detrimentally affect the architectural design of the Condominium Property. Any alteration or addition to the Condominium Property by a Condominium Unit Owner shall be deemed to detrimentally affect the architectural design of the Condominium Property, unless the Association consents thereto in writing.

3. No Condominium Unit Owner shall paint, refurbish, stain, alter, decorate, repair, replace, enclose or change the Common Elements or any outside or exterior portion or surfaces of the Condominium Property, including, without limitation, patios, balconies, doors and windows; place any awnings, screening or shutters on or in any Condominium Unit; or install on any portion of the Condominium Property any exterior lighting fixture, mailbox, screen door or other similar item without first obtaining written approval thereof by the Association, and, in any event, Association approval shall not be granted unless such items substantially conform to the architectural design of the Building and the design of any such items which have been previously installed at the time Association approval is requested.

4. Each Condominium Unit Owner shall promptly report to the Association or its agents any defect or need for repair on the Condominium Property which the Association is responsible to maintain and repair, upon the Condominium Unit Owner's becoming aware of such defect or need for repair.

5. Each Condominium Unit Owner shall repair, maintain and replace as necessary all piping, wiring, ducts, conduits, appliances and other facilities located within the Condominium Unit and serving only such Condominium Unit for the furnishing of utility services; provided, however, that all such repairs, maintenance and replacements shall be done by licensed plumbers or electricians approved by the Association or an applicable utility company, and such repairs shall be paid for by and be the financial obligation of such Condominium Unit Owner.

6. Each Condominium Unit Owner acknowledges and recognizes that any officer of the Association or any agent of the Board shall have the irrevocable right to have access to each Condominium Unit from time to time during reasonable hours and upon reasonable notice as may be necessary for inspection, maintenance, repair or replacement of any part of the Common Elements therein or accessible therefrom, including without limitation the Limited Common Elements, or at any time as may be necessary for emergency repairs.

B. The Association.

1. The Association shall repair, maintain and replace as necessary all of the Common Elements and all outside or exterior surfaces of the Condominium Property including, without limitation, exterior surfaces of Condominium Units, patios and balconies, and shall maintain, repair and replace as necessary all piping, wiring, ducts, conduits, appliances, and other facilities for furnishing of any and all utility services to the Condominium Units located within the Common Elements, but excluding therefrom all piping, wiring, ducts, conduits, appliances and other facilities located within a Condominium Unit serving only said Condominium Unit. Notwithstanding the foregoing, the cost of replacing all screening, doors and windows serving a Condominium Unit shall be paid for by the Condominium Unit Owner owning such Condominium Unit.

2. The Association shall have the right to make or cause to be made any additions, alterations, changes and improvements to the Common Elements, whether or not material or substantial, which are approved by the Board of Directors and the Association, and which do not prejudice the right of any Condominium Unit Owner or any Institutional Mortgagee; provided, however, except in the case of an emergency, if the cost of the same shall exceed Ten Thousand Dollars (\$10,000.00), the affirmative vote of fifty percent (50%) of the Condominium Unit Owners (without the Board of Director's approval being required) shall be required, and the cost of such alterations and improvements shall be assessed against the Condominium Unit Owners in the manner provided in the By-Laws.

XV. COMMON EXPENSES, OPERATING EXPENSES AND ASSESSMENTS

A. Common Expenses and Operating Expenses.

. The Board of Directors shall prepare and adopt in accordance with the By-Laws an annual budget (the "Budget") of the Common Expenses for operating and managing the Association and the Condominium. The Budget shall state the Association's and each Condominium Unit Owner's share of the Common Expenses assessed by the Association. The Common Expenses shall be shared by and among the Condominium Unit Owners in the manner described under Article VII of this Declaration and assessed against each Condominium Unit Owner annually as the Annual Assessment. Each Condominium Unit Owner shall be obligated to pay Special Assessments as shall be levied by the Board of Directors in addition to the Annual Assessment against his Condominium Unit whether as a result of (a) extraordinary items of expense, (b) the default of other Condominium Unit Owners in the payment of their Assessments, or (c) such other reason as may be determined by the Board of Directors which is not inconsistent with the terms of the Condominium Documents or the Act.

B. Assessments.

1. The record owner of each Condominium Unit shall be personally liable, jointly and severally if there is more than one (1) such Owner, to the Association and the payment of all Assessments levied by the Association against his Condominium Unit and for all costs of collecting such Assessments, including interest, delinquent Assessments and attorneys' fees at all trial and appellate levels. Assessments may, in the discretion of the Board of Directors, be made payable in equal installments either on the first day of each month or on the first day of each calendar quarter, in advance, during the year in which such Assessments apply, but in no event less frequently than on the first day of each calendar quarter. In the event of a default by a Condominium Unit Owner in the payment of an installment of any Assessment, the Board of Directors may accelerate any installments of the Assessment coming due for the remainder of the current budget year upon recordation of a lien for such unpaid assessment(s) in the public records of the County, whereupon the entire unpaid balance of the Assessment shall become due upon the date of recording such lien. If any Assessments are not paid within twenty (20) days after its respective due date, the Association, by action of the Board of Directors, may proceed to enforce and collect any such Assessments against the Condominium Unit Owner owing the same in any manner provided for under the Act, including foreclosure and sale of the Condominium Unit.

2. The Association may at any time require any Condominium Unit Owner to maintain with the Association a deposit to cover future Assessments.

3. The Association shall have all of the powers, rights, and privileges and may avail itself of any and all of the legal remedies provided by the Act, including a lien upon a Condominium Unit for any unpaid Assessment and interest and expenses thereon owned by the Condominium Unit Owner of such Condominium Unit and the right to collect from such Condominium Unit Owner reasonable attorneys' fees and expenses at all trial and appellate levels incurred by the Association incident to the collection of such Assessments or the enforcement of such Lien. Assessments (including installments thereon) not paid when due shall bear interest from the date when due until paid at the highest rate permitted under law. In addition, the Association may require the Owner of a Unit for which Assessments are more than thirty (30) days overdue to pay a late charge in an amount not to exceed the greater of \$25.00 or 5% of each installment of the assessment to be determined by the Board of Directors.

4. (a) A unit owner, regardless of how his or her title has been acquired, including by purchase at a foreclosure sale or by deed in lieu of foreclosure, is liable for all assessments which come due while he or she is the unit owner. Additionally, a unit owner is jointly and severally liable with the previous owner for all unpaid assessments that came due up to the time of transfer of title. This liability is without prejudice to any right the owner may have to recover from the previous owner the amounts paid by the owner.

(b) The liability of a first mortgagee or its successor or assignees who acquire title to a unit by foreclosure or by deed in lieu of foreclosure for the unpaid assessments that became due prior to the mortgagee's acquisition of title is limited to the lesser of: (1) The unit's unpaid common expenses and regular periodic assessments which accrued or came due during the six (6) months immediately preceding the acquisition of title and for which payment in full has not been received by the association; or (2) One percent (1%) of the original mortgage debt. The provisions of this paragraph shall not apply unless the first mortgagee joined the association as a defendant in the foreclosure action. Joinder of the association is not required if, on the date the complaint is filed, the association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the mortgagee.



(c) The person acquiring title shall pay the amount owed to the association within thirty (30) days after transfer of title. Failure to pay the full amount when due shall entitle the association to record a claim of lien against the parcel and proceed in the same manner as provided in this section for the collection of unpaid assessments.

(d) Notwithstanding the provisions of paragraph (b), a first mortgagee or its successor or assignees who acquire title to a condominium unit as a result of the foreclosure of the mortgage or by deed in lieu of foreclosure of the mortgage shall be exempt from liability for all unpaid assessments attributable to the parcel or chargeable to the previous owner which came due prior to acquisition of title if the first mortgage was recorded prior to April 1, 1992. If, however, the first mortgage was recorded on or after April 1, 1992, or on the date the mortgage was recorded, the declaration included language incorporating by reference future amendments to this chapter, the provisions of paragraph (b) shall apply.

(e) The provisions of this subsection are intended to clarify existing law, and shall not be available in any case where the unpaid assessments sought to be recovered by the association are secured by a lien recorded prior to the recording of the mortgage. Notwithstanding the provisions of chapter 48, the association shall be a proper party to intervene in any foreclosure proceeding to seek equitable relief.

5. In a voluntary conveyance of a Condominium Unit, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor up to the time of transfer of title, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by the grantee.

6. No lien for Assessments under the Act or under the Condominium Documents shall be effective until recorded in the public records of Flagler County, Florida.

