

DECLARATION OF CONDOMINIUM OWNERSHIP

OF

LAGOON TOWERS, A CONDOMINIUM

WHEREAS, BAY BANK & TRUST CO., a Florida banking corporation, ("Trustee") holds legal title as Trustee for the benefit of BAY POINT YACHT & COUNTRY CLUB, a Florida joint venture partnership, ("Developer") to the real property described in Exhibit "A" attached hereto (the Property), pursuant to the provisions of that certain Land Trust Agreement dated February 21, 1983, and known as Trust Number 61000 847311;

NOW, THEREFORE, in order to create a Condominium consisting of the Property and the improvements constructed and to be constructed thereon (the "Improvements"), the Trustee and Developer hereby submit the Property and Improvements to Condominium Ownership under the provisions of the Florida Condominium Act, (Chapter 718, Florida Statutes), and the Trustee and Developer hereby make the declarations as to divisions, limitations, restrictions, covenants and conditions hereinafter set forth and declare and agree that the Property is held and shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied and improved subject to this Declaration.

SECTION 1. CONDOMINIUM PROPERTY.

1.01 The Property, Improvements and all easements and rights appurtenant thereto intended for and granted for use in connection with said Property, are hereby submitted to condominium ownership.

SECTION 2. NAME.

2.01 The Condominium shall be known as LAGOON TOWERS, A CONDOMINIUM, or by such other name as may from time to time be selected by the Association.

SECTION 3. DEFINITIONS.

3.01 Assessment: A proportionate share of the funds required for the payment of Common Expenses which from time to time is levied against each Unit Owner of the Association.

3.02 Association: The Association is Lagoon Towers, Inc., a Florida corporation not for profit, and it is the legal entity responsible for the operation of the Condominium.

3.03 By-Laws: The rules governing the conduct of the affairs of the Association, as they exist from time to time.

3.04 Common Elements: The common elements and limited common elements as defined in Section 7 hereof.

3.05 Common Expenses: The expenses incurred in the maintenance, administration, improvement and repair and replacement of the Common Elements as set forth in Section 12.01.

3.06 Common Surplus: The excess of all receipts of the Association over Common Expenses.

3.07 Condominium: That system of ownership of Condominium Property under which individual Units of Improvements are subject to ownership by one or more owners, and there is appurtenant to each Unit, as a part thereof, an undivided share in the Common Elements.

3.08 Condominium Act: The Condominium Act of the State of Florida (F.S. 718, et seq.) as it exists on the date of the filing hereof and all amendments thereto hereafter adopted except amendments imposing additional obligations upon or limiting any rights of the Developer.

3.09 Condominium Documents: The Declaration, By-Laws, Articles of Incorporation of the Association, Maintenance Agreement and all Exhibits annexed thereto, as the same may be amended from time to time.

3.10 Condominium Parcel, or Parcel: A Unit, together with the undivided share in the Common Elements which is appurtenant to the Unit.

3.11 Condominium Property: All of the Condominium Parcels and Common Elements and Limited Common Elements.

3.12 Condominium Unit, or Unit: A Unit as defined in the Condominium Act referring herein to each of the separate and identified Units delineated in the site plan and floor plans.

3.13 Declaration, or Declaration of Condominium, or Declaration of Condominium Ownership: The instrument which submits the property to Condominium Ownership as it may from time to time be amended.

3.14 Developer: Bay Point Yacht & Country Club, a Joint Venture. Developer may assign any right reserved to it by this Declaration. No assignee or successor developer who acquires any of Developer's rights shall be deemed to have assumed any obligation of Developer unless by written assumption agreement duly recorded in the public records of Bay County, Florida.

3.15 Floor Plans: The plans attached to the Declaration as Exhibit "B".

3.16 Institutional Mortgagee: A bank, savings and loan association, insurance company or pension fund authorized to do business in the United States of America, an agency of the United States Government, a real estate investment trust, mortgage company, title insurance company, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Association, or other lender generally recognized in the community as an institutional type lender.

3.17 Limited Common Elements: That portion of the Common Elements which are reserved for the use of the Owner(s) of a designated Unit or Units to the exclusion of all other Unit Owners.

3.18 Master Association: The Bay Point Improvement Association, Inc.

3.19 Member of Association; Member: Owner of a Condominium Unit.

3.20 Occupant: The person or persons, other than the Unit Owner, in possession of a Unit.

3.21 Unit Owner: The Owner of a Condominium Unit.

3.22 Voting Member: A Unit Owner, except that where a unit is owned by more than one person a Voting Member is that Unit Owner designated by the Owner or Owners of a majority interest in a Unit to cast the vote appurtenant to such Unit.

In any case a Voting Member must be designated under oath by the Owners of a majority interest in a Condominium Unit as the person entitled to cast the vote of all such Owners. If a Unit is owned by an estate by the entireties either spouse may vote unless they disagree, in which case neither shall vote.

3.23 Unless the context otherwise requires, all other terms used in this Declaration shall have the meaning attributed to said term by the Condominium Act.

**SECTION 4. IDENTIFICATION OF CONDOMINIUM
AND PROPOSED DEVELOPMENT OF PHASES.**

4.01 The Condominium Property shall initially be as described in Exhibits "A" and "B" attached hereto and made a part hereof.

4.02 Each Condominium Unit is described in Exhibit "B" in such manner that there can be determined therefrom the identification, location, dimensions and size of such Unit as well as any Limited Common Elements appurtenant thereto.

4.03 Each Condominium Unit is identified by a number as shown on the plans in Exhibit "B", so that no Unit bears the same designation as any other Unit.

4.04 Developer intends to develop Lagoon Towers, a condominium, in two (2) separate and distinct phases. Phase I hereby being submitted will consist of the initial construction and improvements of one (1) building containing 63 units, the appurtenances and related improvements on the property described in Exhibit "B". Upon completion on Phase I, Developer may then begin construction on Phase II. The phases, number of buildings in each phase, number of units in each phase, number of bedrooms and bathrooms in each type of unit, the square footage of each type of unit, and their latest estimated date of completion is as follows:

PHASE I

One Building

<u>Units</u>	<u>Type of Unit</u>	<u>Square Footage</u>	<u>Completion Date</u>
14	One Bedroom, One Bathroom	884	September 30, 1984
35	Two Bedroom, Two Bathroom	1,273	
14	Three Bedroom, Two Bathroom	1,353	

PHASE II

One Building

<u>Units</u>	<u>Type of Unit</u>	<u>Square Footage</u>	<u>Completion Date</u>
14	One Bedroom, One Bathroom	884	June 1, 1990
28	Two Bedroom, Two Bathroom	1,273	
14	Three Bedroom, Two Bathroom	1,353	

The legal description for Phase II as well as site plan are attached hereto as Exhibit "H". There shall be no obligation on the Developer to build any additional phase.

