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DECLARATION OF CONDOMINIUM  
OF

Harbor Side Village Condominium

HARBOR VILLAGE L.L.C., a Florida corporation, hereby makes this Declaration of Condominium of Harbor Side Village 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:

Reserved for Recording Information

I. SUBMISSION STATEMENT

Harbor Village L.L.C. 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 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.

IV. DEFINITIONS

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 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 one (1) Building.
- G. "By-Laws" means the by-laws of the Association. A copy of the By-Laws is attached as Exhibit E.
- H. "Common Areas" means the real property and any improvements thereon which comprise the Common Areas (as that term defined in this Declaration).
- I. "Common Elements" means the portions of the Condominium Property, including the Land, not included in the "Condominium Units" (defined in this Declaration).
- J. "Common Expenses" means all expenses and assessments which are not included in the unit.
- K. "Condominium" means the condominium created by submitting the Land and all improvements thereon to condominium ownership pursuant to this Declaration.
- L. "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.
- M. "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).

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

O. "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.

P. "County" means Flagler County, Florida.

Q. "Declarant" means Harbor Village, L.L.C., 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.

R. "Declaration" means this document.

S. "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.

T. "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.

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

V. "Common Elements" means the real property and any improvements thereon which comprise the Common Elements within Harbor Side Village Condominium (as that term is defined in this Declaration).

W. "Operating 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 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 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.

X. "State" means the State of Florida.

#### V. DESCRIPTION OF IMPROVEMENTS

A. The Condominium contains thirty (30) Condominium Units 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 2 bedrooms/2 baths, Type A, with 1,359 square feet; and twenty (20) units of 2 bedrooms/2 baths, Type B, with 1,451 square feet.

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. Declarant reserves the right, in its sole discretion, to make material changes, alterations and modifications to the configuration and size of the Condominium Units; the appurtenances to such Condominium Units; and the Common Elements or Limited Common Elements located in a particular Building, up until such time as a Surveyor's Certificate is recorded for the Building in which such Condominium Units are located. If Declarant elects, from time to time, to do any of the foregoing, then Declarant shall have the absolute right to do so and to file among the public records of the County an appropriate amendment(s) ("Declarant's Amendment") to this Declaration,

and such amendment(s) need only be signed by Declarant alone, and need not be executed or approved by any other person, owner or mortgagee.

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.

#### 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.

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 operate other condominiums in addition to this Condominium. The Association may own and operate certain Common Areas of the Harbor Side Village 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 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 Design Review Committee, as to design and color and, in any event, Design Review Committee 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 Design Review Committee approval is requested.

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. CONVEYANCE, SALES AND MORTGAGES

In order to assure a community of congenial Condominium Unit Owners and to protect the value of the Condominium Units, the conveyance and transfer of Condominium Units shall be subject to the provisions of this Article XIV and any conveyance or transfer which is not in accordance with these provisions shall be invalid, unless subsequently approved by the Board of Directors.

A. Sale. No Condominium Unit Owner may convey, transfer, demise, or otherwise dispose of his Condominium Unit or any interest therein by sale (except to the spouse, children or parents of such Condominium Unit Owner) without approval of the Board of Directors, which approval shall be obtained in the following manner:

1. Notice to Association. Each time a Condominium Unit Owner intends to make a sale of his Condominium Unit or otherwise transfer any interest therein, said Condominium Unit Owner (the "Offeror") shall give written notice to the Association of such intention (the "Notice") together with the name and address of the intended purchaser or transferee, the terms of such purchase or transfer, a copy of the executed contract for sale (the "Proposed Contract"), and such other information as the Association may reasonably require (the "Offering"). The giving of such Notice shall constitute a warranty and representation by the Offeror to the Association and any purchaser or transferee produced by the Association, as provided in this Declaration, that the Offering is a bona fide offer in all respects. The notice shall be given by certified mail, return receipt requested, or delivered by hand to the Secretary of the Association, who shall give the Offeror a receipt therefor.

2. Association's Election. Within ten (10) days after receipt of the Notice, the Board of Directors shall either approve the Offering ("Approval") or in the instance of a sale or other transfer furnish to the Offeror by written notice (the "Substitution Notice") the name and address of a purchaser or transferee approved by the Association to accept the terms of the Offering (the "Substituted Purchaser"). The Board of Directors shall have the right to purchase the Condominium Unit in which event the Association shall be the Substituted Purchaser.

(a) The Approval shall be in writing in recordable form signed by any two (2) Directors (the "Certificate of Approval") and it shall be delivered to the Offeror and the proposed purchaser or transferee named in the Offering. Failure of the Board of Directors to grant Approval or to furnish a Substituted Purchaser within said thirty (30) days after the Notice is received shall constitute an Approval, and the Association shall be required to prepare and deliver the Certificate of Approval to the Offeror and the purchaser or transferee of the Offeror named in the Offering.

(b) If the Association furnishes the Offeror the Substitution Notice, the Offeror shall be deemed to have made the Offering to the Substituted Purchaser and accompanying the Substitution

Notice shall be a contract of sale substantially similar to the Proposed Contract, executed by the Substituted Purchaser together with a check for the contract deposit as provided therein; provided, however, that the Substituted Purchaser shall have not less than thirty (30) days subsequent to the date of the Substitution Notice to consummate the sale or transfer of the Offeror's Condominium Unit upon terms no less favorable to Offeror than those contained in the Offering. Offeror shall be obligated to execute the new contract with the Substituted Purchaser upon terms no less favorable than the terms stated in the Offering, and the Offeror shall not be relieved of such obligation except upon the written consent of the Association and the Substituted Purchaser. On or before the closing of the sale of the Condominium Unit between the Offeror and the Substituted Purchaser, the Association shall deliver its Certificate of Approval.

(c) If the Substituted Purchaser furnished by the Association pursuant to this subparagraph 2 shall default in his obligation to purchase such Condominium Unit in the manner and upon the terms set forth above, then the Association shall be required to prepare and deliver the Certificate of Approval to the Offeror and the purchaser of the Offeror named in the Offering.

(d) Notwithstanding the provisions of this Paragraph XIV.A., the Association shall not be required to furnish a Certificate of Approval or a Substituted Purchaser if the intended purchaser or transferee would not be permitted as an occupant pursuant to Occupancy and Use Restrictions set forth in Article XIII of this Declaration. No Approval shall be effective unless all past due "Assessments" (as herein defined) are paid or payment provided for to the satisfaction of the Association.

B. Acquisition by Gift, Devise or Inheritance

1. Any person who has obtained a Condominium Unit by gift, devise, inheritance or by any other method not heretofore considered (except for the spouse, parents or children of the immediately previous Condominium Unit Owner of such Condominium Unit) shall give the Association notice thereof together with such information concerning the person(s) obtaining such Condominium Unit as may be reasonably required by the Association and a certified copy of the instrument by which such Condominium Unit was obtained. If such notice is not given to the Association, then after receiving knowledge thereof the Association shall proceed in accordance with the following subparagraph 2 as if it had been given such notice on the date of receipt of such knowledge.

2. Within thirty (30) days after receipt of the notice or knowledge described above, the Board of Directors shall have the right either to approve or disapprove such transfer of title. Approval shall be by Certificate of Approval and shall be delivered to the person who has obtained such title. If the Association fails to take any action pursuant to this subparagraph within such thirty (30) day period, such failure to act shall constitute such approval and the Association shall

deliver the Certificate of Approval to the person who has obtained such title. If the Association disapproves such transfer of title, the Association shall advise in writing, within such thirty (30) day period, the person who has obtained such title of a purchaser or purchasers (which purchaser may be the Association) who will purchase the Condominium Unit at its fair market value. The fair market value of the Condominium Unit will be determined as quickly as is reasonably practicable by any one of the following methods: (a) by three (3) M.A.I. appraisers, one (1) of whom shall be selected by the proposed purchaser, one (1) by the person holding title, and one (1) by the two (2) appraisers so selected; (b) by mutual agreement of the purchaser and the person holding title; or (c) by one (1) M.A.I. appraiser mutually agreed upon by the purchaser and the person holding title. All costs for such appraisal shall be paid by the purchaser. The purchase price shall be paid in cash and the sale closed within thirty (30) days after the determination of the purchase price. Simultaneously upon notification to the person holding title that the Association has a purchaser, the person holding title and such purchaser shall execute a contract providing for the acquisition of such Condominium Unit in accordance with the terms of this Declaration. If the person holding title refuses to execute or comply with such contract, the Association shall have the right to dispossess such person, his family members, guests or lessees from the Condominium Unit with or without legal notice and with or without the institution of any legal proceedings whatsoever.

3. If the purchaser furnished by the Association pursuant to the subparagraph immediately preceding shall default in his obligation to purchase such Condominium Unit in the manner aforescribed, then the Association shall be required to approve the transfer of title to the person then holding title thereof and shall issue and deliver the Certificate of Approval.

C. Rights of Institutional Mortgagee in Event of Foreclosure. Any Institutional Mortgagee (as defined in this Declaration), upon becoming the owner of a Condominium Unit, is not required to have its ownership of a Condominium Unit approved by the Association, and it is also free from the other restrictions of Paragraphs A and B of this Article XIV. A purchaser of a Condominium Unit from an Institutional Mortgagee does not require the Association's approval as to its ownership of such Condominium Unit.

D. Transfer Fee. The Association shall have the right to charge any Owner other than Declarant, an Institutional Mortgagee intending to sell or otherwise transfer or mortgage his Condominium Unit, or any person acquiring a Condominium Unit by gift, acquisition or inheritance, a transfer fee of Fifty Dollars (\$50.00) in connection with its review and approval functions as set forth in this Article XIV, which amount shall be payable upon such person giving the Association notice as required herein. If a higher transfer fee is permitted by Florida law, the transfer fee charged by the Association may be raised by the Board from time to time.

E. There shall be no restrictions as to leasing either by the unit owners or the Declarant.

XV. 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 Design Review Committee.

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 Design Review Committee 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 Design Review Committee, and, in any event, Design Review Committee 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 Design Review Committee 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 Design Review Committee, 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.

XVI. 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 above period, Declarant will pay all Common Expenses not payable by assessments assessed against Condominium Unit Owners other than 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 above period, and commencing with such date Declarant will pay any such Assessments quarterly for any of the Condominium Units owned by Declarant.

#### XVII. 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 maintain adequate fidelity coverage to protect against dishonest acts of all persons who control or disburse funds of the Association as permitted under the Act. Such coverage shall be in the form of Fidelity Bonds which meet the following requirements unless one or more of such requirements are waived in writing by all "Eligible Mortgagees" (as the term is defined in Article XXVIII of this Declaration): (i) such bonds shall name the Association as an obligee; (ii) such bonds shall be written in an amount equal to the maximum funds that will be in the custody of the association or its management agent at any one time, if any; and (iii) such bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

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

#### XVIII. 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 acknowledgement 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 Design Review Committee 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 Design Review Committee 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.

#### XIX. 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, 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.

#### XX. MULTI-CONDOMINIUM

The developer reserves the right to create a multi-condominium. If created, the formula for determining the fractional or percentage shares of liability for the common expenses of the association and the ownership of the common surplus of the association to be allocated to the units in each condominium to be operated by the association shall be a fraction of the whole, the numerator of which is the number 1 and the denominator of which is to be the total number of the units in all condominiums operated by the association. The association may operate more than one condominium and the provisions for the participation of a multi-condominium are described as follows: the formula for apportionment of the assets and liabilities, common surplus and common expenses and the use of the recreational facilities or amenities in common with other unit owners shall be a fraction of the whole, the numerator of which is the number 1 and the denominator of which is to be the total number of the units in all condominiums operated by the association. The developer reserves the right to add additional facilities or amenities to the condominium project.

Each unit owner will have a right to personally cast his or her own vote in all matters voted on including the election of directors and in

other multicondominium association affairs when a vote of the owners is taken.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

XXI. 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.

XXII. 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.

XXIII. 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 assess reasonable fines as set forth in the By-Laws and to enforce any of the provisions of the Declaration, By-Laws, and Rules.

#### XXIV. 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.

#### XXV. 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, and a true copy of such amendment shall be mailed by the Association to Declarant and to all Eligible Mortgagees. Such Amendments shall become effective upon the recording of the Certificate in the public records of Flagler County, Florida; but such certificate shall not be recorded until thirty (30) days after the mailing of a copy thereof to Declarant and all Eligible Mortgagees, unless such thirty (30) day period is waived in writing by Declarant and all Eligible Mortgages.

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 the 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.

**XXVI. 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.

**XXVII. 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 Residential Property 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.

**XXVIII. 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.

**XXIX. 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.

### XXX. 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, Declarant has caused these presents to be signed in its name and on its behalf by its President this 27th day of March, 2001.

Witnesses:

DECLARANT:

HARBOR VILLAGE L.L.C.

By: HARBOR SIDE DEVELOPMENT CORP.,  
Florida corporation,  
Managing Member

Robin Mancuso  
\_\_\_\_\_

By: Peter Roehr  
Peter Roehr, Its President

JOINED IN BY:

Harbor Side Village Condominium  
Association, Inc.

Robin Mancuso  
\_\_\_\_\_

By: John Yamnitz  
John Yamnitz, President

Attest: Anthony Yamnitz  
Anthony Yamnitz, Secretary

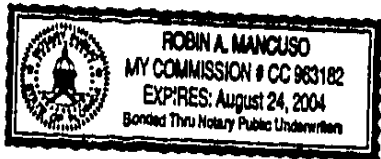
[CORPORATE SEAL]

STATE OF FLORIDA )  
COUNTY OF FLAGLER )

The foregoing instrument was acknowledged before me this 27th day of March 2001, by John Yamnitz and Anthony Yamnitz, President and Secretary, respectively, of Harbor Side Village Condominium Association, Inc.