7. Declarant guarantees that, for the period commencing on the first day of the fourth calendar month following the month in which the closing of the purchase and sale of the first Condominium Unit occurs and ending on the first to occur of (a) the date on which Unit Owners will be entitled to elect not less than a majority of the members of the Board of Directors of the Association, or (b) the date which is one (1) year after the first day of the fourth calendar month following

the month in which the closing of the purchase and sale of the first Condominium Unit occurs, the Assessments to be made against each Unit shall be the fixed amount of \$220.06 per month. Declarant guarantees that during the initial guarantee period, Declarant will pay all Common Expenses not payable by Assessments assessed against Condominium Unit Owners other than Declarant. No Assessments shall be made against Condominium Units owned by Declarant. Declarant's guarantee is made in accordance with the provisions of Section 718.116(9)(a)(2) of the Act. Declarant's guarantee shall terminate and Assessments shall be determined and made as provided in Paragraph A of this Article XVI, the other subparagraphs of this Paragraph B, and the By-Laws, following the termination of the initial guarantee period and commencing with such date Declarant will pay any such Assessments in the same frequency as all other unit owners for any of the Condominium Units owned by Declarant.

#### XVI. LIABILITY INSURANCE

A. The Board of Directors shall obtain and maintain at all times liability insurance in such amounts as it may determine from time to time for the purpose of providing liability insurance coverage for all property and improvements in the Condominium excluding the Condominium Units; provided, however, that such policy or policies shall have limits determined by the Board of Directors to be adequate covering all claims for personal injury and for property damage arising out of a single occurrence. The Board of Directors shall collect a share of the premium for such insurance from each Condominium Unit Owner as a part of the Common Expenses. Said insurance shall include, but not be limited to, legal liability for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of any property or improvements within the Condominium, legal liability arising out of lawsuits related to employment contracts of the Association, water damage, liability for hazards related to usage and liability for property of others, hired automobile, non-owned automobile and off-premises employee coverage. All such policies shall name the Association, the Condominium Unit Owners, and Declarant (so long as Declarant shall own any Condominium Unit) as their respective interests may appear as the insured under such policy or policies. The original or a true copy of each policy shall be held in the office of the Association. The insurance purchased shall contain a "severability of interest endorsement", or equivalent coverage, which would preclude the

insurer from denying the claim of a Condominium Unit Owner because of the negligent acts of either the Association, Declarant or any other Condominium Unit Owners or deny the claim of either Declarant or the Association because of the negligent acts of the other or the negligent acts of a Condominium Unit Owner. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner. Each Condominium Unit Owner shall be responsible for purchasing liability insurance, including, without limitation, water damage liability, for accidents occurring in his own Condominium Unit and, if the Condominium Unit Owner so determines, for supplementing any insurance purchased by the Association.

B. The association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse funds of the association. The insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the association. The association shall bear the cost of bonding.

C. All insurance policies or fidelity bonds purchased pursuant to this Article shall provide that they may not be canceled without at least ten (10) days prior written notice to the Association and to Eligible Mortgagees.

#### XVII. CASUALTY INSURANCE AND DESTRUCTION OF IMPROVEMENTS

A. 1. Each Condominium Unit Owner shall be responsible for the purchase of casualty insurance for all of his personal property and improvements to his Condominium Unit. The Association shall obtain casualty insurance with such coverage and in such amounts as it may determine from time to time for the purpose of providing casualty insurance coverage for the Condominium Property, including Fire and Extended Coverage Insurance, Vandalism and Malicious Mischief Insurance, sprinkler leakage, water damage, debris removal, demolition, and such other risks as shall customarily be covered with respect to projects or developments similar to the Condominium in construction, location and

use, insurance for unrealized Assessments due to the casualty and, if the Association so determines, flood insurance sponsored by the Federal government, all of which insurance shall insure all of the insurable improvements on and within the Condominium Property, including personal property owned by the Association, in and for the interest of the Association, all Condominium Unit Owners and Institutional Mortgagees, as their interests may appear, in a company acceptable to the Board of Directors. The Association shall purchase insurance for the buildings located within the Condominium in an amount equal to one hundred percent (100%) of the "Replacement Value" thereof. The term "Replacement Value" shall mean one hundred percent (100%) of the current replacement costs exclusive of land, foundation, excavation, items of personal property and other items normally excluded from coverage as determined annually by the Board of Directors. The Board of Directors may determine, consistent with the above provisions of this Paragraph A.1, the kind of coverage and proper and adequate amount of insurance. The casualty insurance shall contain an "agreed amount endorsement" or its equivalent, "inflation guard endorsement" and, if determined necessary, an "increased cost of construction endorsement" or "contingent liability from operation of building laws endorsement" or a "demolition endorsement" or the equivalent.

2. The Association may, to the extent possible and not inconsistent with the foregoing, obtain one (1) policy to insure all of the insurable improvements within the Condominium. The premiums for such coverage and other expenses in connection with such insurance shall be paid by the Association and charged to Condominium Unit Owners as part of the Common Expenses. The company or companies with which the Association shall place its insurance coverage, as provided in this Declaration, and the insurance agent or agents placing such insurance, must be authorized to do business in the State. The Association shall have the right to designate an insurance trustee (the "Insurance Trustee") to act as an Insurance Trustee in the manner provided in this Declaration, which Insurance Trustee shall be a commercial bank or trust company which is authorized to do business in the State and which has its principal office in the County, and thereafter, at any time and from time to time, the Association shall have the right to change the Insurance Trustee to another such bank or trust company.

B. All such policies shall provide that they may not be cancelled without at least ten (10) days prior written notice to the Association and Eligible Mortgagees, and insurance policies purchased by the Association shall be deposited with the Insurance Trustee upon its

written acknowledgment that the policies and any proceeds thereof will be held in accordance with the terms hereof. These policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee, and the Insurance Trustee may deduct from the insurance proceeds collected a reasonable fee for its services as Insurance Trustee. The Board of Directors is hereby irrevocably appointed agent for each Condominium Unit Owner to adjust all claims arising under insurance policies purchased by the Association in which Condominium Unit Owners have or may have an interest. The Insurance Trustee shall not be liable in any manner for the payment of any premiums on policies, the renewal of policies, the sufficiency of the coverage of any such policies or any failure to collect any insurance proceeds under any policies.

C. In the event of any damage to the Condominium Property, except as hereinafter specifically set forth, no mortgagee shall have any right to participate in the determination of whether the Condominium Property is to be rebuilt nor shall any mortgagee have the right to apply insurance proceeds and, if necessary, funds from a Special Assessment sufficient to pay for required restoration and repair with respect to such damage, to the repayment of its loan, unless such proceeds are distributed to Condominium Unit Owners or their respective mortgagees.

D. The duty of the Insurance Trustee shall be to receive any and all proceeds from the insurance policies held by it as such Insurance Trustee and to hold such proceeds in trust for the Association, Condominium Unit Owners and Institutional Mortgagees under the following terms:

1. If a loss insured under the policies held by the Insurance Trustee occurs to any improvements within any of the Condominium Units without any loss to any improvements within the Common Elements, the Insurance Trustee shall immediately pay all proceeds received as a result of such loss directly to the Condominium Unit Owners of the Condominium Units damaged and their Institutional Mortgagees, if any, as their interests may appear, and it shall be the duty of such Condominium Unit Owners to use such proceeds to effect the necessary repairs to the Condominium Units and to return the Condominium Units to their prior condition according to the standards required under the Condominium Documents. The Insurance Trustee shall rely upon the written statement of the Association as to whether a Condominium Unit or a Common Element or both have suffered damage insured under any policies.

2. If a loss of Five Thousand Dollars (\$5,000.00) or less as determined by estimates or bids for repair and reconstruction obtained by the Board of Directors occurs to any Common Element and/or to any Condominium Units, the Insurance Trustee shall pay the proceeds received as a result of such loss to the Association. Upon receipt of such proceeds, the Association shall promptly cause the necessary repairs to be made to the Common Elements and to any such damaged Condominium Units. If the insurance proceeds shall be insufficient to make all repairs, any deficiency shall be made up by a Special Assessment against all of the Condominium Unit Owners. Upon completion of such repairs, the Association, upon request of any Institutional Mortgagee of any such damaged Condominium Unit, shall provide such Institutional Mortgagee with an affidavit stating that the repairs have been completed in a manner acceptable to the Association.

3. The Insurance Trustee shall hold in trust all insurance proceeds received in excess of Five Thousand Dollars (\$5,000.00) as a result of damages to any Common Element and/or to any Condominium Units, together with any and all other monies paid to the Insurance Trustee pursuant to the following subparagraph 3(c) and shall distribute such funds in the following manner:

(a) The Board of Directors shall obtain estimates or bids for the cost of rebuilding and reconstructing such damaged property for the purpose of determining whether such insurance proceeds are sufficient to pay for the same.