Each Unit Owner in each phase will have an equal vote in the Association. The percentages of ownership in the common elements, share of common expenses and share in common surplus as each phase is added to the condominium, shall be as provided for in Exhibit "C". These percentages shall not change if any phase is not added and developed as a part of the condominium. No time-share estates will be created with respect to any units in any phase. Developer shall notify Unit Owners of existing units of the commencement of, or the decision not to add the additional phase. Notice shall be by certified mail addressed to each owner at the address of his unit or at his last known address. If one or more phases are not built, the units that are built are entitled to 100% ownership of all the common elements within the phases actually developed and added as part of the condominium. Amendments adding phases to the condominium shall not require the execution of such amendments and consents by Unit Owners other than Developer. All intended improvements in each phase must be completed before each phase is annexed into the condominium. Future improvements to the project will be consistent with initial improvements in terms of quality of construction.

The Developer shall construct, in conjunction with Phase I, an unheated swimming pool. The pool shall be 24' by 40' with a depth of 3' to 6'. In addition, the pool shall have a deck area surrounding the pool with the following square footage: 5,331. The Developer shall also furnish patio and pool furniture at a cost not to exceed \$2,200.00. Developer shall not construct any additional recreational facilities in conjunction with Phase II.

SECTION 5. AMENDMENT OF DECLARATION.

5.01 Amendment by Unit Owners. This Declaration may be amended at any regular or special meeting of the Association called or convened in accordance with the By-Laws, by the affirmative vote of not less than two-thirds (2/3) of the voting members. Each of the amendments shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the public records of Bay County, Florida. No such amendment shall change the proportionate share of the Common Elements appurtenant to any Unit, nor the proportionate share of the Common Expenses, Common Surplus or voting rights appurtenant to any Unit, unless the Unit Owner(s) and all Institutional Mortgagees encumbering the affected Unit join in the execution of the Amendment. No amendment shall be effective which impairs any right or lien of any Institutional Mortgagee, or changes the provision of this Declaration with respect to any Institutional Mortgagee without the written approval of the holder of each mortgage which is affected thereby. No amendment shall be effective which changes, impairs or prejudices the rights of Developer or changes the provisions of this Declaration with respect to the Developer's rights hereunder without Developer's written approval. No amendment shall be effective except upon approval of 100% of the Unit Owners when any of the following matters are being considered for amendment:

- (a) the land on which each phase is to be built
- (b) the number and size of units
- (c) the percentage ownership in the common elements as each phase is added
- (d) the recreational area and the common property in said area
- (e) the membership vote and ownership in the Association
- (f) the creation of time-share estates

SECTION 6. EASEMENTS.

6.01 Each of the following easements is a covenant running with the land of the condominium, and notwithstanding any of the other provisions of this Declaration, may not be substantially amended or revoked in such a way as to unreasonably interfere with their proper and intended use and purpose, and shall survive the termination of the condominium and the exclusion of any lands of the condominium from the condominium:

(a) An easement as may be required for utility services or ingress and egress to serve the condominium adequately; the Association may grant permits, licenses, and easements over, under or upon the common elements for utilities ingress and egress or other purposes reasonably necessary or useful for the proper maintenance or operation of the condominium. Provided, however, such easements to a unit shall be only according to the plans and specifications for the building or as the building is actually constructed, unless approved, in writing, by the unit owner.

(b) An easement in favor of the Developer and his agents, and all Owners and their immediate families, guests and invitees, for pedestrian traffic over, through, and across sidewalks, paths, lanes, walks and bridges, as the same may from time to time exist, upon the Common Elements; and for the vehicular traffic over, through, and across such portions of the Common Elements as may be from time to time paved and intended for such purposes.

(c) Every portion of a unit contributing to the support of the condominium building or an adjacent unit shall be burdened with an easement of support for the benefit of all other units and Common Elements in the building.

(d) The Common Elements shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement in favor of the Developer and his agents, and all of the Owners of units in the condominium for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Owners. A perpetual nonexclusive easement in favor of all of the Owners of units in the condominium for ingress and egress over property between the unit Owner's unit and the roads and streets serving the Property is hereby granted.

(e) In case of an emergency originating in or threatening any units, regardless of whether or not the Owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the building manager or managing agent, shall have the right to enter such unit for the purpose of remedying or evading the cause of such emergency, and such right of entry shall be immediate and to facilitate entry in the event of any such emergency, the Owner of each unit, if required by the Association, shall deposit under the control of the Association, a key to such unit.

(f) Whenever it is necessary to enter any unit for the purpose of performing any maintenance, alteration, or repair to any portion of the condominium Property, the Owner of each unit shall permit other Owners by their representatives, or the duly constituted and authorized agent of the Association, to enter such unit for such purpose, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

(g) In the event that any unit shall encroach upon any of the Common Elements for any reason not caused by the purposeful or negligent act of the unit Owner or Owners or agents of such Owner or Owners, then an easement appurtenant to such unit shall exist for the continuance of such encroachment into the Common Elements for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any apartment unit, then an easement shall exist for the continuance of such encroachment of the Common Elements into any unit for so long as such encroachment shall naturally exist.

(h) An exclusive easement for the use of the air space occupied by a condominium unit as it exists at any particular time and as the unit may lawfully be altered.

(i) Easement for encroachments by the perimeter walls, ceilings, and floors surrounding each condominium unit.

(j) Easement for overhanging troughs or gutter downspouts and the discharge therefrom.

(k) There is hereby reserved and granted to the Developer a blanket easement for the benefit of the Developer or its designees, upon, across, over, through, and under any portion of the Property for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and service systems, public and private.

(l) There is hereby reserved and granted to the Developer an easement and right on, over and under the ground within the Property to maintain and to correct drainage of surface water and other erosion controls in order to maintain reasonable standards of health, safety and appearance.

5.03 Trustee hereby grants to the Association for the benefit of all Members, an easement in common with others for ingress and egress by vehicle or foot in, to, upon, over and under the roadways and passageways located in the Condominium Property and the right to use all parking spaces.

SECTION 7. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

7.01 Common Elements. The Common Elements shall include and mean, in addition to the items listed in the Condominium Act, all areas which are so designated on the Floor Plans (Exhibit "B") and the following items:

(a) all the Property not included in the units;
and

(b) the foundations, bearing walls, perimeter walls, structural slabs, roofs, columns, girders, beams, supports, corridors, fire escapes, stairways, and common entrances, exists and communication ways; and

(c) parking areas not designated as Limited Common Elements; and

(d) the compartments or installations of central services such as power, light, gas, hot and cold water, heating and air conditioning systems which serve areas other than a single unit, water storage tanks, pumps, pipes, flues, chutes, conduits, cables and wire outlets and other utility lines; and

(e) all other elements of the Condominium Property designated or designed for common use.

7.02 Limited Common Elements. The Limited Common Elements are all areas so designated on the Floor Plans (Exhibit "B") as well as those designated as such in this Declaration. Areas designated as Limited Common Elements are reserved for exclusive use of the owners of the Condominium Units to which such areas are contiguous or declared to be appurtenant.