Robin A. Mancuso  
NOTARY PUBLIC  
My Commission Expires:

[SEAL]



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

JOINDER BY MORTGAGEE

OFF REC 0746 PAGE 1012

SOUTHTRUST BANK, A Federal Association, as the holder of a Mortgage recorded in O.R. Book 704, Page 341, of the Public Records of Flagler County, Florida, encumbering the lands described in the foregoing Declaration of Harbor Side Village I Condominium (the "Declaration"), joins in the filing of the Declaration as Mortgagee for the limited and sole purpose of consenting to execution and recording of the Declaration.

Signed, sealed and delivered  
in the presence of:

SOUTHTRUST BANK, a  
Federal Association

Kelley Grose  
Printed Name: Kelley Grose

By: James A. Battles  
Name: JAMES A. BATTLES  
Title: Vice President

Bonnie B. Shaffer  
Printed Name: Bonnie B. Shaffer

STATE OF FLORIDA  
COUNTY OF Volusia

The foregoing Joinder was acknowledged before me this 7<sup>th</sup> day of May, 2001, by James A. Battles as \_\_\_\_\_ of SOUTHTRUST BANK, a Federal Association. He/She is personally known to me or has produced \_\_\_\_\_ as identification.



Kelley Grose  
Printed Name:  
Notary Public - State of Florida  
My Commission Expires:  
My Commission Number:

Doc Stamp-Deed : 1505.00  
SYD CR JY FLAGLER County  
By: V. [Signature] D.C. Time: 09:40:17

PREPARED BY/RETURN TO:  
CHIUMENTO & EMERY, P.A.  
FILE NO. 348.000685 (KD)  
4 Old Kings Road North, Suite B, Palm Coast, Florida  
32137

OFF REC 0704 PAGE 0341

OFF REC 0746 PAGE 1013

Property Appraisers Parcel Identification Number(s):  
38-11-31-0000-01020-0020  
Grantee(s) S.S #'s:

SPACE ABOVE THIS LINE FOR RECORDING DATA

**THIS CORPORATE WARRANTY DEED** Made and executed the 4th day of August, 2000, by **HARBOR SIDE DEVELOPMENT CORP.**, a Florida corporation, and having its principal place of business at 22 Lakeside Place East, Palm Coast, FL 32137 hereinafter called the Grantor, to **HARBOR VILLAGE, LLC** a Florida limited liability company whose post office address is 1009 A1A Beach Blvd., St. Augustine, FL 32084 hereinafter called the grantee:

(Wherever used herein the terms "grantor" and "grantee" include all the parties to this instrument, singular and plural, the heirs, legal representatives and assigns of individuals, and the successors and assigns of corporations, wherever the context so admits or requires.)

**WITNESSETH:** That the said grantor, for and in consideration of the sum of \$10.00 and other valuable considerations, receipt whereof is hereby acknowledged, by these presents does grant, bargain, sell, alien, remise, release, convey and confirm unto the grantee all that certain land situate in Flagler County, State of Florida, viz:

See attached Exhibit "A"

**SUBJECT TO** taxes for the year 2000 and subsequent years. Restrictions, Covenants, Easements, Dedications, Reservations, Resolutions and Conditions of record, if any. Balances due on utility assessments, if any.

**TOGETHER**, with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

**TO HAVE AND TO HOLD**, the same in fee simple forever.

**AND** the grantor hereby covenants with said grantee that it is lawfully seized of said land in fee simple; that it has good right and lawful authority to sell and convey said land; that it hereby fully warrants the title to said land and will defend the same against the lawful claims of all persons whomsoever; and that said land is free of all encumbrances, except taxes accruing subsequent to December 31, 1999.

**FURTHER SUBJECT TO:** restrictions, reservations, covenants and easements of record, if any, however this reference shall not operate to reimpose same.

**EXHIBIT A**

IN WITNESS WHEREOF the said grantor has caused these presents to be executed in its name, and its corporate seal to be hereunto affixed, by its proper officers thereunto duly authorized, the day and year first above written.

Signed, sealed and delivered in the presence of:

HARBOR SIDE DEVELOPMENT CORP., a Florida corporation

[Signature]  
PRINTED NAME: Michael Chumacero  
(Witness to Grantor)

BY: [Signature]  
Ing Claus Peter Roehr, President

[Signature]  
PRINTED NAME: Kelly Devore  
(Witness to Grantor)

[CORPORATE SEAL]  
OFF REC 0746 PAGE 1014

STATE OF Florida  
COUNTY OF Alachua

I hereby certify that on this day, before me, an officer duly authorized to administer oaths and take acknowledgments, personally appeared, Ing Claus Peter Roehr, known to me to be the President and respectively of HARBOR SIDE DEVELOPMENT CORP., a Florida corporation, the corporation in whose name the foregoing instrument was executed, and that he/she severally acknowledged executing the same for such corporation, freely and voluntarily, under the authority duly vested in them by said corporation, and that the seal affixed thereto is the true corporate seal of said corporation, that I relied upon the following form of identification of the above named person: personally known and that an oath (was) (was not) taken.

Witness my hand and official seal in the County and State last aforesaid this 4th day of August 2000

[NOTARY SEAL]

[Signature]  
NOTARY PUBLIC

My Commission Number/Expires

Printed Name of Notary Public

Kelly Devore  
My Commission CC799157  
Expires December 23 2002

Kelly Devore  
My Commission CC799157  
Expires December 23 2002

The following Legal Description prepared by Clyde W. Roesch, Palm Coast Engineering and Design Services, Inc. 5 Hargrove Grade, Palm Coast, Florida.

Date; March 19, 1996.

Parcel 180, near ICWW bridge.

DESCRIPTION:

A parcel of land lying West of the waters of the Intra-coastal Waterway in 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, thence North  $20^{\circ}30'45''$  West along the West line of Section 38 a distance of 4574.58 feet to a point on the southerly right-of-way line of Palm Coast Parkway AKA Hammock Dunes Parkway (200'R/W), said point being on a curve, thence northeasterly 167.84 feet along the arc of a curve to the right (concave southeasterly) having a central angle of  $09^{\circ}11'40''$ , a radius of 1045.92 feet, a chord Bearing of North  $30^{\circ}07'33''$  East and a chord distance of 167.66 feet to a point on the easterly right-of-way line of Palm Harbor Parkway said point being the POINT OF BEGINNING of this description, thence continue along said curve 428.61 feet along the arc of a curve to the right (concave southerly) having a central angle of  $23^{\circ}28'46''$ , a radius of 1045.92 feet, a chord Bearing of North  $46^{\circ}27'46''$  East and a chord distance of 425.62 feet to a point on the West right-of-way line of the Intra-coastal Waterway being a point of tangency, thence North  $59^{\circ}09'36''$  East a distance of 149.30 feet more or less to a point on the Mean High Water Line of the Intra-coastal Waterway, thence southerly along said High Water Line having the following closing line South  $19^{\circ}05'36''$  East a distance of 269.49 feet, thence departing said Mean High Water Line South  $60^{\circ}00'16''$  West a distance of 129.17 feet more or less to a point on the West right-of-way line of said Intra-coastal Waterway being a point on a curve, thence northwesterly 521.46 feet along the arc of a curve to the left (concave southwesterly) having a central angle of  $38^{\circ}53'45''$ , a radius of 768.15 feet, a chord Bearing of North  $38^{\circ}40'44''$  West and a chord distance of 511.51 feet to a point of tangency, thence North  $58^{\circ}07'36''$  West along the East right-of-way line of Palm Harbor Parkway a distance of 370.25 feet to the POINT OF BEGINNING.

Reserving an easement for ingress and egress being the westerly seventy (70) feet of the southerly fifty (50) feet of the above described Parcel.

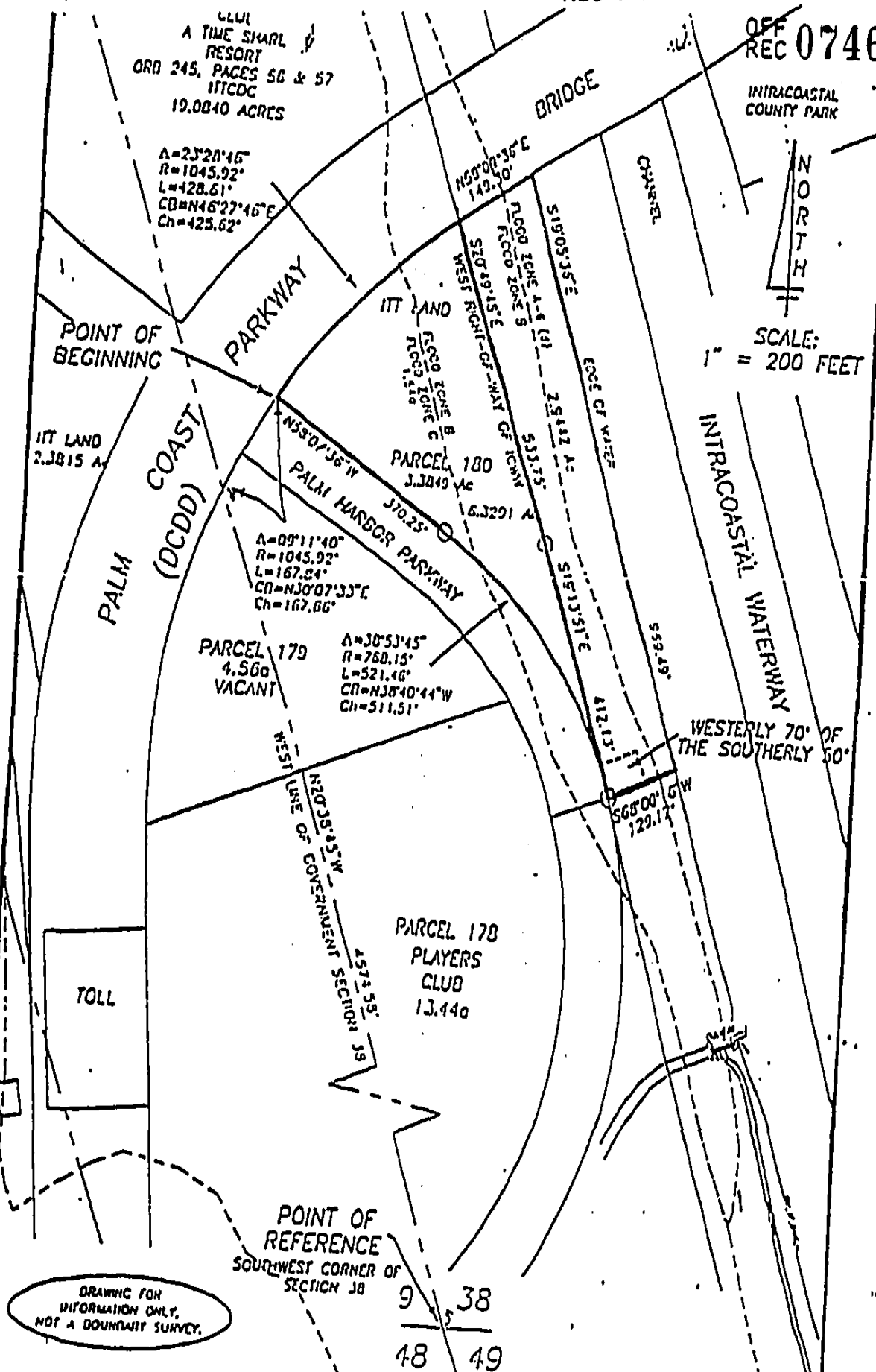
Subject to a perpetual easement to the United States of America for the right-of-way of the Intra-coastal Waterway (500'R/W), recorded in Map Book 4, Pages 1 through 19 of the Public Records of Flagler County, Florida.

The above description is accompanied by an attached drawing titled "SKETCH OF LEGAL DESCRIPTION".

Parcel containing 6.3291 acres more or less, (includes 2.9442 acres within the right-of-way of the Intra-coastal Waterway).

Bearings refer to the Transverse Mercator Grid System of the East Zone of Florida and locally referenced to the West line of Government Section 38, Township 11 South, Range 31 East, being North  $20^{\circ}30'45''$  West.

OFF REC 0676 PAGE 0449



DRAWING FOR INFORMATION ONLY, NOT A BOUNDARY SURVEY.

SKETCH OF LEGAL DESCRIPTION

A PARCEL OF LAND LYING WITHIN GOVERNMENT SECTION 38, TOWNSHIP 11 SOUTH, RANGE 31 EAST, FLAGLER COUNTY, FLORIDA.