(b) If the insurance proceeds are sufficient to repair and restore all of such damaged improvements or if the insurance proceeds together with the funds described in subparagraph 3(c) below are sufficient for such purpose, then such damaged improvements shall be repaired and restored. The Board of Directors shall negotiate for the repair and restoration of such damaged Condominium Property, and on behalf of the Association shall negotiate and enter into a contract with a contractor or contractors to do the work on a fixed price basis or on any other reasonable terms acceptable to the Board of Directors, which contractor shall post a performance and payment bond with respect to such work if required by the Board of Directors. The Insurance Trustee shall disburse the insurance proceeds and other applicable funds held in trust in accordance with provisions for progress payments to be contained in such contract; provided, however, that prior to any payment of such funds, the payees of such funds shall deliver to the Insurance Trustee any paid bills, waivers of liens under any lien laws and

executed affidavits required by law, the Association or any respective Institutional Mortgagees.

(c) If the insurance proceeds are insufficient to repair and restore all of the damaged improvements (within the Common Elements and/or to Common Elements), the Board of Directors shall hold a special meeting to determine a Special Assessment against all of the Condominium Unit Owners to obtain any necessary funds to repair and to restore such damaged improvements. Upon the determination by the Board of Directors of the amount of such Special Assessment, the Board of Directors shall immediately levy such Special Assessment against the Condominium Units setting forth the date or dates of payment of the same, and any and all funds received from the Condominium Unit Owners pursuant to such Special Assessment shall be delivered to the Insurance Trustee and disbursed as provided in subparagraph 3(b) above.

4. If after the completion of and payment for the repair and reconstruction of the damage to the Condominium Property, and after the payment of the Insurance Trustee's fee with respect thereto, any excess insurance proceeds remain in the hands of the Insurance Trustee, then such excess shall be divided into equal shares and each share of such proceeds shall be paid to the Owners and Institutional Mortgagees of record as their interests may appear.

5. Any improvements damaged in any casualty shall be repaired and replaced substantially in accordance with the architectural plans and specifications for (a) the Condominium Property as it existed at the time of the casualty or (b) new plans and specifications approved by the Association and the Board of Directors in its discretion; provided, however, any substantial change from the structures in existence prior to the casualty set forth in new plans and specifications approved by the Association and the Board of Directors which adversely affects the value of the Condominium Units shall require approval by Institutional Mortgagees holding first mortgages encumbering fifty one percent (51%) of the Condominium Units encumbered by such mortgages; and provided that in the event of substantial destruction of the entire Condominium Property, as determined by Declarant until the Turnover Date (as defined in the Articles), and thereafter the Board of Directors, the Institutional Mortgagee holding mortgages securing the highest total indebtedness on the Condominium Property consents to such repair and replacement.





**XVIII. PROHIBITION OF FURTHER DIVISION**

The undivided share in the Common Elements which is appurtenant to a Condominium Unit shall not be separated from it and shall pass with the title to the Condominium Unit, whether or not separately described. The share in the Common Elements appurtenant to a Condominium Unit cannot be conveyed or encumbered except together with the Condominium Unit. The shares in the Common Elements appurtenant to Condominium Units are undivided, and no action for partition of the Common Elements shall lie. Additionally, except for "Alterations" (defined in Article XXIII.A of this Declaration) made by Declarant, there shall be no further division of Condominium Units and any instrument, whether a deed, mortgage, or otherwise, which describes only a portion of any Condominium Unit shall be deemed to describe such entire Condominium Unit and the interest in the Common Elements appurtenant thereto.

**XIX. SEVERABILITY**

If any provision of this Declaration, the Condominium Documents or the Act is held to be invalid, the validity of the remainder of this Declaration, the Condominium Documents or the Act shall not be affected.

**XX. INTERPRETATION**

A. Article, paragraph and subparagraph titles in this Declaration are intended only for convenience and in no way do such titles define, limit, or in any way affect this Declaration or the meaning or contents of any material contained herein.

B. Whenever the context so requires, the use of either gender shall be deemed to include both genders, the use of the plural shall include the singular and the use of the singular shall include the plural.

C. As used herein the term "member" means and refers to any person, natural or corporate, who becomes a member of the Association as described in the Articles and By-Laws whether or not that person participates in the Association as a member.

D. If a Court of competent jurisdiction should hereafter determine that any provision of this Declaration is in violation of the rule of property known as the "rule against perpetuities" or any other rule of law because of the duration of a time period, such provision shall not thereby become invalid, but instead the duration of such time period shall be reduced to the maximum period allowed under such rule of law, and in the event the determination of the duration of such time period requires measuring lives, such measuring lives shall be those of the incorporators of the Association.

#### XXI. REMEDIES FOR VIOLATION

A. Each Condominium Unit Owner shall be governed by and shall comply with the Act and all of the Condominium Documents as they may exist from time to time. Failure to do so shall entitle the Association, and in the event of its failure to act after demand upon it to do so has been made by any Condominium Unit Owner or any Institutional Mortgagee, then any Condominium Unit Owner or Institutional Mortgagee may bring an action for injunctive relief, damages or both, and such parties shall have all other rights and remedies which may be available at law or in equity. The failure to enforce promptly any provisions of the Condominium Documents shall not be deemed a waiver of such provision or be a bar to its subsequent enforcement. In any proceeding commenced because of an alleged failure of a Condominium Unit Owner to comply with any terms of the Condominium Documents, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorneys' fees and expenses at all trial and appellate levels.

B. Notwithstanding the availability of the remedies set forth in Paragraph A above, the Association shall also have the power to levy reasonable fines as set forth in the By-Laws and to enforce any of the provisions of the Declaration, By-Laws, and Rules.

#### XXII. PROVISIONS FOR ALTERATIONS OF CONDOMINIUM UNITS AND EXTERIOR OF BUILDING BY DECLARANT

A. In addition to Declarant's rights as set forth in Article V.B of this Declaration, Declarant, upon approval by all other Unit

Owners in that condominium, has the right to alter the interior design and arrangement of all Condominium Units; to alter the boundaries between the Condominium Units; to combine two (2) or more Condominium Units into one (1) Condominium Unit; or to sever any Condominium Unit comprised of two (2) or more Condominium Units into its component parts as long as Declarant owns all of the Condominium Units so severed; and to make aesthetic alterations to the exterior of the Buildings (which alterations made by Declarant are referred to in this Article XXIV as the "Alterations").

B. Any alteration which will alter the boundaries of the Common Elements on any portion of the Condominium Property for which a Surveyor's Certificate has been recorded (other than interior walls abutting Condominium Units owned by Declarant or the floor or ceiling slab between Condominium Units owned by Declarant) will first require an amendment of this Declaration in the manner provided in Article XXV hereof.

#### XXIII. AMENDMENTS OF THE DECLARATION

A. Except as to matters described in Paragraphs B, C, D, E and F of this Article XXV or as otherwise provided herein, this Declaration may be amended by the affirmative vote of not less than seventy-five percent (75%) of all the Condominium Unit Owners. Such vote shall be taken at any regular or special meeting of the Condominium Unit Owners called and held in accordance with the By-Laws. Such amendment shall be evidenced by a certificate executed by the Association in recordable form in accordance with the Act, and a true copy of such amendment shall be mailed via certified mail by the Association to Declarant, to all Eligible Mortgagees (defined in this Declaration). The amendment shall become effective upon the recording of such certificate in the public records of Flagler County, Florida; provided, however, such certificate shall not be so recorded until thirty (30) days after the mailing of a copy thereof to Declarant, all Eligible Mortgagees, unless such thirty (30) day period is waived in writing by Declarant, any Eligible Mortgagees and the Association.

B. Except for Declarant's rights to amend this Declaration as set forth herein, no amendment of the Declaration shall change the configuration or size of any Condominium Unit in any material fashion, materially alter or modify the appurtenances to such Condominium Unit,

change the proportion or percentage by which any Condominium Unit Owner shares the Common Elements and Common Expenses or owns the Common Surplus, nor change any Condominium Unit's voting rights in the Association unless all of the record owners shall consent in writing thereto. Any such amendment shall be voted on at a special meeting of the Owners and their consent thereto shall be evidenced by a Certificate executed and recorded in the same manner as amendments provided in Paragraph A of this Article XXV.

C. Whenever it shall appear to the Board that there is defect, error or omission in this Declaration or any other documentation required by law to establish this Condominium, the Board of Directors shall immediately call a special meeting of the Condominium Unit Owners to consider amending the Declaration or such other documents in accordance with the Act. Upon the affirmative vote of at least twenty-five (25%) percent of the Condominium Unit Owners, with more such affirmative votes than negative votes, the Association shall amend the appropriate documents to correct such defect, error or admission. Such Amendments shall become effective upon the recording of the Certificate in the public records of Flagler County, Florida.