SECTION 8. OWNERSHIP OF COMMON ELEMENTS.

8.01 Each Unit Owner shall own an undivided interest in the Common Elements, and the undivided interest, stated as percentages or fractions of such ownership in the said Common Elements and Limited Common Elements is set forth in Exhibit "C" which is annexed to this Declaration and made a part hereof.

8.02 Any attempt to separate the title to a Condominium Unit from the Common Elements appurtenant to such unit shall be null and void.

SECTION 9. UNIT BOUNDARIES.

9.01 Each unit shall include that part of the building within boundaries determined as set forth in the Section 9.

9.02 Upper and Lower Boundary. The upper boundary and lower boundary of each unit shall be the following extended to the perimeter boundaries:

(i) Upper Boundary. The horizontal plane of the undecorated ceiling.

(ii) Lower Boundary. The horizontal plane of the upper surface of the unfinished floor.

9.03 Perimeter Boundary. The perimeter boundary of each unit shall be the vertical planes of the undecorated or unfinished inner surfaces of the walls bounding the unit, extended to intersections with each other and with the upper and lower boundaries.

9.04 Doors, Windows and Light Fixtures. All or any part of a door, window, or light fixture appurtenant to a single unit but located outside the boundary thereof as hereinabove defined shall constitute a Limited Common Element, and the owner of such unit shall be entitled to the exclusive use and possession thereof and shall be responsible for the maintenance, care and preservation thereof.

9.05 Balcony or Patio. All balconies and patios shall constitute Limited Common Elements and each Unit Owner shall be entitled to the exclusive use and possession of those balconies or patios, if any, directly accessible from his unit or adjacent thereto.

Each Unit Owner shall be responsible for the maintenance, care and preservation of the paint and surface of the interior parapet walls, including the floor and ceiling, within said balcony and patio, or any of them, for the maintenance, care and preservation of the interior surface of the screening or enclosure of said balcony or patio, if applicable; for the care of any plants, shrubbery or the like within or on such balcony or patio and sliding glass doors in the entrance way to such balcony or patio.

9.06 Encroachments. If any portion of a Condominium Unit or Common Elements or Limited Common Elements encroaches upon another, a valid easement for the encroachment and maintenance of such encroachment shall and does exist for so long as the encroaching improvement stands. If a part of the Condominium Property is destroyed and rebuilt pursuant to this Declaration, minor encroachments of parts of the Common Elements or Limited Common Elements or Condominium Units due to construction shall be permitted and a valid easement for the maintenance of such encroachments shall exist.

SECTION 10. THE OPERATING ENTITY

10.01 The Association shall be responsible for the operation of the Condominium Property. The Association shall have all the powers and duties set forth in the Condominium Act, as well as all the powers and duties granted to or imposed upon it by this Declaration, by By-Laws of the Association (Exhibit "G") and its Articles of Incorporation (Exhibit "F") as they may be amended from time to time. No modification of or amendment to the By-Laws or the Articles of Incorporation of the Association shall be valid unless set forth in a recorded amendment to this Declaration. The By-Laws and the Articles of Incorporation may be amended in the manner provided for therein, but no amendment thereto shall be adopted which would affect or impair the validity or priority of any mortgage encumbering any Condominium Unit, or which would change the provisions hereof with respect to Institutional Mortgages, without written approval of each mortgagee whose mortgage has been recorded in the public records of Bay County, Florida, whose lien is affected or impaired thereby. No such amendment shall change the rights and privileges of the Developer without the Developer's written approval.

10.02 Every Unit Owner shall be bound by the Condominium Documents.

SECTION 11. ASSESSMENTS

11.01 Power to Levy. The Association has the power to and shall fix, determine and levy the assessments necessary to provide for the Common Expenses and other sums which are required by the Condominium Documents to be paid by Unit Owners.

11.02 Frequency of the Assessment. Assessments shall be made against the Unit Owners not less frequently than quarterly and shall be collected on a monthly basis. The assessments shall be made in an amount no less than required to provide funds in advance for payment of all of the anticipated expenses and the unpaid operating expenses previously incurred. The assessments shall be made in proportions or percentages provided for each unit owner in the Exhibit C to the Declaration, and due date shall be the first day of each calendar month.

11.03 Effect of non-payment of the Assessment. Assessments that are unpaid for over ten (10) days after due date shall bear interest at the rate of eighteen percent (18%) per annum until paid. In addition, in the sole discretion of the Association, a late charge of 25% may be assessed against a Unit Owner for each payment delinquent over ten (10) days.

Failure to pay any monthly installment when due, shall render the entire quarterly unpaid assessment immediately due and payable without notice.

11.04 The Lien and Personal Obligation for Assessments. The Association has a lien against each Condominium Unit for unpaid assessments and late charges together with the interest thereon, except that such lien shall be subordinate to prior recorded liens held by Institutional Mortgagees. Reasonable attorney's fees incurred by the Association in the collection of the assessment or the enforcement of the lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association to preserve and protect its lien, shall be payable to the Unit Owner and secured by such lien. Unit Owners shall be personally liable for unpaid assessments, together with interests and costs of collection at the time when the assessment first became due and payable. In the case of co-ownership of a unit, all co-owners shall be jointly and severally liable for the entire amount of the assessment. The Association may take such action as it deems necessary to collect assessments either by personal action against the Unit Owner or by enforcing and foreclosing said lien, or by exercising both remedies. The Association may settle and compromise any assessment if it is deemed to be in its best interest.

No person who acquires an interest in a Unit, including persons acquiring title by operation of the law and at judicial sales, shall be entitled to occupy the Unit or use the Common Elements until all unpaid assessments due from the former Unit Owner(s) have been paid. The Association shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Developer, any Unit Owner or any third party.

The provisions of this section does not apply to purchasers at a foreclosure sale or to Institutional First Mortgagees obtaining title by foreclosure sale or by acceptance of a deed in lieu of foreclosure. Such acquirers, their successors and assigns, shall not be liable for any assessments levied prior to their acquisition of title and such unpaid assessments shall be deemed to be a Common Expense and shall be collectible from all of the Unit Owners, including such acquirers, their successors and assigns.

SECTION 12. COMMON EXPENSES AND COMMON SURPLUS.

12.01 Common Expenses. The Common Expenses of the Condominium shall be shared by the Unit Owners as specified in Exhibit "C". Common Expenses include all taxes, assessments, insurance and all other expenditures for which the Association is responsible, including those expenditures contracted for in any maintenance or management agreement.

12.02 Common Surplus. Any Common Surplus shall be owned by each of the Unit Owners in the same proportion as their percentage of ownership interest in the Common Elements.

SECTION 13. MAINTENANCE AND ALTERATIONS.

13.01 The Association may enter into contracts with any firm, person or corporation and may join with other Condominium Associations and entities in contracting for the maintenance and repair of the Condominium Property.

13.02 Each Unit Owner Agrees:

(a) Not to make, or cause to be made, any repairs to any plumbing or electrical wiring within a Unit except by licensed plumbers or electricians authorized to do such work by the Association or its delegate. Plumbing and electrical repairs within a Unit shall be paid for by the Unit Owner.