03/17/98 LWT/ROSL/DWC

EXHIBIT "A" SHEET OF PARCEL 180

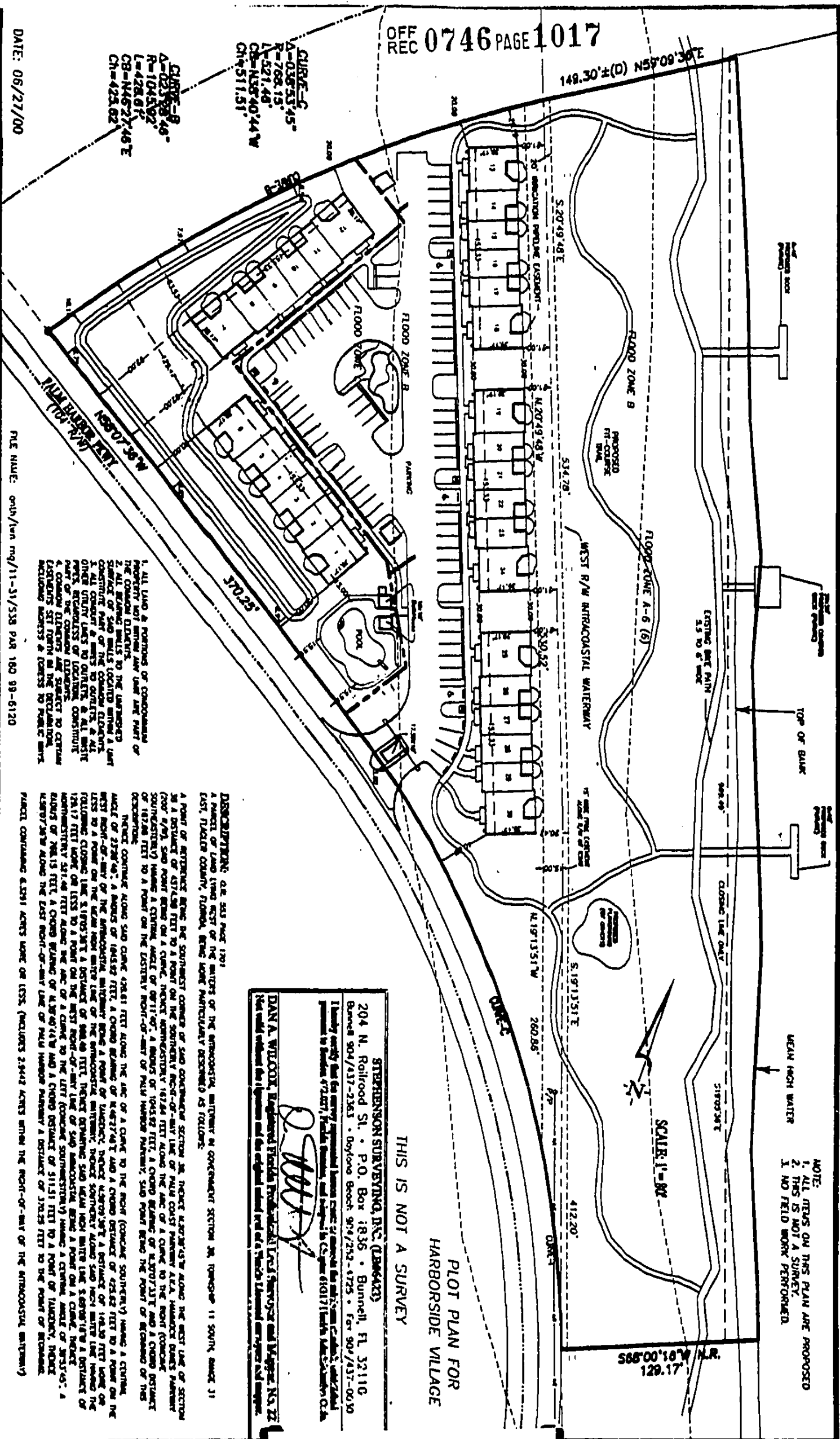
149.30±(D) N59°09'36"E

CURVE-C  
A=036°53'45"  
R=768.15'  
L=521.46'  
CB=N59°40'44"W  
CH=511.51'

CURVE-B  
A=023°28'46"  
R=1045.92'  
L=428.81'  
CB=N46°27'46"E  
CH=425.82'

DATE: 06/27/00

FILE NAME: only/turn mg/11-31/538 PAR 160 98-6120



NOTE:  
1. ALL NOTES ON THIS PLAN ARE PROPOSED  
2. THIS IS NOT A SURVEY.  
3. NO FIELD WORK PERFORMED.

SCALE 1"=80'

THIS IS NOT A SURVEY  
PLOT PLAN FOR  
HARBORSIDE VILLAGE

DAN A. WILCOX, Registered Florida Professional Land Surveyor and Mapper, No. 22  
 (Not valid without the license and the original sealed copy of a Florida Licensed Surveyor and Mapper.)

STEPHENSON SURVEYING, INC. (LW64203)  
 204 N. Railroad St. • P.O. Box 1836 • Bunnell, FL 32110  
 Bureau 904/437-2363 • Daytona Beach 904/252-4725 • Fax 904/337-0650

I hereby certify that this survey complies with the provisions of the Florida Statutes, Chapter 403, and the Florida Board of Professional Land Surveyors and Mappers, and that I am a duly Licensed Surveyor and Mapper in the State of Florida.

DAN A. WILCOX

DESCRIPTION: Q.R. 5453 PAGE 1701  
 A PARCEL OF LAND LYING WEST OF THE MITERS OF THE AIRPORTSIA WATERWAY IN GOVERNMENT SECTION 28, RANGE 09-11 SOUTH, RANGE 31 EAST, PALM BEACH COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

1. ALL LAND & PORTIONS OF CONDOMINIUM PROPERTY NOT SHOWN AND NOT PART OF THE COMMON ELEMENTS.
2. ALL BUILDINGS LOCATED WITHIN A UNIT OR PORTION OF A UNIT.
3. ALL COMMON ELEMENTS, INCLUDING BUT NOT LIMITED TO: ROADS, DRIVEWAYS, SIDEWALKS, STAIRS, ELEVATORS, HALLWAYS, LIFTS, AND OTHER COMMON AREAS.
4. COMMON ELEMENTS ARE SUBJECT TO CERTAIN EASEMENTS SET FORTH IN THE DECLARATION INCLUDING EASEMENTS TO PUBLIC UTILITIES.

A POINT OF BEGINNING BEING THE SOUTHWEST CORNER OF SAID GOVERNMENT SECTION 28, BEARING N20°49'48" W ALONG THE WEST LINE OF SECTION 28 A DISTANCE OF 517.46 FEET TO A POINT ON THE SOUTHWEST RIGHT-OF-WAY LINE OF PALM COAST PARKWAY AKA HARBOUR BAYS PARKWAY (200' W/2) SAID POINT BEING ON A CURVE, BEARING S08°17'46" W ALONG THE ARC OF SAID CURVE SOUTHWESTERLY BEARING A CURVE ANGLE OF 08°17'46", A RADIUS OF 1045.92 FEET, A CHORD BEARING OF N46°27'46" E AND A CHORD DISTANCE OF 428.81 FEET TO A POINT ON THE EASTERN RIGHT-OF-WAY OF PALM HARBOR PARKWAY, SAID POINT BEING THE POINT OF BEGINNING OF THIS DESCRIBED PARCEL.

THENCE CONTINUE ALONG SAID CURVE 428.81 FEET ALONG THE ARC OF A CURVE TO THE SOUTH (CONCAVE SOUTHWESTERLY) BEARING A CURVE ANGLE OF 023°28'46", A RADIUS OF 1045.92 FEET, A CHORD BEARING OF N46°27'46" E AND A CHORD DISTANCE OF 425.82 FEET TO A POINT ON THE WEST RIGHT-OF-WAY OF THE AIRPORTSIA WATERWAY BEING A POINT OF BEGINNING OF THIS DESCRIBED PARCEL.

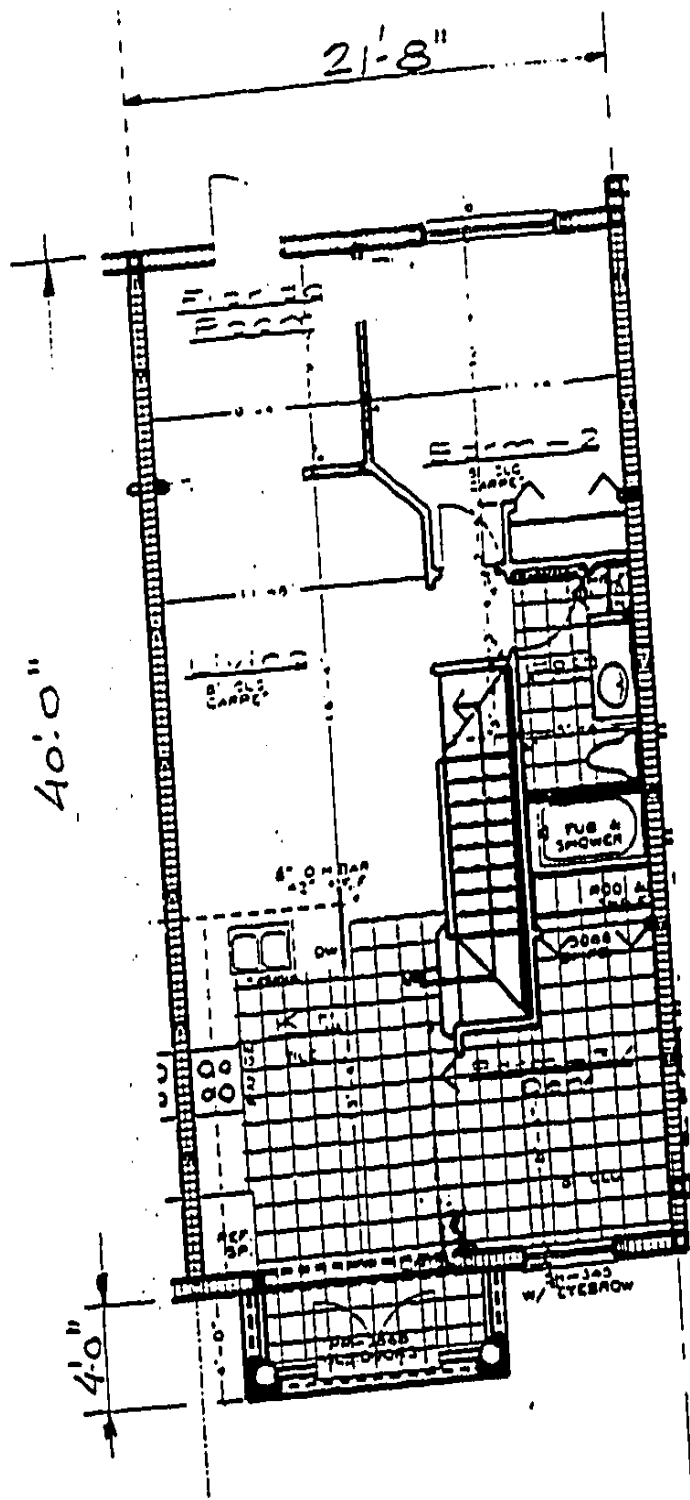
THENCE ALONG SAID RIGHT-OF-WAY LINE OF THE AIRPORTSIA WATERWAY BEING A POINT OF BEGINNING OF THIS DESCRIBED PARCEL THE FOLLOWING CLOSING LINE BEARING N59°40'44" W ALONG THE WEST LINE OF SECTION 28 A DISTANCE OF 511.51 FEET TO A POINT ON THE WEST RIGHT-OF-WAY OF PALM HARBOR PARKWAY, SAID POINT BEING THE POINT OF BEGINNING OF THIS DESCRIBED PARCEL.

THENCE CONTINUE ALONG SAID CURVE 521.46 FEET ALONG THE ARC OF A CURVE TO THE SOUTH (CONCAVE SOUTHWESTERLY) BEARING A CURVE ANGLE OF 52°14'46", A RADIUS OF 768.15 FEET, A CHORD BEARING OF N59°40'44" W AND A CHORD DISTANCE OF 511.51 FEET TO A POINT OF BEGINNING OF THIS DESCRIBED PARCEL.