D. Prior to the Majority Election Meeting (as defined in Article IX the Articles), Declarant alone may amend this Declaration, without the consent of the Condominium Unit Owners or the Board of Directors, in order to correct a scrivener's error, error in legal description, or other minor defect or omission or any other error or defect or omission that does not materially and adversely affect a Condominium Unit Owners property rights. This amendment shall be signed by Declarant alone, and a copy of the amendment shall be furnished to each Condominium Unit Owner, the Association and all Eligible Mortgagees as soon after recording thereof in the public records of Flagler County, Florida as is practicable. After the Majority Election Meeting, if it appears that through any scrivener's error a Condominium Unit has not been designated as owning an appropriate undivided share of the Common Elements or does not bear an appropriate share of the Common Expenses or that all the Common Elements in the Condominium have not been distributed in the Declaration, so that the sum total of the shares of Common Elements which have been distributed or the sum total of the shares of the Common Expenses or ownership of common surplus fails to equal one hundred percent (100%), or if it appears that more than one hundred percent (100%) of Common Elements or Common Expenses or ownership of the common surplus have been distributed, the error may be corrected

by filing an amendment to the Declaration approved by the Board of Directors.

E. This Declaration may be amended in the same manner as required for an amendment to the By-Laws when the Declaration is being amended solely for the purpose of setting forth or affixing an amendment of the By-Laws thereto.

F. No amendment of this Declaration or any Article or portion hereof shall be made which shall impair or prejudice the rights or priorities of Declarant, Association, or Institutional Mortgagees without the specific written approval of Declarant, Association, or the Institutional Mortgagees as the case may be.

**XXIV. RIGHT OF DECLARANT TO TRANSACT BUSINESS AND TO OWN, SELL AND LEASE CONDOMINIUM UNITS OWNED BY IT FREE OF RESTRICTIONS SET FORTH IN ARTICLES XIII AND XIV**

A. To the extent not prohibited by applicable law, the provisions, restrictions, terms and conditions of Articles XIII and XIV hereof shall not apply to Declarant as a Condominium Unit Owner, and in the event and so long as Declarant shall own any Condominium Unit, whether by reacquisition or otherwise, Declarant shall have the right to use, lease, sell, convey, transfer, mortgage or encumber any such Condominium Unit upon any terms and conditions as it shall deem to be in its own best interests.

B. Notwithstanding the other provisions of this Declaration, Declarant reserves and Declarant and its nominees shall have the right, without charge, to enter into and transact on the Condominium Property any business necessary to consummate the sale, lease or encumbrance of Condominium Units or real property in Matanzas Shores including, but not limited to, the right to use Condominium Units it owns for sales or rental purposes, maintain models, sales areas and sales offices, rental areas and rental offices, place signs, employ sales and rental personnel, use the Common Elements and show Condominium Units. Declarant reserves and shall have the right to make repairs to the Condominium Property and to carry on construction activity. Further, Declarant shall have easements over the Condominium Property necessary in order to use such rights. Declarant and its nominees may exercise the foregoing rights without notifying

the Association. Any such models, bookkeeping room, file room, kitchen, sales area, sales office, rental area, rental office, signs and any other items pertaining to such sales, rental, and construction efforts shall not be considered a part of the Common Elements and shall remain the property of Declarant so long as Declarant owns any Condominium Unit. This Article XXVI may not be suspended, superseded or modified in any manner by any amendment to this Declaration unless such amendment is consented to in writing by Declarant.

C. The rights reserved to Declarant in this Article XXVI and elsewhere in this Declaration may be assigned in writing by Declarant in whole or in part, and in any event these rights shall inure to the benefit of Declarant's successors and assigns.

**XXV. ASSOCIATION TO ACQUIRE  
INTERESTS AND ENTER INTO AGREEMENTS**

A. The Condominium Documents set forth the manner in which the "Owners" ( defined in the Condominium Documents), their family members, guests, invitees and lessees may use and enjoy the Common Area and the sharing of Operating Expenses. The Condominium Property and the provisions of this Declaration are subject to the Condominium Documents. All covenants set forth in the Condominium Documents including, but not limited to, the affirmative covenants and obligations to pay Operating Expenses as therein set forth, shall run with the Land.

B. The Board of Directors is authorized to enter into other agreements to acquire other possessory or use interests in real property and to provide therein that the expenses of said real property and any improvements thereon, including taxes, insurance, utility expenses, maintenance and repairs, are Common Expenses; provided, however, that in the event the expenditures incurred thereby exceed, in the aggregate, Five Thousand Dollars (\$5,000.00) per annum, the approval of seventy-five percent (75%) of the Owners shall first be required.

C. The Board of Directors shall have the right to enter into agreements with management entities, any of which may be, but are not required to be, a subsidiary, affiliate, or an otherwise related entity of Declarant, to manage and operate the Condominium, including

services and administrative obligations required to be performed by the Association pursuant to this Declaration. The expenses incurred thereunder shall be Common Expenses.

XXVI. RIGHTS OF ELIGIBLE MORTGAGEES

A. The Association shall be required to make available for inspection upon reasonable notice, during normal business hours the Condominium Documents and the books, records and financial statements of the Association to the Condominium Unit Owners and the holders, insurers or guarantors of any first mortgages encumbering Condominium Units. In addition, evidence of insurance shall be issued to each Condominium Unit Owner and mortgagee holding a mortgage encumbering a Condominium Unit upon written request to the Association.

B. Upon written request to the Association, any Institutional Mortgagee shall be entitled to financial statements for the immediately preceding fiscal year.

C. Upon written request to the Association, identifying the name and address of an Institutional Mortgagee or the insurer or guarantor of a mortgage held by an Institutional Mortgagee encumbering a Condominium Unit (such Institutional Mortgagee, insurer or guarantor is herein referred to as an "Eligible Mortgagee") and the legal description of such Condominium Unit, the Association shall provide such Eligible Mortgagee with timely written notice of the following:

1. Any condemnation, loss or casualty loss which affects any material portion of the Condominium or any Condominium Unit encumbered by a first mortgage of such Eligible Mortgagee;
2. Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;
3. Any proposed action which would require the consent of mortgagees holding a mortgage encumbering a Condominium Unit; and
4. Any delinquency in the payment of any Assessments or any other charge owed to the Association by a Condominium Unit Owner owning a Condominium Unit encumbered by a mortgage held, insured or guaranteed by an Eligible Mortgagee where such failure or delinquency

has continued for a period of sixty (60) days. The Association shall not be liable to any Eligible Mortgagee for its failure to provide materials or information to any Eligible Mortgagee as hereinabove provided.

D. Declarant and any Eligible Mortgagee shall have the right, but not the obligation, jointly or severally, and at their sole option, to pay any Assessments which are in default and which may or have become a charge against any Condominium Unit. Declarant and any Eligible Mortgagees shall have the right, but not the obligation, jointly or severally, and at their sole option, to pay insurance premiums or fidelity bond premiums or any "New Tax" as defined in this Declaration, on behalf of the Association where, in regard to insurance premiums, the premiums are overdue and where lapses in policies may occur or have occurred or, in regard to New Taxes, where such tax is in default and which may or has become a charge against the Condominium Property. Declarant and any Eligible Mortgagees making any such payments on behalf of the Association as set forth above shall be entitled to immediate reimbursement from the Association plus any costs of collection, including, but not limited to, reasonable attorneys' fees and expenses at all trial and appellate levels.

**XXVII. PROVISIONS RELATING TO  
CONDEMNATION OR EMINENT DOMAIN PROCEEDINGS**

A. Deposit of Awards With Insurance Trustee.

1. The taking of any portion of the Condominium Property by condemnation shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the Insurance Trustee. If any award shall be paid to a Condominium Unit Owner, the Condominium Unit Owner shall deposit the award with the Insurance Trustee; and in the event of failure to do so, in the discretion of the Board of Directors, a Special Assessment shall be made against a defaulting Condominium Unit Owner in the amount of the award, or the amount of the award shall be set off against the sums hereafter made payable to that Condominium Unit Owner.



2. The Association shall represent the Condominium Unit Owners in the condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements, or any part thereof, by the condemning authority.

B. Disbursement of Funds. If the Condominium is terminated in accordance with the provisions of this Declaration after condemnation, the proceeds of the awards and Special Assessments, if any, shall be divided into the shares described in this Declaration and distributed to the Condominium Unit Owners and Institutional Mortgagees as their interests may appear. If the Condominium is not terminated after condemnation, the size of the Condominium will be reduced, the owners of the condemned Condominium Units will be made whole and the Condominium Property damaged by the taking will, to the extent reasonably possible, be made usable in the manner provided below.