(b) Not to make, or cause to be made, any addition or alterations to his Unit that would impair the structural soundness of the building. Structural alterations within a Unit may be made only with the consent of the Association and any Institutional First Mortgagee holding a mortgage on said Unit.

(c) Not to make alterations, decoration, repair, replacement or change to the Limited Common Elements without the prior written consent of the Association. If consent is granted, the Unit Owner shall use only a contractor or subcontractor approved by the Association, who shall comply with all Rules and Regulations with respect to the work which may be adopted by the Association. The Unit Owner shall be liable for all damages to another Unit and to the Common Elements caused by any contractor employed by such Unit Owner or by the subcontractors or employees of such contractor, whether said damages are caused by negligence, accident or otherwise.

(d) Not to make any alteration, addition or improvement to the Common Elements.

(e) To allow the Association, its delegates, agents, and employees at all reasonable times to enter into any Unit and Limited Common Element appurtenant thereto for the purpose of inspecting, repairing or replacing any portion of the Common Elements, reasonable access to which is attainable only through such Unit or Limited Common Elements, and the improvements within the Unit(s)

or Limited Common Elements which if not repaired or replaced may cause damage to any other Unit or the Common Elements or Limited Common Elements; and to determine, in case of emergency, circumstances threatening Units, Limited Common Elements or the Common Elements and to correct the same; and to determine compliance with the provisions of the Condominium Documents.

(f) To promptly report to the Association any defects or needed repairs for which the Association is responsible.

(g) To keep his Unit and Limited Common Elements appurtenant thereto clean and free of accumulation of debris and permit licensed pest control service to be performed therein by the Association.

13.03 Each Unit Owner shall promptly perform all maintenance and repair within his Unit which if omitted or delayed would affect any other Condominium Property, and such Unit Owner shall be responsible for any damages or liability which may be incurred by his failure to do so. Each Unit Owner shall be responsible for any damage resulting from an accident within his Unit including, without limitation, damages suffered by the Association and by any other Unit Owner by reason of the failure of a Unit Owner to properly protect his Unit from the elements, or by reason of over-flowing or leaking plumbing fixtures, overloaded electrical circuits and similar occurrences.

13.04 If any damage, or if maintenance, repair or replacement for which a Unit Owner is responsible is covered by insurance maintained by the Association, the proceeds of insurance received by the Association or the Insurance Trustee shall be used or made available to such Unit Owner for use in paying for such damage or in performing such maintenance, repair or replacement.

13.05 If the Unit Owner violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. If lieu thereof, or in addition thereto, the Association shall have the right to levy an assessment against the Unit Owner, and the Unit, for such sums as may be required to enable the Association to perform such obligation on behalf of the Unit Owner and the Association is hereby authorized to perform such obligation.

13.06 The Association shall determine the color scheme of the building and the Common Elements and Limited Common Elements and shall be responsible for the maintenance thereof. No Owner shall paint any surface of the building outside such Owner's Unit or add or replace anything thereon or affixed thereto without written consent of the Association.

13.07 The Association shall be responsible for the maintenance, repair and replacement of the Common Elements and Limited Common Elements, including those portions which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring, heating and air conditioning equipment and other facilities located in the Common Elements and should incidental damage be caused to any Unit by any work which may be done or caused to be done by the Association, in the maintenance, repair or replacement of the Common Elements, the Association shall, at its expense, repair such

damage; provided that, if any repairs or replacements to the Common Elements are made necessary because of abuse or negligent use thereof by an Unit Owner, the cost of such repair or replacement may be assessed against such Unit Owner.

13.08 Any assessment made pursuant to this Section shall be enforceable in the same manner as provided for the enforcement of assessments in Section 11 hereof.

SECTION 14. INSURANCE PROVISIONS.

14.01 Liability Insurance. The Association shall maintain comprehensive public liability and property damage insurance covering all of the Common Elements and insuring the Association, the Unit Owners and, as long as a Maintenance Agreement is in effect, the Management Company, in such amounts as the Association determines necessary, provided that the minimum amount of coverage shall be \$500,000.00 for bodily injury or death of any one person, \$1,000,000.00 for bodily injury or death of any number of persons arising out of any one occurrence and \$50,000.00 for any instance of property damage. Premiums for such insurance shall be paid by the Association.

14.02 Casualty Insurance.

(a) Purchase of Insurance. The Association shall obtain and maintain fire, windstorm, extended coverage insurance including vandalism, and malicious mischief insurance, and flood insurance, covering all Condominium Property, including personal property owned by the Association, for the benefit of the Unit Owners and their mortgagees and the Association, as their interests may appear, with a company selected by the Association having not less than a policyholder's rating of "A" in the most recent edition of Best's Insurance Guide in an amount equal to the replacement cost of the Condominium Property, as determined annually by the Association. The insurance shall include coverage of that part of the building including but not limited to fixtures, installations or additions within a unit initially installed (or replacements thereof) in accordance with the original plans and specifications. Such coverage shall exclude, however, the foundation and excavation costs, walks, drives and exterior parking areas, that part of the value of each unit attributable to special improvements made by unit owners not common to units otherwise comparable in construction and finish, and increase in value of units resulting from alterations, betterments and further improvements of a unit or Limited Common Elements by Unit Owners. The company or companies with whom such insurance coverage is placed, as provided in this Declaration, must be authorized to do business in the State of Florida.

(b) Loss Payable Provisions - Insurance Trustee. All policies purchased by the Association shall be for the benefit of all Unit Owners and their mortgagees and the Association, as their interests may appear. However, an Insurance Trustee shall be the named insured and it shall not be necessary to name the Association or the

Unit Owners or any mortgagees, although mortgagee endorsements may be issued. The policies shall be deposited with the Insurance Trustee and shall provide that all insurance proceeds payable on account of loss or damage shall be payable to said Insurance Trustee. The Insurance Trustee may be any bank, maintaining offices and holding trust powers in Florida selected by the Association. The Insurance Trustee shall not be liable for the payment of the premiums, for the renewal or the sufficiency of policies, for the failure to collect any insurance proceeds, nor for the form or content of the policies. The sole duty of the Insurance Trustee shall be to hold the insurance policies and to receive the proceeds paid pursuant to the policies in trust for the purposes stated herein, for the benefit of the Association and the Unit Owners and their respective mortgagees, in the following shares:

(1) Proceeds Paid on Account of Damage to Common Elements: An undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

(2) Proceeds Paid on Account of Damages to any Units: Proceeds of insurance payable on account of damage to Units shall be held for the owners of damaged Units in the same proportion that the cost of repairing the damage suffered by each Unit Owner bears to the total cost of restoring all damaged Units, which cost shall be determined by the Association.

(3) Mortgagees: In the event a mortgagee endorsement has been issued with respect to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner, as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the Unit Owner and mortgagee, pursuant to the provisions of this Declaration.