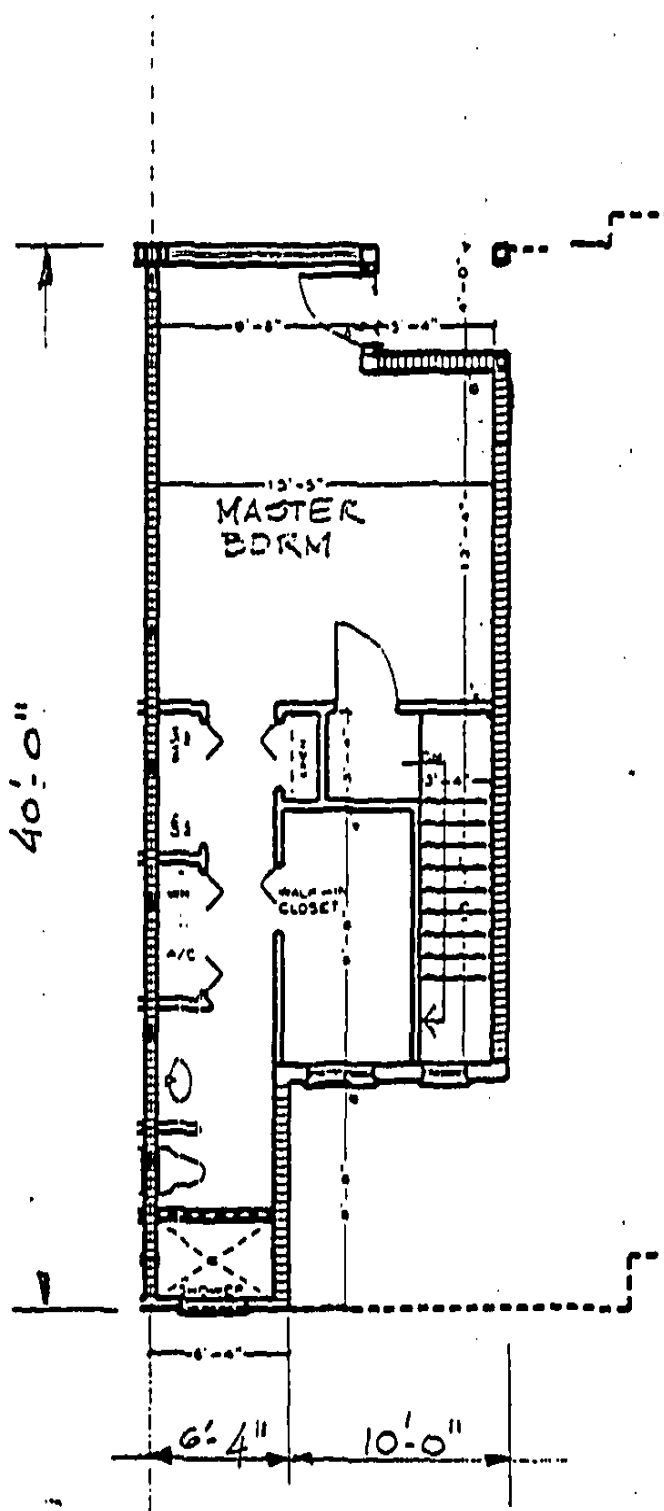
THENCE CONTINUE ALONG SAID CURVE 425.82 FEET ALONG THE ARC OF A CURVE TO THE SOUTH (CONCAVE SOUTHWESTERLY) BEARING A CURVE ANGLE OF 023°28'46", A RADIUS OF 1045.92 FEET, A CHORD BEARING OF N46°27'46" E AND A CHORD DISTANCE OF 425.82 FEET TO A POINT ON THE WEST RIGHT-OF-WAY OF THE AIRPORTSIA WATERWAY BEING A POINT OF BEGINNING OF THIS DESCRIBED PARCEL.

EXHIBIT B

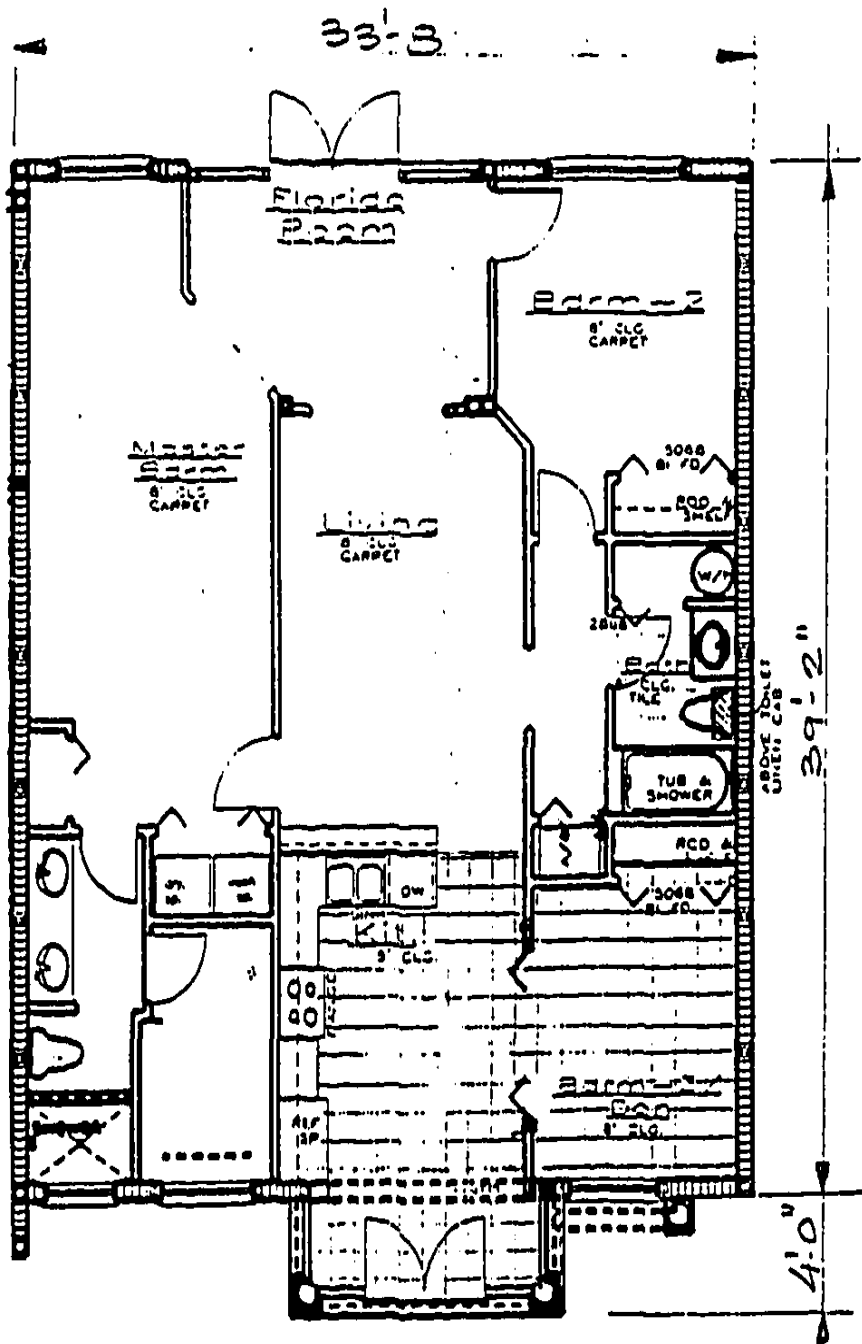




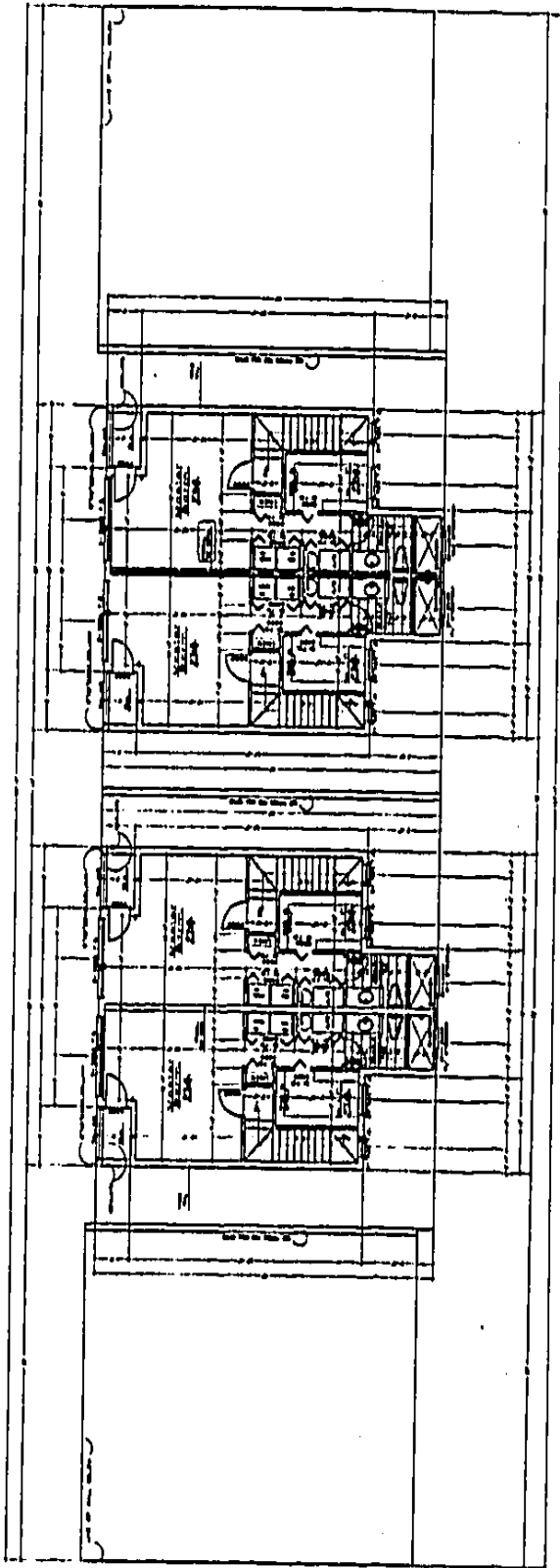
DOWNSTAIRS INTERIOR UNIT FLOOR PLAN



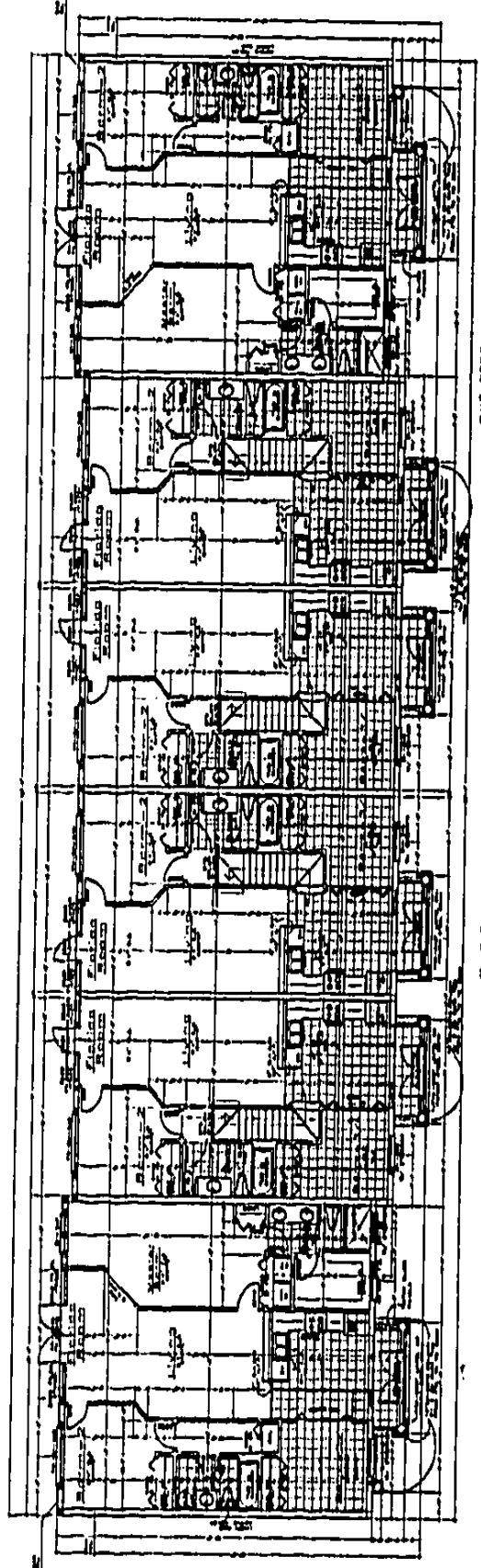
UPPER LEVEL INTERIOR FLOOR PLAN



END UNIT FLOOR PLAN

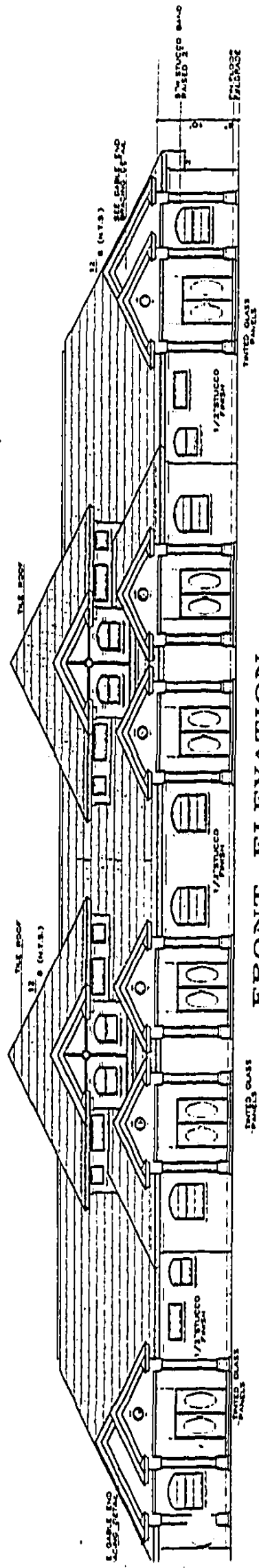


UPPER FLOOR PLAN

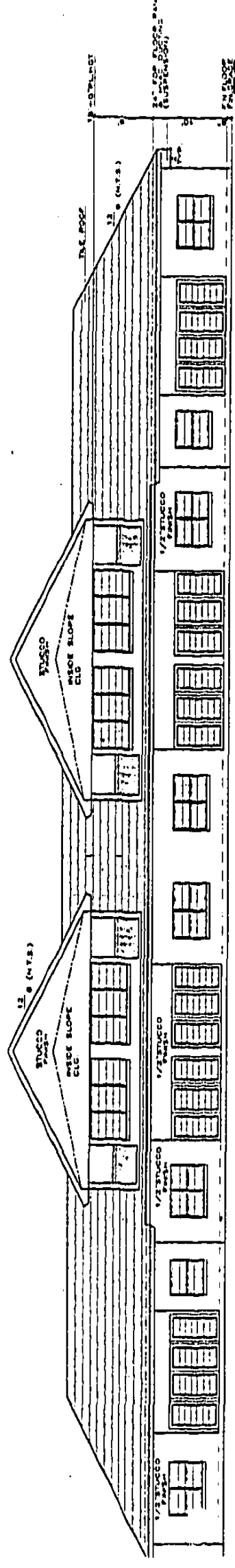


LOWER FLOOR PLAN

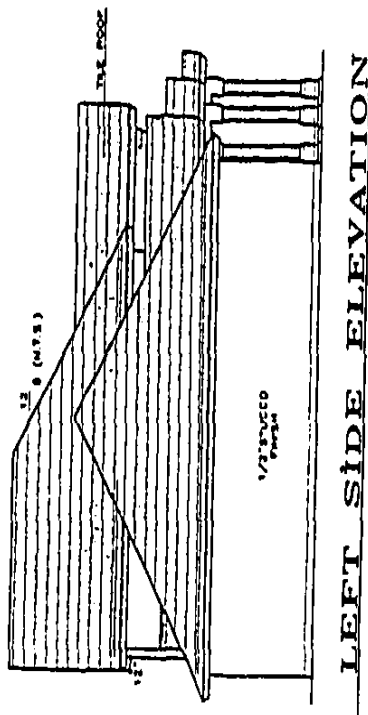
ONE STORY UNITS = 1289 SQ. FT.  
TWO STORY UNITS = 817 SQ. FT.  
FIRST FLOOR = 817 SQ. FT.  
TWO STORY UNIT TOTAL = 1481 SQ. FT.