C. Condominium Unit Reduced But Tenantable. If the taking reduces the size of a Condominium Unit ("Affected Condominium Unit") and the remaining portion of the Affected Condominium Unit can be made tenantable, the award for the taking of a portion of the Affected Condominium Unit shall be used for the following purposes in the order stated and the following changes shall be effected:

1. The Affected Condominium Unit shall be made tenantable. If the cost of the restoration exceeds the amount of the award, the additional funds required shall be paid by the Association and assessed as a Common Expense.

2. The balance of the award, if any, shall be distributed to the owner of the Affected Condominium Unit and to the Institutional Mortgagee of the Affected Condominium Unit, the remittance being made payable to the Condominium Unit Owner and mortgagee as their interests may appear.

3. If the floor area of the Affected Condominium Unit is reduced by more than ten percent (10%) by the taking, the number representing the share in the ownership of the Common Elements appurtenant to the Affected Condominium Unit shall be reduced ("Reduction in Percentage of Common Elements") in the proportion by which the floor area of the Affected Condominium Unit is reduced by the taking, and the shares of all Condominium Units in the Common

Elements shall be restated with the Reduction in Percentage of Common Elements being allocated to all the Condominium Units of the Condominium in proportion to their share of ownership in the Common Elements.

D. Affected Condominium Unit Made Untenantable. If the taking is of the entire Affected Condominium Unit or so reduces the size of an Affected Condominium Unit that it cannot be made tenantable, the award for the taking of the Affected Condominium Unit shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium:

1. The award or the market value of the Affected Condominium Unit immediately prior to the taking, whichever is less, shall be paid to the Condominium Unit Owner and the Institutional Mortgagee thereof as their interests may appear.
2. The remaining portion of the Affected Condominium Unit, if any, shall become a part of the Common Elements of the Condominium and shall be placed in a condition approved by the Board of Directors; provided that if the cost of the work shall exceed the balance of the fund from the award for the taking after the payment set forth in subparagraph D.1 above, the work shall be approved in the manner required for further improvement of the Common Elements.
3. The shares in the Common Elements of the Condominium appurtenant to the Condominium Units that continue as part of the Condominium shall be adjusted to distribute the ownership of the Common Elements from the Affected Condominium Unit among the reduced number of Condominium Units in the Condominium. The shares of the continuing Condominium Units in the Common Elements shall be restated with the percentage of ownership in the Common Elements of the Affected Condominium Units being allocated to all of the continuing Condominium Units of the Condominium in proportion to their relative share of ownership in the Common Elements.
4. If the amount of the award for the taking is not sufficient to pay the market value of the Affected Condominium Unit to the Condominium Unit Owner and to condition the remaining portion of the Affected Condominium Unit for use as a part of the Common Elements, the additional funds required to condition the remaining

portion of the Affected Condominium Unit for use as part of the Common Elements shall be raised by Special Assessments against all of the Condominium Unit Owners who will continue as Condominium Unit Owners of the Condominium after the changes in the Condominium effected by the taking. The Assessments shall be made in proportion to the shares in the Common Elements of those Condominium Unit Owners remaining after the changes effected by the taking.

5. If the market value of an Affected Condominium Unit prior to the taking cannot be determined by agreement among the Condominium Unit Owners, the Institutional Mortgagee of the Affected Condominium Unit and the Association within thirty (30) days after notice by either party, the value shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Affected Condominium Unit; and the determination of the arbitrators shall be conclusive upon the parties and judgment upon the same may be entered in any court having jurisdiction thereof. The cost of arbitration proceedings shall be assessed against all Condominium Units in the Condominium in proportion to the shares of the Condominium Units in the Common Elements as they exist prior to the changes effected by the taking.

E. Taking of Common Elements. Any award for taking of Common Elements shall be used to make the remaining portion of the Common Elements usable in the manner approved by the Board of Directors; provided that if the cost of the work shall exceed the award, the work shall be approved in the manner required for further improvements of the Common Elements. The balance of the awards for the taking of Common Elements, if any, shall be distributed to the Condominium Unit Owners in the shares in which they own the Common Elements and to Institutional Mortgagees as their interests may appear.

F. Amendment of Declaration. The changes in Condominium Units, in the Common Elements and in the ownership of the Common Elements that are affected by the condemnation shall be evidenced by an amendment of this Declaration that need be approved only by a majority of the Board of Directors with the written approvals from Declarant and Eligible Mortgagees as may be required pursuant to Article XXIV of

this Declaration. Such amendment shall be evidenced by a certificate executed by the Association in recordable form in accordance with the Act, and a true copy of such amendment shall be mailed by certified or registered mail by the Association to Declarant, all Condominium Unit Owners and Eligible Mortgagees ("Interested Parties"). The amendment shall become effective upon the recording of such certificate amongst the public records of the County; provided, however, such amendment shall not be so recorded until thirty (30) days after the mailing of a copy thereof to the Interested Parties unless such thirty (30) day period is waived in writing by the Interested Parties.

#### XXVIII. TERMINATION

A. This Declaration may be terminated by the affirmative written consent of eighty percent (80%) of all Condominium Unit Owners and the written consent of all Institutional Mortgagees encumbering Condominium Units in the Condominium.

B. In the event of the termination of the Condominium, the Condominium Property shall be deemed removed from the provisions of the Act and shall be owned in common by the Condominium Unit Owners, pro rata, in accordance with their shares in the Common Elements. Any and all lien rights provided for in this Declaration shall continue to run with the real property designated herein as Condominium Property and shall encumber the respective undivided shares of the Condominium Unit Owners thereof as tenants in common.

In Witness Whereof, grantor has hereunto set grantor's hand and seal the day and year first above written.

Signed, sealed and delivered in our presence:

Karolyn Sheekey  
Witness  
Printed Name: Karolyn Sheekey

By: Harborside Development Corporation, a Florida Corporation,

Kelly DeVore  
Witness  
Printed Name: Kelly DeVore

BY: Ing Claus Peter Roehr  
President

STATE OF FLORIDA  
COUNTY OF FLAGLER

The foregoing instrument was sworn to and subscribed before me this 24 day of October, 2002 by Ing Claus Peter Roehr, President, of Harborside Development Corporation, a Florida Corporation. He [X] is personally known to me or [ ] has produced \_\_\_\_\_ as identification.

[Notary Seal]



Karolyn N. Sheekey  
Notary Public  
Printed Name: \_\_\_\_\_  
My Commission Expires: \_\_\_\_\_

Schedule of Exhibits to Declaration

Exhibit A . . . . . Legal Description of Condominium  
Exhibit B . . . . . Survey (Plot Plan, Floor Plans, Survey)  
Exhibit C . . . . . Schedule of Shares in Common Elements  
Exhibit D . . . . . Articles of Incorporation of Association  
Exhibit E . . . . . By Laws of Association

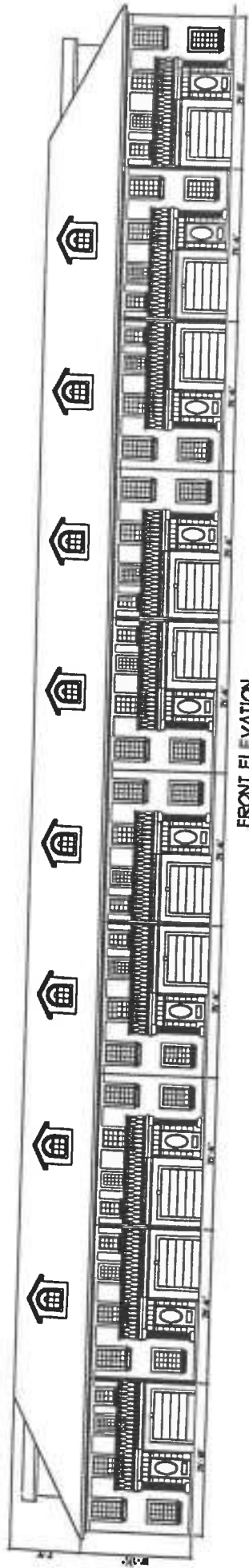
LEGAL DESCRIPTION

A PARCEL OF LAND LYING WEST OF THE INTRACOASTAL WATERWAY, WITHIN GOVERNMENT SECTION 38, TOWNSHIP 11 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