(c) Distribution of Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owner in the following manner:

(1) Expense of the Trust: All expenses of the Insurance Trustee shall be first paid or provisions made therefor, including reasonable compensation for services rendered by the Trustee.

(2) Reconstruction and Repair: The remaining proceeds of any insurance shall be utilized to pay the cost of reconstructing or repairing the damage on account of which the proceeds are payable. Any proceeds remaining after paying such costs shall be distributed to the beneficial owners, provided that, if a mortgagee endorsement has been issued with respect to a Unit, the share of the Unit Owner will be paid to the Unit Owner and mortgagee jointly.

(3) Certificate: In making distributions the Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary as to the names of the Unit Owners, their mortgagees, and their respective shares of the distribution.

(d) Association as Agent. The Association is hereby irrevocably appointed agent for each Unit Owned and for each owner of a mortgage or other lien encumbering a Unit and for each owner of any other interest in the Condominium Property, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

(e) Benefit of Mortgagees. The provisions of this Section 14.02 are for the benefit of mortgagees of Condominium Parcels, and may be enforced by such mortgagee.

14.03 Reconstruction or Repair after Casualty.

(a) Reconstruction or Repair Required. In the event the Common Elements or the Units are damaged by any casualty, whether such damage is insured against or not, the same shall be repaired or reconstructed, by the Association or the Unit Owner, as the case may be.

(b) Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or if not, then according to plans and specifications approved by the Board of Directors of the Association, and by not less than 75% of the Unit Owners, including the owners of all damaged Units, which approval shall not be reasonably withheld.

(c) Responsibility. If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is that of the Unit Owner and for which insurance coverage is not required, then the Unit Owner shall be responsible for the reconstruction and repair of any damage caused by casualty. In all other instances the responsibility of reconstruction and repair of damage caused by casualty shall be that of the Association.

(d) Estimate of Costs. Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

(e) Assessments. If the proceeds of insurance are not sufficient to pay the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be in proportion to the Unit Owners's share in the Common Elements. Any assessment made pursuant to this Section may be enforced in the manner provided in Section 11 hereof.

14.04 Construction Funds. The funds for payment of costs of reconstruction and repair of damage caused by casualty, which shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessments against Unit Owners, shall be disbursed in payment of such costs in the following manner:

(a) Association. If the total of the assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair which is the responsibility of the Association, is more than \$25,000.00, then the sums paid upon such assessments shall be deposited by the Association with the Insurance Trustee. In all other cases, the Association shall hold the sums paid on account of such assessments and disburse the same in payment of the costs of reconstruction and repair.

(b) Insurance Trustee. The proceeds of insurance collected on account of a casualty, and the sums deposited with the Insurance Trustee by the Association from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(1) Association - Minor Damage. If the amount of the estimated cost of reconstruction and repair which is the responsibility of the Association, is less than \$25,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request to the Insurance Trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.

(2) Association - Major Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association, is more than \$25,000.00, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an Architect, Engineer or other qualified person and employed by the Association to supervise the work.

(3) Unit Owner. The portion of insurance proceeds, if any, representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner as provided in Section 14.03(c) shall be paid by the Insurance Trustee to the Unit Owner (or if there is a mortgagee endorsement as to such Unit, then to the Unit Owner and the mortgagee jointly) promptly upon completion of all required repairs and reconstruction.

(4) Surplus. The first moneys disbursed in payment of costs of reconstruction and repair shall be deemed to be the proceeds of insurance. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund was established, such balance shall be distributed to the Unit Owners and mortgagees in the manner elsewhere stated.

(5) Certificate. Notwithstanding the provisions herein, the Insurance Trustee shall not be required to determine whether or not sums paid by Unit Owners on account of assessments shall be deposited by the Association with the Insurance Trustee, nor to determine whether the disbursements from the construction fund are to be upon the order of the Association or upon approval of an Architect or otherwise, nor whether a disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. The Insurance Trustee may rely upon a certificate of the Association made by its President and Secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is herein required to be named as payee, the Insurance Trustee shall also name the mortgagee as payee of any distribution of insurance proceeds to a Unit Owner; and further provided that when the Association, or a mortgagee which is the beneficiary of an insurance policy the proceeds of which are included in the construction fund, the Insurance Trustee shall require as a condition precedent to any disbursement, a certificate of architect named by the Association certifying that the work has progressed to the point indicated in the contractor's application for payment, that the best of the architect's knowledge, information and belief the quality of work is in accordance with the contract documents, and the contractor is entitled to payment in the amount certified.

(6) Institutional Mortgagee's Right to Advance Premium. Should the Association fail to pay any insurance premiums when due or should the Association fail to comply with other insurance requirements of the Condominium Documents, any Institutional Mortgagee shall have the right, at its

option, after ten (10) days written notice to the Association, to obtain the insurance policies required hereby and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, said mortgagee shall be subrogated to the Assessment and lien rights of the Association against the Unit Owners. All of such policies shall be promptly deposited with Insurance Trustee.

14.05 Restoration Not Required. In the event more than ninety percent (90%) in value of the Condominium Property is substantially damaged or destroyed by fire or other casualty and the extent of such damage is certified, in writing by the Association to each Unit Owner, and 25% of the Voting Members signify their desire to terminate the Condominium, the Condominium shall terminate within sixty (60) days after the casualty by filing in the public records of Bay County, Florida, a Notice of Election to Terminate, accompanied by the Certification of Extent of Damage by the Association. Thereafter, the Unit Owners will become tenants in common of the Condominium Property and the insurance proceeds. The share of the Owners of each Unit in the Condominium Property shall be the same as their share in the Common Elements. The share of each Unit Owner in the insurance proceeds shall be the same as set forth in Exhibit "C". Any mortgage or other lien which encumbers a Condominium Parcel shall continue as a lien of equal dignity against the interest of the Unit Owner in the Condominium Property and the proceeds of insurance. If any Unit Owner requests a partition of the property, the Condominium Property shall be sold, and each Unit Owner, or each Unit Owner and his respective mortgagee, will be entitled to recover from the fund composed of sale proceeds, a share of such sums that shall be the same as the undivided share of such Unit Owner in the Common Elements. In the event the fund does not contain sufficient sums to fully compensate every Unit Owner, the sum payable to each Unit Owner will be proportionately reduced.

Before distribution to a Unit Owner of insurance or sale proceeds, all liens against such Unit Owner's Unit will be paid to the extent the proceeds allocated to said Unit are sufficient to do so.

14.06 Other Insurance. The Association shall maintain ~~worker's Compensation Insurance~~ to meet the requirement of law and such other insurance as the Association shall determine from time to time to be desirable.