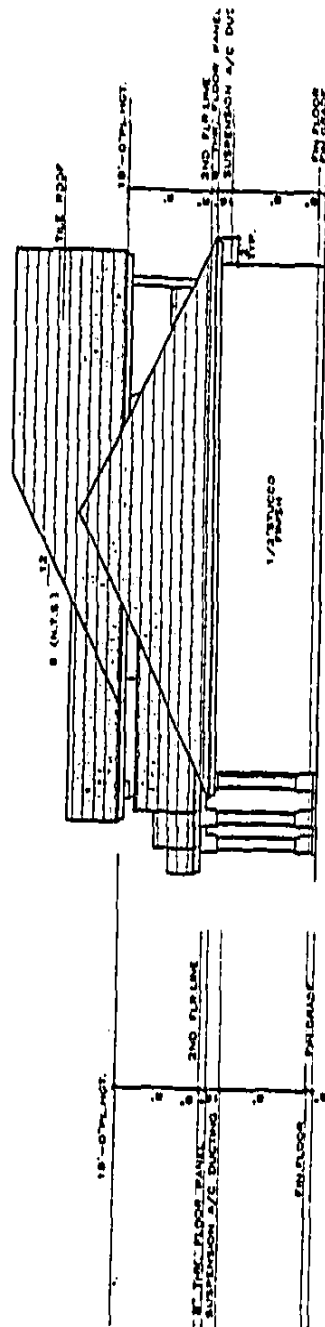
FRONT ELEVATION



REAR ELEVATION



LEFT SIDE ELEVATION



RIGHT SIDE ELEVATION

SHARES IN COMMON ELEMENTS AND COMMON SURPLUS

REC 0746 PAGE 102A

HARBOR SIDE VILLAGE CONDOMINIUM	UNIT NUMBER	UNIT TYPE	NUMBER OF BEDROOMS	NUMBER OF BATHS	SHARE IN COMMON ELEMENTS /SURPLUS
Building 1	1	A	2	2	1/30
Building 1	2	B	2	2	1/30
Building 1	3	B	2	2	1/30
Building 1	4	B	2	2	1/30
Building 1	5	B	2	2	1/30
Building 1	6	A	2	2	1/30
Building 2	7	A	2	2	1/30
Building 2	8	B	2	2	1/30
Building 2	9	B	2	2	1/30
Building 2	10	B	2	2	1/30
Building 2	11	B	2	2	1/30
Building 2	12	A	2	2	1/30
Building 3	13	A	2	2	1/30
Building 3	14	B	2	2	1/30
Building 3	15	B	2	2	1/30
Building 3	16	B	2	2	1/30
Building 3	17	B	2	2	1/30
Building 3	18	A	2	2	1/30
Building 4	19	A	2	2	1/30
Building 4	20	B	2	2	1/30
Building 4	21	B	2	2	1/30
Building 4	22	B	2	2	1/30
Building 4	23	B	2	2	1/30
Building 4	24	A	2	2	1/30
Building 5	25	A	2	2	1/30
Building 5	26	B	2	2	1/30
Building 5	27	B	2	2	1/30
Building 5	28	B	2	2	1/30
Building 5	29	B	2	2	1/30
Building 5	30	A	2	2	1/30

Total Percentage of Shares in Common Elements/Surplus 100%

EXHIBIT C



OFF  
REC 0746 PAGE 1025

FLORIDA DEPARTMENT OF STATE  
Katherine Harris  
Secretary of State

March 27, 2001

CSC NETWORKS  
1201 HAYS STREET  
TALLAHASSEE, FL 32301

The Articles of Incorporation for HARBOR SIDE VILLAGE CONDOMINIUM ASSOCIATION, INC. were filed on March 26, 2001 and assigned document number N01000002107. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

**PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.**

A CORPORATION ANNUAL REPORT/UNIFORM BUSINESS REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT/UNIFORM BUSINESS REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT/UNIFORM BUSINESS REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT/UNIFORM BUSINESS REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT/UNIFORM BUSINESS REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

Claretha Golden, Document Specialist  
New Filings Section

Letter Number: 001A00018180

Account number: 072100000032

Amount charged: 78.75

**EXHIBIT D**

Division of Corporations - P.O. BOX 6327 -Tallahassee, Florida 32314



# State of Florida

OFF REC 0746 PAGE 1026



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of HARBOR SIDE VILLAGE CONDOMINIUM ASSOCIATION, INC., a Florida corporation, filed on March 26, 2001, as shown by the records of this office.

The document number of this corporation is N01000002107.

Given under my hand and the  
Great Seal of the State of Florida  
at Tallahassee, the Capitol, this the  
Twenty-seventh day of March, 2001



CR2EO22 (1-99)

*Katherine Harris*

Katherine Harris  
Secretary of State

FILED

2001 MAR 26 PM 3:37

ARTICLES OF INCORPORATION  
OF  
HARBOR SIDE VILLAGE CONDOMINIUM ASSOCIATION, INC.  
(A Florida Corporation Not For Profit)

SECRETARY OF STATE  
TALLAHASSEE FLORIDA

In order to form a corporation not for profit under and in accordance with Chapters 617 and 718 of the Florida Statutes, the undersigned hereby associate into a corporation for the purpose and with the powers hereinafter set forth, and to that end, do, by these Articles of Incorporation, certify and set forth the following:

EXPLANATION OF TERMINOLOGY

A. The terms contained in these Articles of Incorporation which are contained in the Condominium Act, Chapter 718, Florida Statutes, as amended prior to the date of execution of these Articles, shall have the meaning of such terms set forth in such Act. All terms which are defined in the Declarations of Condominium for those condominiums administered by Association (the "Declarations") shall be used herein with the same meanings as defined in said Declarations.

B. "Association" as used herein shall mean the Harbor Side Village Condominium Association, Inc., a Florida corporation not for profit, the corporation formed by these Articles, its successors or assigns.

ARTICLE I  
NAME

The name of this Association shall be the HARBOR SIDE VILLAGE CONDOMINIUM ASSOCIATION, INC., whose present address is 22 Lakeside Place East, Palm Coast, Florida, 32137.

ARTICLE II  
PURPOSE OF ASSOCIATION

The purpose for which the Association is organized is to provide an entity pursuant to the Florida Condominium Act (the "Act"), as it exists on the date hereof, for the operation of one or more condominiums (the "Condominium(s)") which will be a part of the Harbor Side Village Condominium. It is intended that the maximum number of Condominium Units that may ultimately be operated by the Association is thirty (30).

ARTICLE III  
POWERS

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The Association shall have the following powers which shall be governed by the following provisions:

1. The Association shall have all of the common law and statutory powers of a corporation not for profit which are not in conflict with the terms of the condominium documents or the Act.

2. The Association shall have all of the powers of a condominium association under the Act and shall have all of the powers reasonably necessary to implement the purposes of the Association, including, but not limited to, the following:

(a) to make, establish and enforce reasonable rules and regulations governing the use of Condominium Units, Common Elements and each Condominium Property;

(b) to make, levy, collect and enforce Assessments against Condominium Unit Owners to provide funds to pay for the expenses of the Association, the maintenance, operation and management of each Condominium, in the manner provided in the condominium documents and the Act and to use and expend the proceeds of such Assessments in the exercise of the powers and duties of the Association;

(c) to collect the Common Expenses of each Condominium administered by the Association;

(d) to collect each Condominium's share of Operating Expenses of the Master Owner's Association;

(e) to maintain, repair, replace and operate each Condominium Property in accordance with the condominium documents and the Act;

(f) to reconstruct improvements of each Condominium Property in the event of casualty or other loss;

(g) to enforce by legal means the provisions of the condominium documents;

(h) to employ personnel, retain independent contractors and professional personnel, and enter into service contracts to provide for the maintenance, operation and management of each Condominium Property and to enter into any other agreements consistent with the purposes of the Association;

(i) to acquire, own, mortgage, and convey real and personal property and to take such other reasonable actions in that regard; and

(j) to carry out its duties and obligations under the condominium documents.

3. All funds and the titles to all properties acquired by the Association and their proceeds shall be held for the benefit and use of the members in accordance with the provisions of the Declarations, these Articles and the By-Laws.

4. The Association shall make no distribution of income to its members, Directors or officers, and upon dissolution, all assets of the Association shall be transferred only to another non-profit corporation or a public agency, except in the event of a termination of all Condominiums.

5. The powers of the Association shall be subject to and shall be exercised in accordance with the provisions hereof and of the Declarations, the By-Laws and the Act.

#### ARTICLE IV MEMBERS

The qualification of members, the manner of their admission to membership in the Association, the manner of the termination of such membership and voting by members shall be as follows:

1. Until such time as the first Harbor Side Village Condominium is submitted to condominium ownership by the recordation of a Declaration in the Public Records of Flagler County, Florida, the members of this Association shall be comprised solely of Declarant.

2. After the first Harbor Side Village Condominium shall be submitted to the condominium form of ownership by the recordation of a Declaration, the Condominium Unit Owners, which in the first instance shall mean Declarant as the owner of all the Condominium Units, shall be entitled to exercise all of the rights and privileges of members.

3. Except as to Declarant, who shall be a member as long as it shall own a Unit, membership in the Association shall be established by the acquisition of ownership of fee title to a Condominium Unit in a Condominium as evidenced by the recording of an instrument of conveyance in the Public Records of Flagler County, whereupon, the membership in the Association of the prior owner thereof, if any, shall terminate as to that Condominium Unit.

New members shall deliver a true copy of the recorded deed or other instrument of acquisition of title to the Association.

4. No member may assign, hypothecate or transfer in any manner his membership in the Association or his share in the funds and assets of the Association except as an appurtenance to his Condominium Unit.

5. Each Condominium Unit shall be entitled to one (1) vote, which vote shall be exercised and cast in accordance with the Declaration and the By-Laws.

6. The following provisions shall govern the right of each member to vote and the manner of exercising such right:

(a) If there is more than one (1) Condominium Unit Owner with respect to a Condominium Unit as a result of the fee interest in such Condominium Unit being held by more than one (1) person, such Condominium Unit Owners, collectively, shall be entitled to only one (1) vote determined in the manner set forth by the Declaration;

(b) The members shall elect the Board of Directors in the manner provided in Article IX of these Articles;

(c) The President or the person designated by the President in writing shall serve as the "Voting Member" of the Condominium.

ARTICLE V  
TERM

The term for which this Association is to exist shall be perpetual.

ARTICLE VI  
INCORPORATOR

The Incorporator of the Association is Harbor Village, L.L.C. whose address is 22 Lakeside Place East, Palm Coast, Florida 32137.

ARTICLE VII  
OFFICERS

A. The affairs of the Association shall be managed by a President, one (1) or more Vice Presidents, a Secretary and a Treasurer and, if elected by the Board of Directors, an Assistant

Secretary and an Assistant Treasurer, which officers shall be subject to the directions of the Board of Directors.

B. The Board of Directors shall elect the President, a Vice President, the Secretary, the Treasurer and as many other Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall from time to time determine appropriate. Such officers shall be elected annually by the Board of Directors at the first meeting of the Board of Directors; provided, however, such officers may be removed by such Board of Directors, and other persons may be elected by the Board of Directors as such officers in the manner provided in the By-Laws. The President shall be a Director of the Association, but no other officer need be a Director. The same person may hold two (2) offices; provided, however, the offices of President and Vice President shall not be held by the same person, nor shall the same person hold the office of President who holds the office of Secretary, Assistant Secretary, or Treasurer.

ARTICLE VIII  
FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board of Directors are as follows:

President	-	John Yamnitz
Vice President	-	Peter Roehr
Secretary	-	Anthony Yamnitz
Treasurer	-	Gail Taylor

ARTICLE IX  
BOARD OF DIRECTORS

A. The number of Directors on the first Board of Directors of Directors (the "First Board") and the "Initial Elected Board" (as hereinafter defined) shall initially be three (3). After the "Majority Election Meeting" (as that term is hereinafter defined), the Board of Directors shall have the right to increase the number of Directors to seven (7).