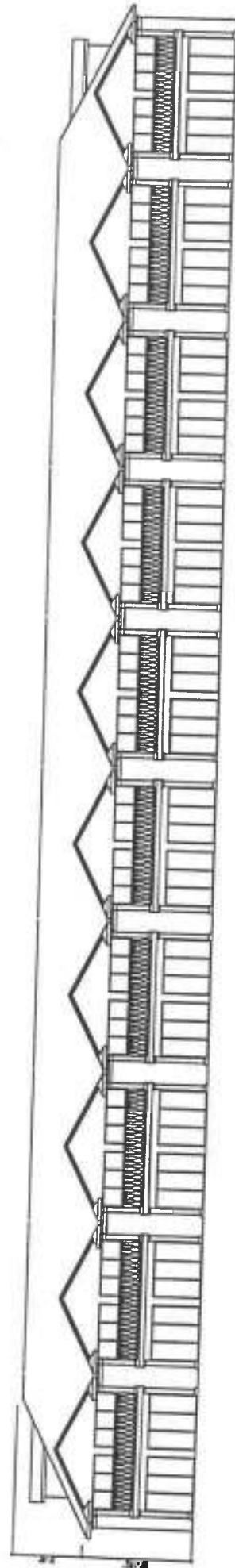
A POINT OF REFERENCE BEING THE SOUTHWEST CORNER OF SAID GOVERNMENT SECTION 38, BEAR N20°38'42"W, ALONG THE WEST LINE OF SECTION 38, A DISTANCE OF 3359.60 FEET TO A POINT ON A CURVE; THENCE ALONG SAID CURVE TO THE RIGHT, CONCAVE NORTHWESTERLY, A DISTANCE OF 254.08 FEET, SAID CURVE HAVING A DELTA ANGLE OF 17°47'37", A RADIUS OF 818.15 FEET, A CHORD BEARING OF N42°20'43"E AND A CHORD DISTANCE OF 254.06 FEET, TO A POINT ON THE NORTH LINE OF THE VACATED PLAT OF WATERWAY TRACE; AS RECORDED IN MAP BOOK 30, PAGES 33 THROUGH 35; PUBLIC RECORDS OF FLAGLER COUNTY, FLORIDA AND TO THE POINT OF BEGINNING; THENCE N56°33'06"W, DEPARTING SAID CURVE, ALONG A LINE WHICH IS RADIAL TO AFOREMENTIONED CURVE, A DISTANCE OF 50.00 FEET TO THE EAST RIGHT-OF-WAY LINE OF PALM HARBOR PARKWAY (104' R/W), SAID RIGHT-OF-WAY BEING A CURVE; THENCE ALONG CURVE TO THE RIGHT, CONCAVE NORTHWESTERLY, A DISTANCE OF 296.77 FEET, SAID CURVE HAVING A DELTA ANGLE OF 22°07'56", A RADIUS OF 768.15 FEET, A CHORD BEARING OF N22°18'27"E AND CHORD DISTANCE OF 294.95 FEET; THENCE N69°32'49"E, ALONG A NON-RADIAL LINE, DEPARTING SAID CURVE, A DISTANCE OF 258.42 FEET TO THE MEAN HIGH WATER LINE OF THE INTRACOASTAL WATERWAY (500' R/W); THENCE ALONG SAID MEAN HIGH WATER LINE, THE FOLLOWING COURSES AND DISTANCES; S17°17'06"E, A DISTANCE OF 19.98 FEET; THENCE S23°15'52"E, A DISTANCE OF 106.59 FEET; THENCE S19°49'45"E, A DISTANCE OF 230.69 FEET, TO SAID NORTH LINE OF THE VACATED PLAT OF WATERWAY TRACE; THENCE S69°32'49"W, DEPARTING MEAN HIGH WATER LINE, A DISTANCE OF 311.57 FEET TO A POINT OF CURVE WHICH IS NON-RADIAL TO THE AFOREMENTIONED LINE; THENCE ALONG SAID CURVE TO THE RIGHT, CONCAVE SOUTHERLY, A DISTANCE OF 114.96 FEET, HAVING A DELTA ANGLE OF 131°44'04", A RADIUS OF 50.00 FEET, A CHORD BEARING OF N80°40'51"W AND A CHORD DISTANCE OF 91.26 FEET, TO A LINE WHICH IS NON-RADIAL TO SAID CURVE; THENCE N56°33'06"W, A DISTANCE OF 68.28 FEET TO THE POINT OF BEGINNING.

CONTAINING 2.9835 ACRES ±

EXHIBIT "A"



FRONT ELEVATION

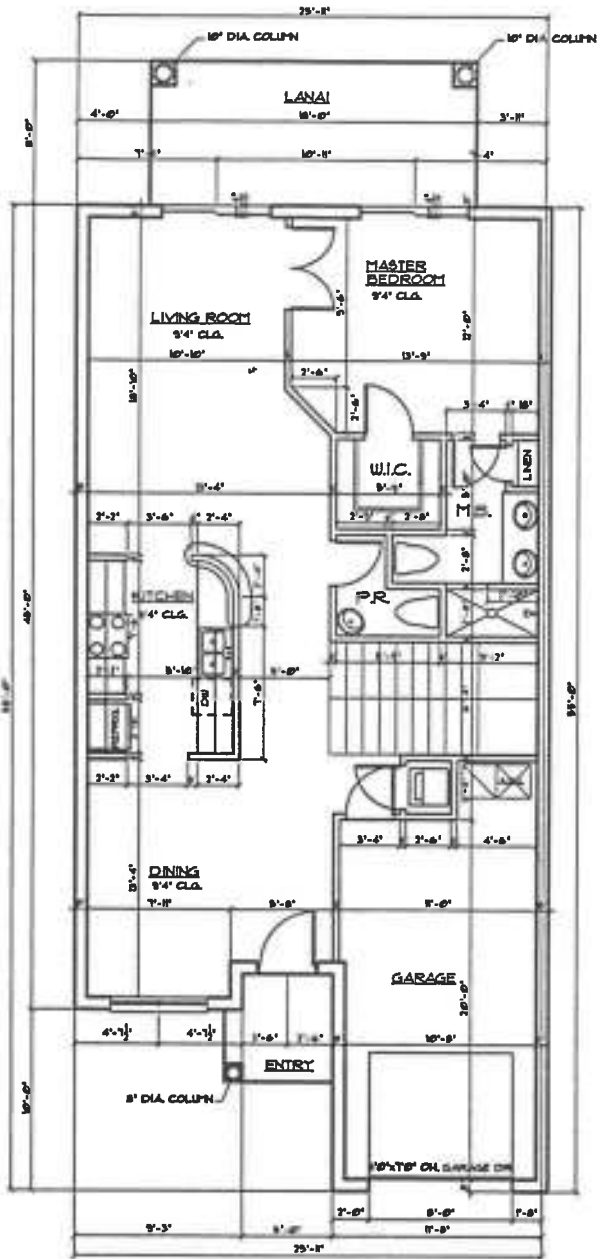


REAR ELEVATION

HARBOR SIDE VILLAGE-II  
CONDOMINIUM  
BUILDING -6  
SCALE 1/32"=1'-0"