14.07 Unit Owners Insurance. Each individual Unit Owner may purchase, at his own expense, liability insurance to cover accidents occurring within his Unit. Unit Owners may also purchase casualty insurance covering personal property within any improvements to their Units, provided such does not contain a co-insurance provision or any other provision that in any way affects the master policy maintained by the Association on the Condominium Property. If a Unit Owner desires casualty insurance covering personal property within his Unit and any improvements to his Unit, but is unable to obtain casualty insurance which satisfies the foregoing provision, the Association shall obtain additional coverage for such Unit Owner under the master policy. Any additional premium incurred by the Association on account of such additional coverage shall be assessed to the Unit Owner for whom such additional insurance was purchased. In the event of a

casualty covered by such additional insurance, the proceeds of such additional insurance purchased by a Unit Owner, or by the Association on behalf of a particular Unit Owner as aforesaid covering such Unit Owner's personal property and improvements within his Unit, shall be the sole property of such Unit Owner, and his mortgagee, as their interest may appear.

14.08 Waiver of Subrogation. If available without additional cost, and where applicable, the Association and each Unit Owner shall endeavor to obtain policies which provide that the insurer waives the right of subrogation as to any claim against Unit Owners, the Association, their respective servants, agents, and guests, and any Management Company.

SECTION 15. CONVEYANCE, SALE, RENTAL, LEASE AND TRANSFER.

15.01 In order to insure a community of congenial residents and thus protect the value of each Condominium Parcel, the sale of Condominium Parcels by a Unit Owner other than Developer shall be subject to the following provisions:

(a) Right of First Refusal. In the event the Owner of any Condominium Parcel wishes to sell the same and has received a bona fide offer to purchase same, such Owner ("Seller") shall notify the Association in writing that the Condominium Parcel is for sale and shall supply the Association with a true copy of such offer and the terms thereof, including the name of the prospective purchaser and such other information as the Association, in the reasonable exercise of its discretion, may request. The Association shall have the option for fifteen (15) days following receipt of such offer, to purchase the Parcel on the terms and conditions set forth in the offer, which option shall be exercised if at all by notice in writing given to the Seller within said fifteen-day period. The Association shall have the right to assign the option herein granted or to waive its rights under this section. If the Association does not elect to exercise its option, or assign the same, or if the Association waives its rights hereunder Seller shall have the right to complete the transaction described in the offer to the purchaser named therein. If for any reason such transaction is not concluded and notice of such fact given to the Association within thirty (30) days after the time required by the offer for the transaction to be closed, the offer shall be deemed to have been abandoned and the provisions of this section shall be reimposed on the Parcel in question.

For the purposes of this section, the term "bona fide offer" shall mean an offer made in good faith by a prospective purchaser to Seller to purchase the Condominium Parcel.

(b) Application. The option granted to the Association in subparagraph (a) above, shall not apply to transfers made by the Developer, or any affiliate or subsidiary of the Developer, or to transfers made solely for the purpose of securing the performance of any obligation, transfers involving a foreclosure sale or other judicial sale or any transfer to an Institutional Mortgagee in lieu of foreclosure, any transfer by an Institutional Mortgagee following foreclosure or any

proceeding or arrangement in lieu thereof, the transfer of one joint tenant's interest to another, by operation of law or transfers to direct descendants or ascendants of the transferor or to corporations or partnership owned or controlled by the seller or to sell to persons related by blood or marriage to the seller.

(c) Certificate of Termination. The Association shall, upon request, at any time furnish to any Member, or other person legitimately interested in the same, a certificate in writing executed by an officer of the Association in recordable form stating that the requirements of Section 15.01(a) have been complied with, or duly waived by the Association, and that the rights of the Association thereunder have terminated. Such certificate shall be conclusive evidence of compliance with the requirements of (a) above, for all persons who rely thereon in good faith.

(d) Rental or Lease. No lease for a period of more than one (1) year shall be valid unless approved by the Association and all lessees shall acknowledge in writing their agreement to be bound by the terms of the Declaration during their tenancy. The Association shall have the right to require that a substantially uniform form of lease be used. Such lease or rental shall not release the Unit Owner from any obligation under this Declaration.

(e) Occupants. The Association shall have the right to prohibit occupancy of any Unit by any person other than a Unit Owner, or a purchaser or lessee who has acquired his interest after compliance with (a) or (d) hereof, as the case may be.

(f) Voidability. Any purported sale or lease of a Unit where the Unit Owner has failed to comply with the provisions of this Section, shall be voidable at the election of the Association, provided, however, that such voidability shall exist for a period no longer than ninety (90) days from the consummation of such transaction, such consummation to be evidenced by occupancy of the Unit or by furnishing the Association with a true copy of a recorded deed of conveyance thereto or lease thereof; and, provided, further, that the Association commence an action within such ninety (90) day period to have the same declared void.

(g) Exception. Any Institutional First Mortgagee making a mortgage loan for the purpose of financing the purchase of a Unit shall not be required to inquire whether or not its mortgagor's grantor complied with the provision of this section, and any failure of such mortgagor's grantor to so comply will not operate to affect the validity or priority of such mortgage.

15.02 The Developer reserves the right to sell, lease or rent the Condominium Parcels to any person or persons without restriction. Developer also reserves the right to transact any business on the Condominium Property which may, in its sole judgment, be necessary to consummate the sale of Condominium Units including, but not limited to, the right to maintain model Units, signs in the Common Elements, a business office in one or more Units to and to use the Common Elements to show Units to prospective purchasers and lessees. The sales office, signs and other items used in connection with the sale or leasing of Condominium Parcels shall not be considered a part of the Common Elements and shall remain the property of Developer. Except as provided in this section, the Developer shall be subject to the same rules and regulations and entitled to enjoy the same privileges as any other Unit Owner with respect to each Unit owned by Developer.

SECTION 16. OBLIGATION OF UNIT OWNERS.

16.01 In addition to the other obligations and duties heretofore set out in this Declaration, no Unit Owner shall:

(a) Use or permit the use of his Unit for any purpose other than as a single family residence or fail to maintain his Unit in a clean and sanitary manner;

(b) Permit or suffer anything to be done or kept in his Unit which will increase the insurance rates on any Unit or the Common Elements, or which will obstruct or interfere with the rights of other Members, or commit, permit or suffer any nuisance or illegal act in his Unit or on the Common Elements;

(c) Fail to conform to and abide by the By-Laws and nondiscriminatory rules and regulations in regard to the use of the Condominium Property which may be adopted in writing from time to time by the Association, and each Unit Owner shall be responsible to see that all persons using such Unit Owner's property do likewise;

(d) Attempt to exempt himself from liability for his contribution toward the Common Expenses by waiver of the use and enjoyment of any of the Common Elements, or by the abandonment of his Condominium Unit.

16.02 Pets. Pets may be kept or maintained by Unit Owners in their Units upon such terms and conditions as the Association may establish from time to time, provided such pet does not create a nuisance. Whether or not a pet creates a nuisance shall be determined in the sole judgment of the Association. No exotic pets or "domesticated" wild animals will be permitted on the Condominium Property.

SECTION 17. RESERVE FUND ACCOUNT.