B. The names and addresses of the persons who are to serve as the First Board are as follows:

John Yamnitz	-	1009 Beach Blvd. St. Augustine, FL 32084
Peter Roehr	-	22 Lakeside Place East Palm Coast, FL 32137
Anthony Yamnitz	-	1009 Beach Blvd. St. Augustine, FL 32084

Declarant reserves the right to designate successor Directors to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Within seventy-five (75) days after Condominium Unit Owners other than Declarant ("Purchaser Members") shall own fifteen percent (15%) or more of the Condominium Units ultimately intended to be operated by the Association, the Purchaser Members shall be entitled to elect one-third (1/3) of the Board of Directors, which election shall take place at a special meeting (the "Initial Election Meeting") to be called by the Board of Directors, notice of which shall be given not less than sixty (60) days after the conveyance to Purchaser Members of fifteen percent (15%) of the Condominium Units ultimately intended to be operated by the Association. Declarant shall designate the remaining Directors on the Board of Directors. The Director to be so elected by the Purchaser Members and the Directors to be designated by Declarant are hereinafter collectively referred to as the "Initial Elected Board". The Initial Elected Board shall succeed the First Board upon their election and designation. Subject to the provisions of Paragraph D herein, the Initial Elected Board shall serve until the next annual members' meeting, at which time one-third (1/3) of the Board shall be elected by the Purchaser Members and the remaining Directors shall be designated by Declarant. Directors shall continue to be so elected and designated at each subsequent annual members' meeting until such time as the Purchaser Members are entitled to elect not less than a majority of the Directors. Declarant reserves the right, until such time as the Purchaser Members are entitled to elect not less than a majority of the Directors, to designate successor Directors to fill any vacancies caused by the resignation or removal of Directors designated by Declarant pursuant to this Paragraph C.

D. Purchaser Members shall be entitled to elect not less than a majority of the Board of Directors in the event of any of the following, whichever shall first occur (the "Majority Election Event"):

1. Three (3) years after fifty percent (50%) of the Condominium Units ultimately intended to be operated by the Association have been conveyed to Purchaser Members as evidenced by the recording of instruments of conveyance amongst the Public Records of the County; or

2. Three (3) months after ninety percent (90%) of the Condominium Units ultimately intended to be operated by the Association have been conveyed to Purchaser Members as evidenced by the recording of instruments of conveyance amongst the Public Records of the County; or

3. After all of the Condominium Units ultimately intended to be operated by the Association have been sold and none of the others are being offered for sale by Declarant in the ordinary course of business; or

4. After some of the Condominium Units ultimately intended to be operated by the Association have been conveyed and none of the others are being constructed by Declarant in the ordinary course of business; or

5. Seven (7) years after the Declaration of Condominium has been recorded with the Public Records of the County; or, seven (7) years in the case of a phase condominium being operated by an association created pursuant to §718.403 after recordation creating the initial phase.

6. When Declarant, as Declarant has the right to do at any time, upon written notice to the Association, relinquishes its right to designate a majority of the Board of Directors.

E. The election of not less than a majority of Directors by the Purchaser Members shall occur at a special meeting (the "Majority Election Meeting") to be called by the Board of Directors, notice of which shall be given within sixty (60) days of the Majority Election Event.

F. The Initial Election Meeting and Majority Election Meeting shall be called by the Board of Directors by written notice given to all members in accordance with the By-Laws; provided, however, that the members shall be given at least sixty (60) days notice of such meeting. The notice shall also specify the number of Directors which shall be elected by the Purchaser Members and the number of Directors to be designated by Declarant.

G. Declarant shall cause all of its designated Directors to resign ("Declarant's Resignation Event") when Declarant no longer holds for sale five percent (5%) of the Total Condominium Units ultimately intended to be operated by the Association. If Declarant's Resignation Event shall occur after the Majority Election Meeting, then upon the occurrence of the Declarant's Resignation Event, the Directors elected by Purchaser Members shall appoint a successor Director to fill the vacancy caused by the resignation or removal of Declarant's designated Director. Such successor Director shall serve until the next annual members' meeting, at which time the members shall elect his successor. If, upon the occurrence of the Declarant's Resignation Event, the Majority Election Meeting has not occurred, the remaining Purchaser Director shall call the Majority Election Meeting in accordance with the By-Laws and the Act at which all of the Directors shall be elected by the Purchaser Members.



H. At each annual members' meeting held subsequent to the Declarant's Resignation Event, the Directors shall be elected by the members.

I. Upon the resignation of a Director who has been elected or designated by Declarant or the resignation of an officer of the Association who has been elected by the First Board or the Initial Elected Board, the Association shall be deemed to have remised, released, acquitted, satisfied and forever discharged such officer or Director of and from all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity, which the Association or Purchaser Members had, now have, or which any personal representative, successor, heir or assign of the Association or Purchaser Members hereafter can, shall or may have against said officer or Director for, upon, or by reason of any matter, cause or thing whatsoever, relating to his actions as such officer or Director, excepting only willful misconduct or gross negligence, from the beginning of the world to the day of such resignation. Members of the Board of Directors designated by the Declarant do not have to be members of the Association.

#### ARTICLE X INDEMNIFICATION

Every Director and every officer of the Association (and the Directors and officers as a group) shall be indemnified by the Association against all expenses and liabilities, including counsel fees (at all trial and appellate levels or if no litigation or proceeding has been instituted) reasonably incurred by or imposed upon him or them in connection with any proceeding, litigation, claim or settlement to which he may be made a party by reason of his being or having been a Director or officer of the Association; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement. The foregoing provisions for indemnification shall apply whether or not he is a Director or officer at the time such expenses and liabilities are incurred. If in such litigation, proceeding, claim, or settlement a Director or officer admits or is adjudged guilty of willful misfeasance or malfeasance or gross negligence in the performance of his duties, the indemnification provisions of these Articles shall not apply. Otherwise, the foregoing rights to indemnification shall be in addition to and not exclusive of any and all right of indemnification to which a Director or officer may be entitled whether by statute or common law.

ARTICLE XI  
BY-LAWS

OFF REC 0746 PAGE 1035

The By-Laws of the Association shall be adopted by the First Board of Directors, and thereafter may be altered, amended or rescinded in the manner provided for in the By-Laws and the Act.

ARTICLE XII  
AMENDMENTS

A. Prior to recording the first Declaration of the Harbor Side Village Condominium among the Public Records of the County, these Articles may be amended only by an instrument in writing signed by all of the Directors and filed in the Office of the Secretary of State of Florida. The instrument amending these Articles shall identify the particular Article or Articles being amended and give the exact language of such amendment, and a certified copy of each such amendment shall always be attached to any certified copy of these Articles and shall be an exhibit to the first Declaration of the Harbor Side Village Condominium upon the recording of such Declaration.

B. After recording the first Declaration in the Harbor Side Village Condominium among the Public Records of the County, these Articles may be amended by any of the following methods:

1. The proposed amendment shall be adopted by the affirmative vote of a majority of the votes of all members at an annual members meeting or special meeting of the members. Any number of amendments may be submitted to the members and voted upon by them at one meeting; or

2. An amendment may be adopted by a written statement signed by a majority of all members setting forth their consent to the amendment.

C. No amendment may be made to these Articles which shall in any manner reduce, amend, affect or modify the terms, conditions, provisions, rights and obligations set forth in a Declaration.

D. A copy of each amendment shall be certified by the Secretary of State of Florida and recorded among the Public Records of the County.

E. No amendment may be made to these Articles which shall abridge, amend or alter the rights of Declarant, including the right to designate and select the Directors as provided in Article IX hereof, or the provisions of this Article XII, without the prior written consent of Declarant.

F. Notwithstanding the foregoing provisions of this Article XII, the Board of Directors may amend these Articles without a vote of the members to correct a scrivener's error thereon.

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SECRETARY OF STATE  
TALLAHASSEE FLORIDA

ARTICLE XIII  
CONFLICT

In the event of any conflict between the provisions of these Articles and the provisions of the Declarations the provisions of the Declarations shall prevail. In the event of any conflict between the provisions of these Articles and the provisions of the By-Laws, the provisions of these Articles shall prevail.

ARTICLE XIV  
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial registered office of the Association is 4B Old Kings Road North, Palm Coast, Florida 32137 and the initial registered agent of the Association at that address shall be Michael D. Chiumento.

IN WITNESS WHEREOF, the Incorporator has caused these Articles of Incorporation to be executed this 15th day of March, 2008.

HARBOR VILLAGE, LLC, a Florida  
limited liability company

By: HARBOR SIDE DEVELOPMENT CORP.,  
a Florida Corporation, Managing  
Member

By: [Signature]  
Peter Roehr, Its President

The undersigned hereby accepts the designation of Registered Agent of Harbor Side Village Condominium Association Inc., as set forth in Article XIV of these Articles.

[Signature]  
MICHAEL D. CHIUMENTO  
CHIUMENTO & ASSOCIATES, P.A.

STATE OF FLORIDA )  
 ) SS:  
COUNTY OF FLAGLER )

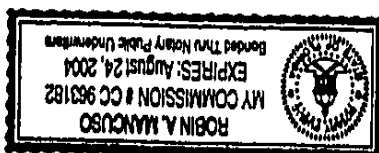
I HEREBY CERTIFY that on this 15th day of March, 2001, before me, a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared Peter Roehr, as Manager of Harbor Village, L.L.C., the Incorporator of the Harbor Side Village Condominium Association, Inc., and who executed the foregoing Articles of Incorporation; and he acknowledged before me that he executed the same for the purposes therein expressed. Peter Roehr is known to me and did not take an oath.

*Robin A. Mancuso*

NOTARY PUBLIC

[SEAL]

My Commission Expires:



STATE OF FLORIDA )  
 ) SS:  
COUNTY OF FLAGLER )

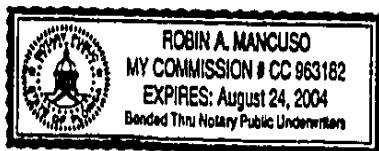
I HEREBY CERTIFY that on this 21st day of March, 2001, before me, a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared MICHAEL D. CHIUMENTO, to me known to be the person described as Initial Registered Agent of the Harbor Side Village Condominium Association, Inc., and who executed the foregoing acceptance; and he acknowledged before me that he executed the same for the purposes therein expressed.

*Robin A. Mancuso*

NOTARY PUBLIC

[SEAL]

My Commission Expires:



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HARBOR SIDE VILLAGE CONDOMINIUM ASSOCIATION, INC.  
(A Florida Corporation Not For Profit)

**Section 1. Identification of Association**

These are the By-Laws of the Harbor Side Village Condominium Association, Inc., hereinafter referred to as the "Association", as duly adopted by its Board of Directors. The Association is a corporation not for profit, organized pursuant to and under Chapters 617 and 718 of the Florida Statutes for the purpose of administering multiple condominiums located in Flagler County, Florida.

1.1 The present office of the Association shall be located at 22 Lakeside Place East, Palm Coast, Florida 32137, and thereafter may be located at any place in the County designated by the Board of Directors of the Association.

1.2 The fiscal year of the Association shall be the calendar year, or as otherwise determined by the Board of Directors.

1.3 The seal of the Association shall bear the name of the Association, the word "Florida", and the words "Corporation Not For Profit".

**Section 2. Explanation of Terminology**

The terms defined in the Declaration of Condominium of each Condominium administered by the Association are incorporated herein by reference.

**Section 3. Membership in the Association,  
Members' Meetings, Voting and Proxies**

3.1 The qualification of members, the manner of their admission to membership in the Association and the manner of the termination of such membership shall be as set forth in Article IV of the Articles.

3.2 The members shall meet annually at the office of the Association or such other place in the County on the first Monday of June, commencing with the year 2001; provided, however, that said date may be changed by resolution of the Board of Directors so long as the annual members meeting for any year shall be held not later than thirteen (13) months after the last preceding annual members meeting. The purpose of the annual members meeting shall be to hear reports of the officers, elect members of the Board of Directors (subject to the provisions of Article IX of the Articles) and to transact any other business authorized to be transacted by the members.

3.3 Special meetings of the members shall be held at any place within the County, whenever called by the President, a Vice President or a majority of the Board of Directors. A special meeting must be called by the President or a Vice President upon receipt of a written request from one-third (1/3) of the members. Special meetings shall be called by the President or a Vice President upon receipt of written notice from the Association of a meeting of the members thereof.

3.4 Written notice of any meeting (whether an annual members meeting or a special meeting of the members) shall be mailed to each member entitled to vote at his last known address as it appears on the books of the Association. Written notice of an annual members meeting shall be mailed to each member (in the manner required by the Act and any amendments thereto in effect at the time of mailing) not less than fourteen (14) days prior to the date of the annual members meeting. Written notice of a special meeting of the members shall be mailed not less than fourteen (14) days prior to the date of such special meeting. Proof of mailing shall be given by the affidavit of the person giving the notice. The notice shall state the time and place of such meeting and the object for which the meeting is called and shall be signed by the Secretary or acting Secretary of the Association. Notice of the annual members meeting shall be posted at a conspicuous place on each Condominium Property at least fourteen (14) continuous days prior to an annual members meeting. If a meeting of the members, whether a special meeting or an annual members meeting, is one which, by express provision of the Act or Condominium Documents, there is permitted or required a greater or lesser amount of time for the mailing or posting of notice than is required or permitted by the provisions of this Section 3.4, then the aforesaid express provision shall govern. Notice of any special meeting shall set forth the purpose of such special meeting. Notice of any meeting may be waived in writing by any member before, during or after a meeting.