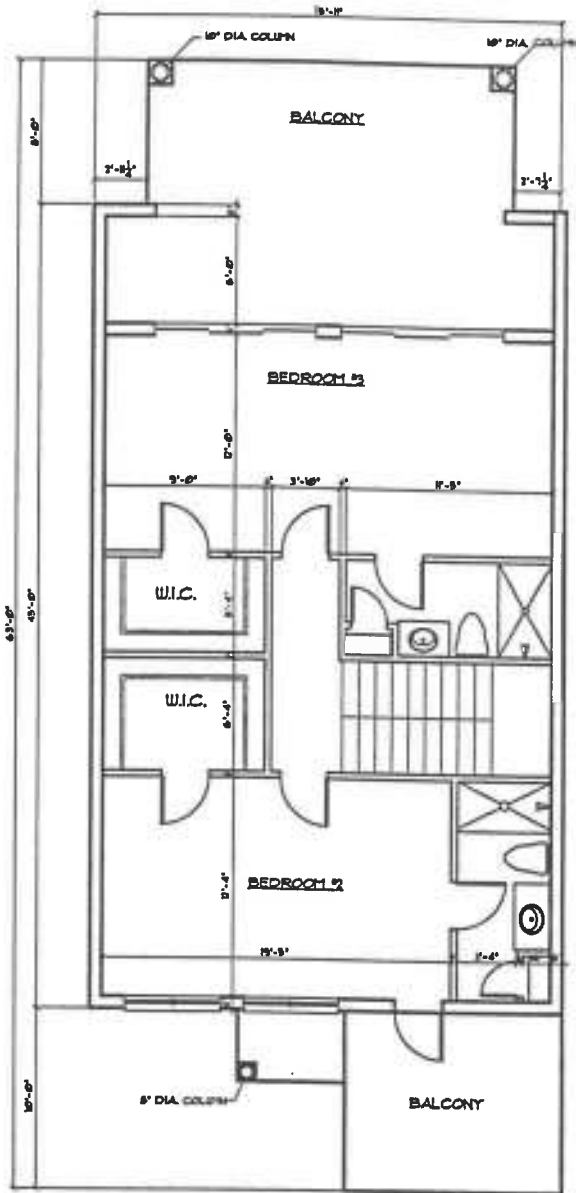
X





**FIRST FLOOR PLAN**  
**(TWO STORY UNIT)**  
 UNITS #31-40

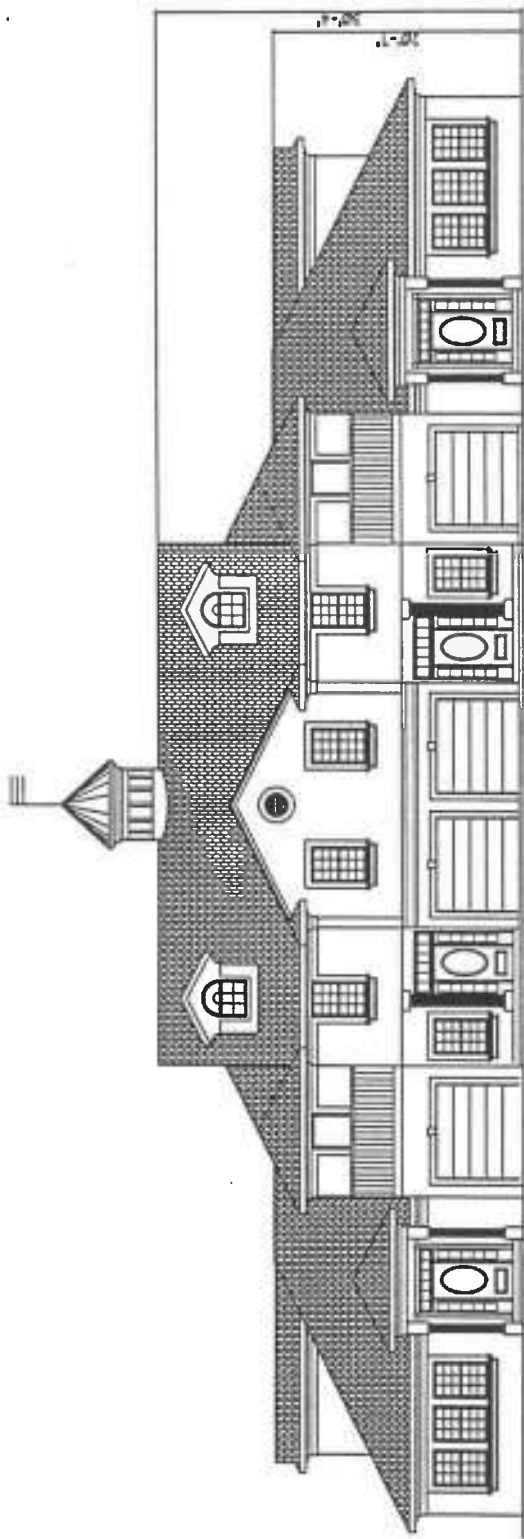
FIRST FLOOR LIVING AREA 1022.00 SQ. FT.  
 SECOND FLOOR LIVING AREA 1005.00 SQ. FT.  
 GARAGE 234.00 SQ. FT.  
 FIRST FLOOR LANAI 163.00 SQ. FT.  
 SECOND FLOOR BALCONY 442.00 SQ. FT.



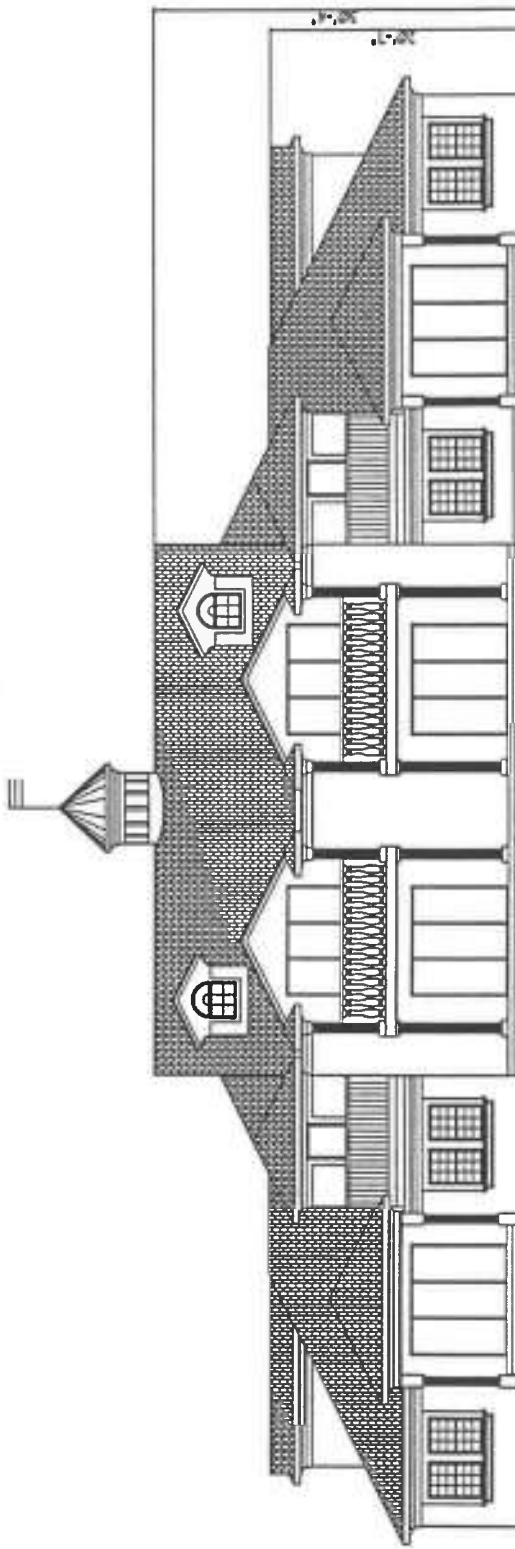
**SECOND FLOOR PLAN**  
**(TWO STORY UNIT)**  
 UNITS #31-40

**HARBOR SIDE VILLAGE-II**  
**CONDOMINIUM**  
 SCALE: 3/32" = 1'-0"

T



FRONT ELEVATION  
SCALE 1/4"