17.01 The Association shall establish a Reserve Fund Account to accumulate sums in a separate account for capital improvements or repairs or replacements of major components of the building which are, or will be, a part of the Common Elements all as required by the Act (the "Fund"). The assessment will be in the amounts required by the Act unless such requirement is waived by the members in accordance with the Act. The Association shall determine those capital improvements to be replaced, acquired or repaired with the deposits in the Fund. The proportionate interest of each owner in the Fund shall be appurtenant to his Unit and may not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it appertains and shall be deemed to be transferred with such Unit. The Developer shall not be assessed for the Fund.

17.02 The assessment provided for in this section may be enforced in the same manner as provided in Section 11 for the enforcement of assessments.

SECTION 18. NOTICES.

18.01 Unit Owner. Whenever a notice is required to be sent to a Unit Owner, such notice may be delivered either personally or by mail, addressed to such Unit Owner's Unit address, unless the Unit Owner has, by written notice duly receipted for by the Secretary of the Association, specified a different address.

18.02 Association. Notices to the Association shall be delivered by mail in person to the Secretary of the Association at the Secretary's Unit, or in the event of the Secretary's absence, then to the President of the Association at his Unit, and, in his absence, to any member of the Board of Directors of the Association.

18.03 Developer. Notices to the Developer shall be delivered by registered or certified mail to:

Bay Point Realty, Inc.
Box 55, Bay Point
Panama City, Florida 32407

or such other address as Developer may from time to time designate.

18.04 All notices shall be deemed to have been given when deposited in the United States Mail, postage prepaid, addressed as aforesaid. Any party may change his or its mailing address by written notice duly received for by the Secretary of the Association. Notices required to be given to a deceased Owner may be delivered, either personally or by mail, to the personal representative at his or its address appearing in the records of the Court wherein the estate of such deceased Owner is being administered, or if there is none, then to the nearest relative of such deceased person.

SECTION 19. SAVINGS ACCOUNTS; INVESTMENTS.

19.01 The Association shall have the power to establish and maintain in a national or state bank or a federal savings and loan association, interest bearing accounts for such purposes as it may see fit to establish from time to time.

19.02 ~~The Association shall have the power to invest money of the Association in any obligation guaranteed as to payment by the United States.~~

SECTION 20. MISCELLANEOUS PROVISIONS.

20.01 Provisions of Declaration - Binding Effect. All provisions of the Condominium Documents are intended to be and shall be construed as covenants running with the land and every part thereof, including, but not limited to, every Unit and the appurtenances thereto; and every Unit Owner and claimant of the property, or any part thereto, or of any interest therein, ~~and his heirs, executors, administrators, successors~~ and assigns, shall be bound by all of the provisions of the Condominium Documents.

20.02 Dividing or Combining Units. The Association may from time to time authorize the removal or addition of a wall or portion of a wall between Units in order that said Units might be used together as one integral Unit or in order to add to or subtract from space in any Unit, provided, that no such alteration shall be made without the consent of all Unit Owners whose Units are directly affected thereby. If the joinder or division of Units is permitted, the share of the Common Elements and Common Expenses and Surplus appurtenant to the altered Units may be reapportioned by the Unit Owners owning such altered Units, provided, no such reapportionment shall affect the share of Common Elements, Common Expenses or Surplus appurtenant to Units not so altered. If a joinder or Division of Units is permitted and the share of Common

Elements, Common Surplus, or Common Expenses appurtenant to such Units reapportioned, such changes shall be reflected by an amendment of this Declaration. Said amendment shall be signed by the President and Secretary of the Association, each affected Unit Owner, and their respective mortgagees.

20.02 Attorneys' Fees. In addition to the remedies provided in Section 718, The Florida Condominium Act, should the Association find it necessary to employ an attorney at law to enforce any obligation of a Unit Owner under the Condominium Documents, the offending Unit Owner shall reimburse the Association for reasonable attorneys' fees incurred by it in connection with such default.

20.04 Agreement for Recreational Facilities. Subsequent to the filing of this Declaration, the Association may, either alone or in concert with other Condominium Associations, purchase and/or acquire and enter into agreements, from time to time, whereby it acquires leaseholds, memberships, and other possessory or use interests in lands or facilities, including, but not limited to, country clubs, golf courses, marinas and other recreational facilities, whether or not contiguous to the Condominium Property intended to provide for the enjoyment, recreation and other use or benefit of the Unit Owners. No such purchase or agreement shall be valid, however, unless approved by the owners of a majority of the Units, which are not owned by Developer, and by the holders of a majority of the indebtedness secured by mortgages held by Institutional Mortgagees. The expense of ownership, rental membership fees, operations, replacements, and other undertakings in connection therewith shall be Common Expenses, together with all other expenses and costs herein or by law defined as Common Expenses.

20.05 Gender. Whenever the context so requires, the use of any gender shall be deemed to include all genders, and the use of the singular shall include the plural, and the plural shall include the singular. The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a Condominium.

20.06 Captions. The captions used in the Condominium documents are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text in the Condominium Documents.

20.07 Institutional First Mortgages. Where an Institutional First Mortgage, by some circumstance, fails to be a first mortgage but it is evident that it is intended to be a first mortgage, it shall nevertheless, for the purpose of the Condominium Documents be deemed to be an Institutional First Mortgage.

20.08 Severability of Provisions. If any term, covenant, provisions, phrase or other element of the Condominium Documents is held invalid or unenforceable for any reason whatsoever, such holding shall not be deemed to effect, alter, modify or impair in any manner whatsoever any other term, provision, covenant or element of said Documents or of the Condominium Act.

20.09 Warranties. The Developer's warranty shall be limited to an implied warranty of fitness and merchantability as set forth in Florida Statutes 718.203 and as subject to the limitations therein set forth.

20.10 Acceptance by Association. The Association approves the foregoing and all of the covenants, terms and conditions,

duties and obligations of this Declaration and Exhibits attached hereto. Each Unit Owner, by virtue of its acceptance of a Deed of Conveyance to a Condominium Parcel and other parties, by virtue of their occupancy of Units hereby approve the Declaration and all of the terms and conditions, duties and obligations set forth in the Condominium Documents.

20.11 Partition. No Unit Owner shall bring, or have any right to bring, any action for partition or division of the Condominium Property, except as provided in Section 14.05.

20.12 Construction by Unit Owner. Any addition, alteration or construction by a Unit Owner, including electrical wiring or plumbing, shall comply with the Bay County Building Code and all other applicable ordinances. All electrical and mechanical equipment shall, in addition, have Underwriters Laboratory approval. All floor coverings shall be installed over soundproof insulated material which complies with specifications on file with the Association.

20.13 Developer's Assessments. The Developer and Trustee shall not be liable for and shall be excused from the payment of any assessments for common expenses assessed against any unit owned by the Developer or Trustee during that period beginning with the closing of the sale of the first unit in the condominium and terminating not later than one (1) calendar year thereafter, or upon the transfer of control of the Association to Unit Owners other than the Developer, whichever occurs first.