3.5 The members may, at the discretion of the Board of Directors, act by written consent in lieu of a special meeting, provided written notice of the matter or matters to be voted upon is given to each member at the addresses and within the time periods set forth in Section 3.4 herein or duly waived in accordance with such Section. The decision of the majority of the members as to the matter or matters to be voted upon (as evidenced by written consent requested in the notice) shall be binding on the members. The notice shall set forth a time period during which time a response must be made by the members.

3.6 A quorum of the members shall consist of persons entitled to cast a majority of the votes of the entire membership and decisions shall be made by owners of a majority of the Condominium Units represented at a meeting at which a quorum is present. When a quorum is present at any meeting and the jurisdiction of such

meeting is challenged, the holders of a majority of the vote present in person or by "Proxy", as hereinafter defined, shall decide the question. However, if the question is one which, by express provisions of the Act or the Condominium Documents, requires a vote other than the majority vote of a quorum, then such express provision shall govern and control the required vote on such question.

3.7 If a meeting of the members cannot be held because a quorum is not in attendance, the members who are present, either in person or by Proxy, may adjourn the meeting from time to time until a quorum is present. If a meeting is adjourned because of the lack of a quorum, the notice provisions for the adjournment shall, subject to the Act, be as determined by the Board of Directors.

3.8 Minutes of all meetings of the members shall be kept in a businesslike manner and be available for inspection by the members and Directors at all reasonable times and upon reasonable notice. The Association shall retain minutes for at least seven (7) years subsequent to the date of the meeting.

3.9 Voting rights of members shall be as stated in the Declaration and Articles. Such votes may be cast in person, by Proxy or by "Voting Certificate" (as defined in the Declaration). Proxy is defined to mean an instrument containing the appointment of a person who is substituted by a member to vote for him and in the members place and stead. Proxies shall be in writing and shall be valid only for the particular meeting designated therein and any adjournments thereof if so stated. A Proxy must set forth the name of the person voting by Proxy, his Condominium Unit number, the name of the person authorized to vote the Proxy for him, and the date the Proxy was given. A Proxy must be filed with the Secretary of the Association before the appointed time of the meeting in order to be effective. Any Proxy may be revoked prior to the time a vote is cast according to such Proxy.

3.10 At any time prior to a vote upon any matter at a meeting of the members any member may demand the use of a secret written ballot for voting on such matter. The Chairman of the meeting shall call for the nomination and election of Inspectors of Election to collect and tally written ballots upon the completion of balloting.

3.11 Cumulative voting shall not be permitted.

#### **Section 4. Board of Directors; Director's Meetings**

4.1 The Association shall be administered by a Board of not less than three (3) Directors, subject to the increase as set forth in Article IX of the Articles.

4.2 The provisions of the Articles setting forth the selection, election, designation and removal of Directors are hereby incorporated herein by reference.

4.3 Subject to Section 4.5 below and to Declarant's rights as set forth in the Articles and as set forth in Section 4.5(c) below, vacancies in the Board of Directors shall be filled by persons appointed by the remaining Directors. Any such person shall be a Director and have all of the rights, privileges, duties and obligations as a Director elected at an Annual members meeting and shall serve for the term prescribed in Section 4.4 of these By-Laws.

4.4 The term of each Director shall extend until the next annual members meeting at which his term expires as provided in Article IX of the Articles, and until his successor is duly elected and qualified, or until he is removed in the manner elsewhere provided herein.

4.5 (a) A Director elected by the Purchase Members may be removed from office upon the affirmative vote or the agreement in writing of a majority of the Purchaser Members at a special meeting of the Purchaser Members with or without cause. A meeting of Purchaser Members to so remove a Director elected by them shall be held, subject to the notice provisions of Section 3.4 hereof, upon the written request of ten percent (10%) of the Purchaser Members. However, before any such Director is removed from office, he shall be notified in writing prior to the meeting at which a motion will be made to remove him that such a motion will be made, and such Director shall be given an opportunity to be heard at such meeting should he be present prior to the vote on his removal.

(b) Purchaser Members shall elect, at a special meeting of the members or at an annual members meeting, persons to fill vacancies on the Board of Directors caused by the removal of a Director elected by Purchaser Members in accordance with Section 4.5(a) above.

(c) A Director designated by Declarant, as provided in the Articles, may be removed only by Declarant in its sole discretion. Declarant shall have the right to name a successor for any Director removed by it or for any vacancy on the Board of Directors as to a Director designated by it and Declarant shall notify the Board of Directors of the name of the respective successor Director and the commencement date for the term of such successor Director.

4.6 The organizational meeting of the members of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected.



4.7 Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of Directors. Special meetings of the Board of Directors may be called at the discretion of the President or, in his absence, the Vice President of the Association. Special meetings must be called by the Secretary at the written request of one-third (1/3) of the Directors.

4.8 Notice of the time and place of regular and special meetings of the Board of Directors, or adjournments thereof, shall be given to each Director in person, telephone or telegraph at least three (3) business days prior to the day named for such meeting, or in the event notice is given by mail, five (5) business days prior to the day named for such meeting. Notice of a Board of Directors meeting shall be posted conspicuously on each Condominium Property forty-eight (48) continuous hours in advance of said meeting. Notice of any meeting where "Assessments" (as such term is hereinafter defined) are to be considered shall state that Assessments will be considered and the nature of such Assessments. Directors may waive notice of a meeting before, during or after a meeting, and such waiver shall be deemed equivalent to the receipt of notice by such Director.

4.9 A quorum of the Board of Directors shall consist of a majority of the Directors. Matters approved by a majority of the Directors present at a meeting at which a quorum is present shall constitute the official acts of the Board of Directors, except as specifically otherwise provided in the Declarations, Articles or elsewhere herein. If at any meeting of the Board of Directors there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present.

4.10 The presiding officer at Board meetings shall be the President.

4.11 Directors shall not receive any compensation for their services as Directors.

4.12 Minutes of all meetings of the Board of Directors shall be kept in a businesslike manner and be available for inspection by members and Directors at all reasonable times and upon reasonable notice. The minutes shall be retained by the Association for at least seven (7) years subsequent to the date of the meeting the minutes reflect.

4.13 The Board of Directors shall have the power to appoint an executive committee of the Board of Directors consisting of not less than a majority of the Directors, which shall have and exercise such powers of the Board of Directors as may be delegated to such executive committee by the Board of Directors. All acts of

the executive committee shall be affirmed at the next meeting of the Board of Directors.

4.14 Meetings of the Board of Directors at which a quorum of the members is present shall be open to all unit owners. Any unit owner may tape record or videotape meetings of the Board of Directors. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The division shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The association may adopt written reasonable rules governing the frequency, duration, and manner of unit owner statements. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48 continuous hours preceding the meeting except in an emergency. Any item not included on the notice may be taken up on an emergency basis by at least a majority plus one of the members of the board. Such emergency action shall be noticed and ratified at the next regular meeting of the board. However, written notice of any meeting at which nonemergency special assessments, or at which amendment to rules regarding unit use, will be considered shall be mailed or delivered to the unit owners and posted conspicuously on the condominium property not less than 14 days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the person providing the notice and filed among the official records of the association. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property or association property upon which all notices of board meetings shall be posted. If there is no condominium property or association property upon which notices can be posted, notices of board meetings shall be mailed or delivered at least 14 days before the meeting to the owner of each unit. Notice of any meeting in which regular assessments against unit owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments. Meetings of a committee to take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to the provisions of this paragraph. Meetings of a committee that does not take final action on behalf of the board or make recommendations to the board regarding the association budget are subject to the provisions of this section, unless those meetings are exempted from this section by the bylaws of the association. Notwithstanding any other law, the requirement that board meetings and committee meetings be open to the unit owners is inapplicable to meetings between the board or a committee and the association's attorney, with respect to proposed or pending litigation, when the meeting is held for the purpose of seeking or rendering legal advice.

**Section 5. Powers and Duties of the Board of Directors**

The Board of Directors shall have the powers and duties necessary for the management and administration of the affairs of the condominiums. All powers and duties of the Association, including those existing under the Act and the Condominium Documents, shall be exercised by the Board of Directors, unless otherwise specifically delegated therein to the members. Such powers and duties of the Board of Directors shall be exercised in accordance with the provisions of the Act and the Condominium Documents and shall include, but not be limited to, the following:

5.1 Making and collecting against members to pay the Common Expenses of the Condominiums and Association. These Assessments shall be collected by the Association through payments made directly to it by the members as set forth in the Declaration.

5.2 Using the proceeds of Assessments in the exercise of the powers and duties of the Association and the Board of Directors.

5.3 Maintaining, repairing and operating the Common Elements of each Condominium and other property owned by the Association.

5.4 Reconstructing improvements after casualties and losses and making further authorized improvements of each Condominium Property.

5.5 Making and amending rules and regulations with respect to the operation and use of the Condominium Property of each Condominium and any property owned by the Association.

5.6 Approving or disapproving subject to payment of any deposit and fee which may be imposed pursuant to 718.112(2)(i) of the Act with respect to any proposed sales or leases or lease renewals in accordance with the provisions set forth in the Declarations.

5.7 Enforcing by legal means the provisions of the Condominium Documents including the Declaration, the Articles, these By-Laws, and any rules and regulations adopted by the Association and the applicable provisions of the Act.

5.8 To contract for the management and maintenance of the Condominium Property of each Condominium or other property owned by the Association and to authorize a management agent to assist the Association in carrying out its powers and duties by performing such functions as the submission of proposals, collection of Assessments, preparation of records, enforcement of any rules and regulations and maintenance, repair and replacement of Common Elements and other services with funds that shall be made available by the Association for such purposes and to terminate such

contracts and authorizations. The Association and its officers shall, however, retain at all times the powers and duties granted by the Condominium Documents and the Act including, but not limited to, the making of Assessments, promulgation of rules and regulations and execution of contracts on behalf of the Association.

5.9 Paying taxes and assessments which are or may become liens against the Common Elements and Condominium Units owned by the Association, if any, and assessing the same against Condominium Units which are or may become subject to such liens.

5.10 Purchasing and carrying insurance for the protection of Condominium Unit Owners and the Association against casualty and liability for the Condominium Property of each Condominium and other property owned by the Association.

5.11 Paying costs of all power, water, sewer and other utility services rendered to the Condominium and not billed to owners of Condominium Units.

5.12 Hiring and retaining such employees as it shall deem appropriate in its discretion to administer and carry out the services required for the proper administration of the affairs of the Association, including the hiring of resident managers and paying all salaries therefor.

5.13 Performing all of the covenants, conditions and obligations set forth in the Master Documents or required thereby.

5.14 To acquire, own, mortgage and convey real and personal property and take such other reasonable actions in that regard.

5.15 Electing, designating, and removing officers in accordance with the terms and provisions of the Condominium Documents.

5.16 Maintaining bank accounts on behalf of the Association and designating signatories required therefore.

#### **Section 6. Officers of the Association**

6.1 The officers of the Association shall be a President, who shall be a Director, one (1) or several Vice Presidents, a Treasurer and a Secretary, all of whom shall be elected annually by the Board of Directors. Any officer may be removed without cause from office by a vote of the Directors at any meeting of the Board of Directors. The Board of Directors shall, from time to time, appoint such other officers and assistant officers and designate their powers and duties.

6.2 The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the President of a condominium association, including, but not limited to, the power to appoint such committees at such times from among the members as he may, in his discretion, determine appropriate to assist in conducting the affairs of the Association. The President shall preside at all meetings of the Board of Directors. The President shall also be the Voting Member of the Association or appoint by written proxy a person to be the Voting Member of the Association at meetings of the Owners' Association.

6.3 In the absence or disability of the President, the Vice President shall exercise the powers and perform the duties of the President. The Vice President shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors. In the event there shall be more than one (1) Vice President elected by the Board of Directors, then they shall be designated "First", "Second", etc., and shall exercise the powers and perform the duties of the Presidency in such order and shall perform such other duties as shall be prescribed by the President and the Board of Directors.

6.4 The Secretary shall cause to be kept the minutes of all meetings of the Board of Directors and the members, which minutes shall be kept in a businesslike manner and shall be available for inspection by members and Directors at all reasonable times and upon reasonable notice. He shall have custody of the seal of the Association and shall affix the same to instruments requiring such seal when duly authorized and directed by the Board of Directors to do so. He shall keep the records of the Association, except those of the Treasurer, and shall perform all of the duties incident to the office of Secretary of a condominium association as may be required by the Board of Directors or the President. The Assistant Secretary, if any, shall perform the duties of the Secretary when the Secretary is absent and shall assist the Secretary and perform such other duties as shall be prescribed by the President or the Board of Directors.

6.5 The Treasurer shall have custody of all of the property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members, keep the books of the Association in accordance with good accounting practices and shall perform all of the duties incident to the office of a Treasurer. The Assistant Treasurer, if any, shall perform the duties of the Treasurer whenever the Treasurer is absent and shall assist the Treasurer and perform such other duties as shall be prescribed by the President or the Board of Directors.

6.6 The compensation, if any, of employees of the Association shall be fixed by the Board of Directors. Officers shall not be compensated for their services as officers. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association nor contracting with a Director for the management of the Condominium Property of any of the Condominiums or any other property owned by the Association.