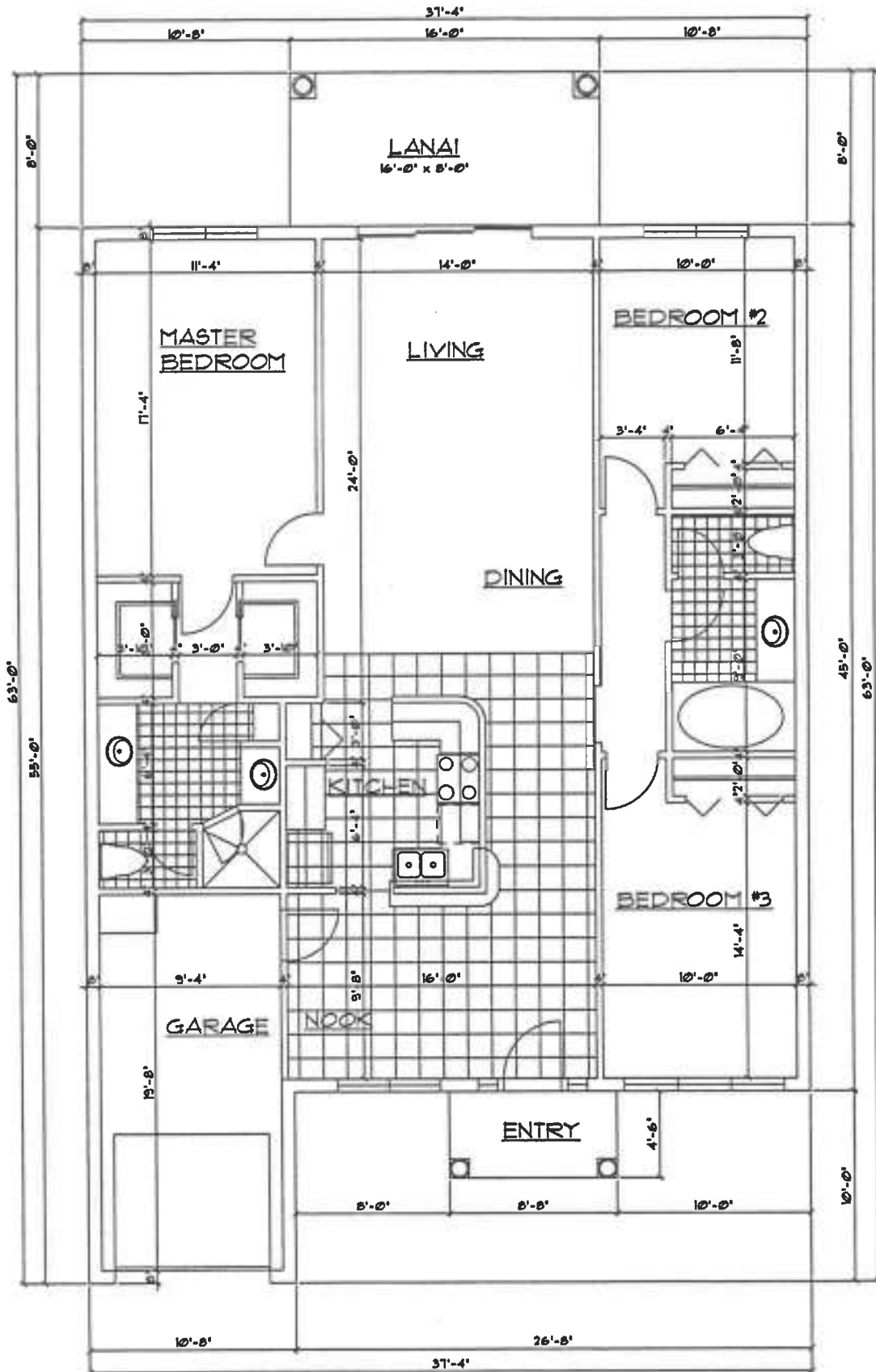


REAR ELEVATION  
SCALE 1/4"

HARBOR SIDE VILLAGE - II  
CONDOMINIUM  
BUILDING - 7

SCALE 1/4"

+



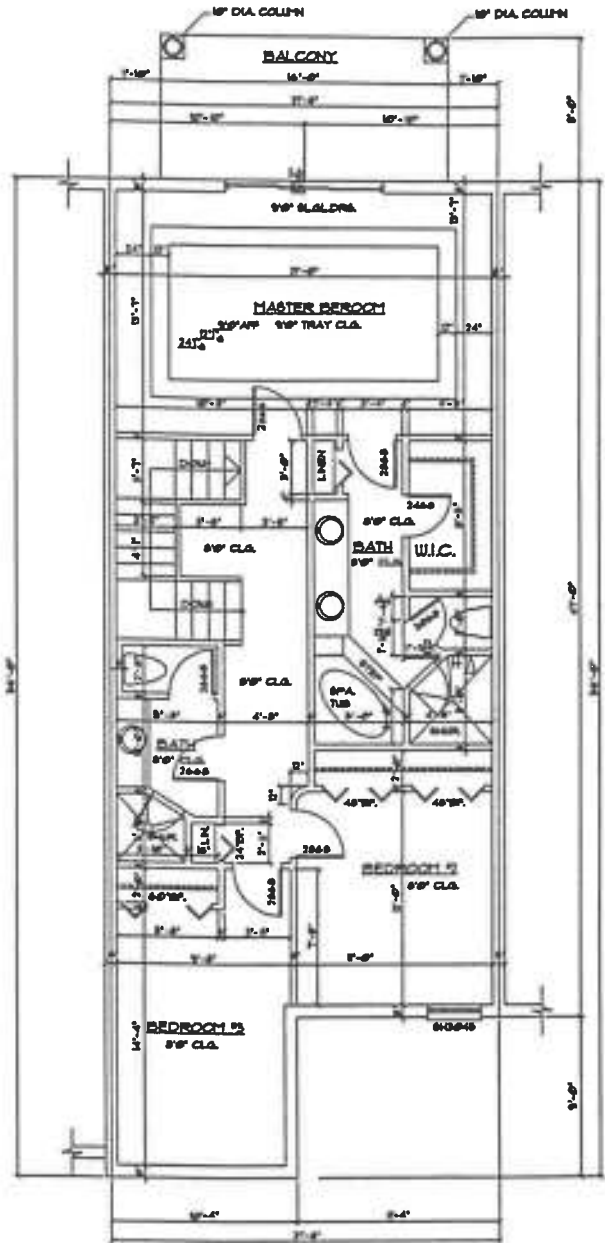
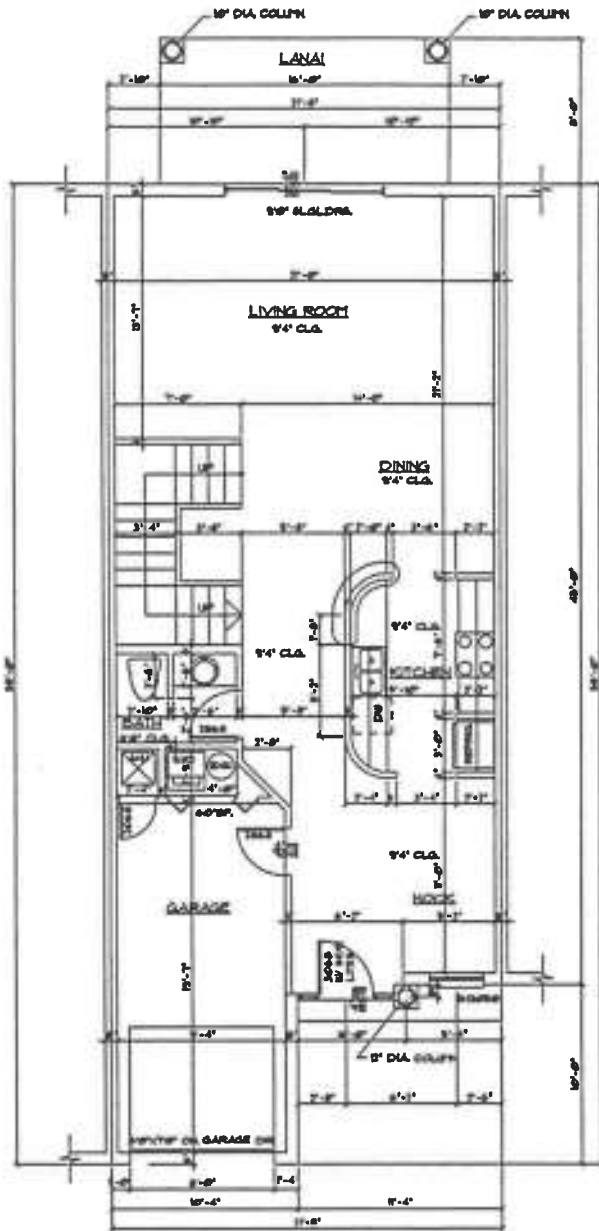
LIVING AREA  
GARAGE  
LANAI

1565 SQFT.  
203 SQFT  
144 SQFT

UNITS 41 & 44

SINGLE STORY UNIT  
HARBOR SIDE VILLAGE-II  
CONDOMINIUM  
BLDG.7  
SCALE: 1/8" = 1'-0"





FIRST FLOOR PLAN  
(TWO STORY UNIT)

TOTAL LIVING AREA 1346 SQFT.  
GARAGE 220 SQFT.

SECOND FLOOR PLAN  
(TWO STORY UNIT)

UNITS 42 & 43

HARBOR SIDE VILLAGE-II  
CONDOMINIUM  
BLDG. 7  
SCALE: 3/32"=1'-0"

X

**EXHIBIT C TO DECLARATION OF CONDOMINIUM  
FOR HARBOR SIDE VILLAGE II CONDOMINIUM**

**SHARES IN COMMON ELEMENTS AND COMMON SURPLUS**

Two (2) Buildings - 10 Units **Type A/B**: 3BR 3BA; 2376 sq.ft.\*  
                                   2 Units **Type C**: 3BR 2BA; 1966 sq.ft.\*  
                                   2 Units **Type D**: 3BR 2 1/2BA; 2197 sq.ft.\*

HARBOR SIDE VILLAGE II CONDOMINIUM	UNIT NUMBER	UNIT TYPE	NUMBER OF BEDROOMS	NUMBER OF BATHS	SHARE IN COMMON ELEMENTS /SURPLUS
Building 6	31	A/B	3	3	1/14
Building 6	32	A/B	3	3	1/14
Building 6	33	A/B	3	3	1/14
Building 6	34	A/B	3	3	1/14
Building 6	35	A/B	3	3	1/14
Building 6	36	A/B	3	3	1/14
Building 6	37	A/B	3	3	1/14
Building 6	38	A/B	3	3	1/14
Building 6	39	A/B	3	3	1/14
Building 6	40	A/B	3	3	1/14
Building 7	41	C	3	2	1/14
Building 7	44	C	3	2	1/14
Building 7	42	D	3	2 1/2	1/14
Building 7	43	D	3	2/1/2	1/14

Total Percentage of Shares in Common Elements/Surplus of Harbor Side Village Condominium Association, Inc. 100%

\*Includes Garage/Excludes Lanai & Balcony

\*A and B Types are alternate floor plans of the same square footage.

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