**Section 7. Accounting Records; Fiscal Management**

7.1 The Association shall maintain accounting records in accordance with generally accepted accounting practices and on an accrual basis. The accounting records shall be open to inspection by members or their authorized representatives who shall be accountants at reasonable times and upon reasonable notice. Such authorization as a representative of a member must be in writing and be signed by the member giving such authorization and dated within sixty (60) days of the date of any such request. Written financial reports or statements of the Association shall be supplied at least annually, as set forth more fully in Section 7.2(f) below, to the members. The accounting records shall include (a) a record of all receipts and expenditures, including, as applicable, and not limited to, costs for security, professional management, taxes, refuse collection and utility services, lawn care, building maintenance and repair, insurance, administrative and salary expenses, and general, maintenance, and depreciation reserves; (b) an account for each Condominium Unit which shall designate the name and address of the Condominium Unit Owner, the amount of each Assessment charged to the Condominium Unit, the amounts and due dates for each Assessment, the amounts paid upon such account and the balance due for each Condominium Unit; (c) an account indicating the Common Expenses allocated under the Condominium budget and the Common Expenses actually incurred during the course of the fiscal year.

7.2 (a) The Board of Directors shall adopt a budget of the Common Expenses of the Association and each Condominium (the "Budget") for each fiscal year at a regular or special meeting of the Board of Directors ("Budget Meeting") called for that purpose not later than November 15 of the prior year. In the event a Budget is not adopted by such date, it shall not abrogate or affect Condominium Unit Owners' obligations to pay Common Expenses. Prior to the Budget Meeting, a proposed Budget shall include, where applicable, but not be limited to, the following items of expense:

- (a) Costs for security;
- (b) Professional and management fees and expenses;
- (c) Taxes;
- (d) Costs for recreation facilities;
- (e) Expenses for refuse collection and utility services;
- (f) Expenses for lawn care;

- (g) Costs for building maintenance and repair;
- (h) Insurance costs;
- (i) Administrative and salary expenses; and
- (j) Reserves for capital expenditures, deferred maintenance, and any other category for which the association maintains a reserve account or accounts.

Copies of the proposed Budget and notice of the exact time and place of the Budget Meeting shall be mailed to each member at the member's last known address, as reflected on the books and records of the Association, not less than fourteen (14) days prior to said Budget Meeting, and the Budget Meeting shall be open to the members. Failure to timely adopt a Budget shall not affect or abrogate the obligation to pay Common Expenses.

(d) The Board of Directors may also include in the proposed Budget an amount as a Common Expense Assessment for the making of betterments to the Condominium Property of each Condominium and other property owned by the Association for anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis or for the establishment of reserves for repair or replacement of the Condominium Property of each Condominium and other property owned by the Association either annually or from time to time as the Board of Directors shall determine the same to be necessary. Such amount may be levied upon the members by the Board of Directors as a Special Assessment and shall be considered an "Excluded Expense" under Section 7.3(a) hereof. In addition, the Board of Directors shall include, on an annual basis, the establishment of reserve accounts for capital expenditures and deferred maintenance of the Condominium Property of each Condominium and other property owned by the Association. The reserve accounts shall include, but not be limited to, roof repair and replacement, building painting, and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item. This amount shall also be considered an Excluded Expense under Section 7.3(a) hereof. The members may by a majority vote at a duly called meeting of the association determine for a particular fiscal year to budget no reserves or reserves in a lesser amount than required herein.

(e) In administering the finances of the Association, the following procedures shall govern: (i) there shall be apportioned between calendar years on a pro rata basis any expenses which are prepaid in any one calendar year for Common Expenses which cover more than such calendar year; (ii) Assessments shall be made monthly, unless otherwise determined by the Board of Directors, in amounts no less than are required to provide funds in advance for payment of all of the anticipated expenses and for all unpaid expenses previously incurred; and (iii) Common Expenses incurred in a calendar year shall be charged against income for the

same calendar year regardless of when the bill for such Common Expenses is received. Assessments shall be sufficient to provide adequate and available funds to meet all budgeted expenses and anticipated cash needs in any calendar year.

(f) The depository of the Association shall be such bank or banks as shall be designated from time to time by the Board of Directors in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall be by checks signed only by such persons as are authorized by the Board of Directors; provided, however, that at least two (2) authorized signatures shall be on any check.

(g) A financial report for each year, including a statement of revenues and expenses of the Association shall be prepared by a Certified Public Accountant designated by the Board of Directors. Either a copy of such report or a complete set of financial statements shall be furnished to each member no later than the first day of April of the year following the year for which the report is made. The report or statements shall be deemed to be furnished to the member upon its delivery in person or mailing by prepaid, first-class mail to the member at his last known address shown on the books and records of the Association.

7.3 Until the provisions of Section 718.112 (2)(e) of the Act relative to the members' approval of a Budget requiring Common Expense Assessments against the members in excess of one hundred fifteen percent (115%) of such Common Expense Assessments for the members in the preceding year are declared invalid by the Courts, or until amended by the Florida Legislature (however, if such amendment merely substitutes another amount for one hundred fifteen percent [115%], then such new amount shall be substituted for one hundred fifteen percent [115%] each time it is used in this Section 7.3), the following shall be applicable:

(a) Should the Budget adopted by the Board of Directors at the Budget Meeting require Common Expense Assessments against the members in any one Condominium or the Association as a whole of an amount not greater than one hundred fifteen percent (115%) of such Common Expense Assessments for the prior year, the Budget shall be deemed approved. If, however, the Common Expense Assessments required to meet the Budget exceed one hundred fifteen percent (115%) of such Common Expense Assessments against the members in any one Condominium or the Association as a whole for the preceding year (an "Excess Assessment"), then the provisions of Sections 7.3(b), (c) and (d) hereof shall be applicable; provided that in computing whether a Common Expense Assessment constitutes an Excess Assessment, there shall be excluded from such computation certain expenses (the "Excluded Expenses"), including the following:



(i) Reserves for repair or replacement of the Condominium Property of each Condominium and other property owned by the Association;

(ii) Anticipated expenses by the Association which are not anticipated to be incurred on a regular or annual basis; and

(iii) Common Expense Assessments for betterments to the Condominium Property of each Condominium and other property owned by the Association.

(b) Prior to the Majority Election Meeting: Should an Excess Assessment be adopted by the Board of Directors while Declarant is in control of the Board of Directors, then a special meeting of the members in the affected Condominium, or the Association, as the case may be, shall be called by the Board of Directors which shall be held not less than ten (10) days subsequent to the sending of written notice to each member, but within twenty (20) days after the Budget Meeting. At said special meeting, the Excess Assessment shall be presented to the members in the affected Condominium, or the Association, as the case may be. If at said special meeting a majority of the members in the affected Condominium, or the Association, as the case may be, shall approve the Excess Assessment, then the Budget adopted by the Board of Directors shall be the final Budget. If, at said special meeting of the members a majority of the members in the affected Condominium, or the Association, as the case may be, shall not approve the Excess Assessment, then the Board of Directors shall reconvene at a special meeting for the purpose of reducing the items of anticipated expense in the Budget in an amount necessary so that the Budget adopted by the Board of Directors will not result in an Excess Assessment against the members.

(c) After the Majority Election Meeting: Should an Excess Assessment be adopted by the Board of Directors after the Board of Directors is no longer controlled by Declarant, then upon written application requesting a special meeting signed by ten percent (10%) or more of the members in the affected Condominium, or the Association, as the case may be, and delivered to the Board of Directors within twenty (20) days after the Budget Meeting, the Board of Directors shall call a special meeting to be held not less than ten (10) days subsequent to the sending of written notice to each member, but within thirty (30) days of the delivery of such application and shall enact a revision of the Budget. The enactment of a revision of the Budget shall require approval of not less than two-thirds (2/3) of the members in the affected Condominium, or the Association, as the case may be. If such a revised Budget is enacted at said special meeting, then the revised Budget shall be the final Budget, or if a revised Budget is not enacted at such special meeting, or if no quorum is attained at such special meeting, then the Budget originally adopted by the

Board of Directors shall be the final Budget. If no written application is delivered, as provided herein, then the Budget originally adopted by the Board of Directors shall be the final Budget.

(d) The term "Majority Election Meeting" shall have the same meaning as set forth in the Articles.

(e) The Board of Directors shall not anticipate revenues from Assessments or expend funds to pay for Common Expenses not included in the Budget or which shall exceed budgeted items and the Board of Directors shall not engage in deficit spending. Should there exist any deficiency which results from there being greater Common Expenses than revenues from Assessments, then such deficits shall be carried into the next succeeding year's Budget as a deficiency or shall be the subject of a Special Assessment to be levied by the Board of Directors as provided in the Declaration.

7.4 (a) The Budget constitutes an estimate of the expenses of the Association and for the Condominiums. Subsequent to the "Interim Assessment Period" (as described in the Declaration), this estimate of the expenses of the Association and the Condominiums shall be multiplied by the share in Common Expenses assigned to each Condominium Unit and the resultant product shall constitute the Annual Assessment for such Condominium Unit.

(b) A Condominium Unit Owner shall also be liable for any Special Assessment levied against his Condominium Unit by the Board of Directors as provided in the Declaration or assessments for Operating Expenses or Special Assessments by the Owners' Association as provided in the Condominium Documents.

7.5 If a Condominium Unit Owner shall be in default in the payment of an installment of the Annual Assessment, the Board of Directors or its agent may accelerate the remaining installments of the Annual Assessment on a quarterly basis.

#### **Section 8. Rules**

The Board of Directors at any meeting may adopt rules or amend or rescind existing rules for the operation and use of the Condominium Property of each Condominium and other property owned by the Association or Condominium Unit Owners. Copies of rules promulgated, amended or rescinded shall be mailed to all Condominium Unit Owners at their last known address as shown on the books and records of the Association and shall not take effect until forty-eight (48) hours after such mailing.

Section 9. Enforcement Procedures

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(a) Enforcement Committee. The Association shall have the right to assess reasonable fines against an Owner in the manner provided herein. Each Board of Directors (the "Appointing Board") shall have the power to create an "Enforcement Committee" to be comprised of three (3) members, one (1) of whom shall be a Director, and one (1) of whom shall be designated as the Chairperson thereof. The Enforcement Committee shall serve a term consistent with the term of its Appointing Board. Members of the Enforcement Committee may be replaced with or without cause by majority vote of the Appointing Board.

(b) Conduct of Enforcement Hearing. The alleged non-complying member shall be given reasonable opportunity to be heard.

(c) Powers of the Enforcement Committee. The Enforcement Committee shall have the power to:

(i) Adopt rules for the conduct of its hearings to be approved by the Board of Directors;

(ii) Effectuate the provisions set forth in this provision;

(iii) Issue orders consistent with this provision; and

(iv) Order non-complying members to pay a fine not to exceed Fifty (\$50.00) Dollars, or such greater amount as may be permitted by the Act.

(d) Notice to Alleged Non-Complying members. Alleged non-complying members shall be given reasonable notice at least seven (7) days in advance of said hearing. No alleged non-complying member shall be given notice of hearing before the Enforcement Committee unless said alleged non-complying member has first been given reasonable opportunity to rectify the alleged non-complying condition.

Section 10. Internal Dispute Resolution

Internal disputes arising from the operation of the Condominium among Unit Owners, the Association, their agents, and assigns shall be subject to mandatory nonbinding arbitration of disputes upon the consent of the parties to such dispute.

The Association shall have no responsibility to settle disputes between members or intervene on behalf of any member regarding a dispute with another member.

**Section 11. Parliamentary Rules**

The then latest edition of Robert's Rules of Order shall govern the conduct of meetings of the Association; provided, however, if such Rules are in conflict with the Articles, these By-Laws, the Declaration, or the Act, then the Articles, By-Laws, Declaration, or the Act, as the case may be, shall govern in the following order of priority: Act, Declaration, Articles, By-Laws.

**Section 12. Amendment of the By-Laws**

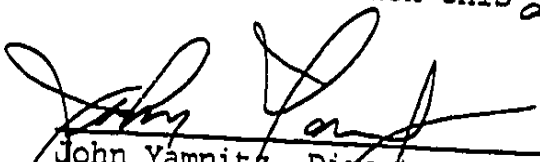
12.1 These By-Laws may be amended by the affirmative vote of not less than a majority of the members present at an annual members meeting or a special meeting of the members. A copy of the proposed amendment shall be sent to each member along with the notice of the special meeting of the members or annual members meeting.

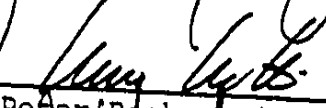
12.2 Amendments to these By-Laws shall be made in accordance with the requirements of the Act and amendments thereto in effect at the time of amendment.

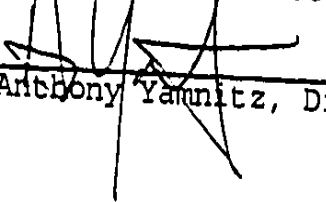
12.3 No modification or amendment to these By-Laws shall be adopted which would affect or impair the priority of any "Eligible Mortgagee", as defined in the Declaration, the validity of the mortgage held by any such Eligible Mortgagee or any of the rights of Declarant.

12.4 No amendment to these By-Laws shall be valid unless recorded with identification on the first page thereof of the book and page of the public records where the Declaration is recorded.

The foregoing By-Laws of Harbor Side Village Condominium Association, Inc. are hereby adopted by all of the Directors of Harbor Side Village Condominium Association, Inc. as and constituting the Board of Directors of said Association this 27th day of March, 2001.

  
\_\_\_\_\_  
John Yamnitz, Director

  
\_\_\_\_\_  
Peter Roehr, Director

  
\_\_\_\_\_  
Anthony Yamnitz, Director