During this period, the Developer guarantees that the assessments for common expenses of the condominium imposed on the Unit Owners other than Developer shall not increase over the guaranteed amounts set forth in Exhibit "D", and the Developer shall pay any amount of common expenses incurred during this period and not produced by the assessments at the guaranteed level receivable from other Unit Owners. Upon the termination of this guarantee, the Developer shall pay all the assessments for common expenses for every Unit that is owned by the Developer or Trustee.

20.14 Developer's Liability. Notwithstanding any other provision of this Declaration, neither the Trustee nor any partner of Developer shall have any liability whatsoever on account of Developer's obligation, except to the extent of his interest in the property which is submitted to condominium ownership hereby.

SECTION 21. MASTER ASSOCIATION.

21.01 The Bay Point Improvement Association, Inc., (the "Master Association"), represents all of the residents of the entire Bay Point Development, including this Condominium, and its members are those persons designated in the Master Charter and Master By-Laws. The Master Association, acting through its Board of Directors, shall have the following powers, right and duties with respect to the Condominium Property, all as more particularly set forth in the Master Charter, Master By-Laws and recorded Declaration of Covenants with respect to the Bay Point Development.

21.02 The Master Association is entitled to a lien upon a residential parcel for any unpaid assessment for expenses incurred or to be incurred by the Master Association in the fulfillment of its maintenance, operation and management responsibilities with respect to roadways, bridges, drainage facilities, rights-of-way, medians, bike-paths, entrance ways, irrigation systems, traffic control system, street lighting, and other common areas used or to be used in common with all residents of the Bay Point development, the payment of real estate ad valorem taxes assessed against such common areas, all of which is more particularly set forth in the Master By-Laws and recorded Declaration of Covenants.

21.03 If for any reason the Association refused or fails to perform the obligations imposed on it hereunder and under the other Condominium Documents, the Master Association shall be, and is hereby, authorized to act for and in behalf of the Association in such respect that the Association has refused or failed to act, and any expenses thereby incurred by the Master Association shall be reimbursed by the Association.

21.04 Notwithstanding anything herein to the contrary, this Declaration shall not be amended in any manner so as to affect the rights of the Master Association without the written approval of the board of directors of the Master Association. Any such approval shall be evidenced by a recordable instrument executed by the president and attested by the secretary of the Master Association.

SECTION 22. COVENANTS AND RESTRICTIONS

The Condominium Property, Improvements and all easements and rights appurtenant thereto intended for and granted for use in connection with said Property are hereby subjected to all the covenants and restrictions contained in the Declaration of Covenants and Restrictions of Lagoon Towers, a Condominium, as recorded in Official Record Book No. _____, Pages _____ through _____, of Bay County, Florida.

SECTION 23. SPECIFIC RIGHTS OF INSTITUTIONAL MORTGAGEES

In addition to the rights and privileges expressly granted to the mortgagees of condominium units in other paragraphs of this Declaration of Condominium, each and every institutional mortgagee shall have the following rights and entitlements:

23.1 To be furnished with at least one (1) copy of the annual financial statement and a report of the Association, prepared by certified public accountants designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such financial statement and report to be furnished within ninety (90) days following the end of each calendar year; and to inspect the books and records of the condominium during normal business hours.

23.2 To be given written notice by the Association of the call of a meeting of the membership and be permitted to designate a representative to attend all such meetings.

23.3 To be given notice of default by any member owning any unit encumbered by a mortgage held by such institutional mortgagee, such notice to be given in writing and to be sent to the principal office of such institutional mortgagee or to the place which it or they may designate in writing to the Association.

23.4 To be given an endorsement to the policies covering the common elements requiring that such institutional mortgagee be given any notice of cancellation provided for in such policy.

23.5 Should the Association fail to pay insurance premiums when due, or should the Association fail to comply with other insurance requirements of the mortgagee(s), said institutional mortgagee(s) shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, said mortgagee shall be subrogated to the assessment and lien rights of the Association as against the individual unit owners for the payment of such item of common expense.

23.6 To receive, in reduction of its mortgage debt, that portion of insurance proceeds apportioned to its mortgaged unit in the same share as the share in the common elements appurtenant to such unit, in the event: (a) insurance proceeds are not sufficient to complete restoration, reconstruction or repair, and the Association has not made additional funds available for such purpose; or (b) it is determined to restore, repair or reconstruct the improvements in a manner or condition substantially different from that existing prior to the casualty and such mortgagee has not consented in writing to such change or alteration.

23.7 To a written notification from the Association thirty (30) days prior to the effective date of:

23.7.1 Any change in the condominium documents; and

23.7.2 Any change of manager (not including change in employees of a corporate manager) of the condominium.

23.8 To written notification from the Association of any default by the mortgagor of a unit in performance of the mortgagor's obligations under all condominium documents which is not cured within thirty (30) days.

23.9 Any institutional mortgagee that comes into possession of a unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed in lieu of foreclosure, shall take the property free of any claim for unpaid assessments or charges against the mortgaged unit which accrue prior to the time such institutional mortgagee comes into possession of the unit (except for claims for a pro rata share of any tax or special assessment as provided for in this Declaration of Condominium).

23.10 In the event of substantial damage to or destruction of any unit or any part of the common elements, the institutional holder of any first mortgage on a condominium unit will be entitled to timely written notice of any such damage or destruction.

23.11 No condominium unit in the project may be partitioned or subdivided without the prior written approval of at least the holder of any first mortgage lien on such unit.

SECTION 24. SCRIVENER'S ERRORS.

24.01 Developer, for itself and each incumbent President of the Association, reserves the right to amend the Declaration to correct scrivener's errors, however, no such amendment shall materially adversely affect the property rights of Unit Owners. Such amendment need only be approved, executed and acknowledged by the Developer or the President of the Association, as the case may be, and shall be effective when record in public records of Bay County, Florida.

IN WITNESS WHEREOF, BAY BANK & TRUST CO., Trustee and Developer, have executed this instrument, this 2nd day of August, 1984

Signed, sealed & delivered
in the presence of:

BAY BANK & TRUST CO., a
Florida banking corporation,
Trustee

Samuel A. Skid
Linda C. Wooten

By [Signature]
John Christofel, President
Attest: _____
(Corporate Seal)

BAY POINT YACHT AND COUNTRY
CLUB, Developer

[Signature]
[Signature]
[Signature]
[Signature]

By [Signature]
A General Partner of M S & S,
a Florida Partnership
By [Signature] of First
Bay Point, Inc., a Florida
corporation

STATE OF FLORIDA,
COUNTY OF BAY.

I HEREBY CERTIFY that on this day before me, an officer duly
authorized in the State and County aforesaid to take acknowledg-
ments, personally appeared John Christo III and
_____ to me known to be the persons
described in and who executed the foregoing instruments as
President and _____ of BAY BANK
& TRUST CO., a Florida banking corporation, Trustee, the corpora-
tion named therein, and severally acknowledged to and before me
that they executed the same as the act and deed of said corpora-
tion for the purposes therein set forth.

WITNESS my hand and official seal in said County and State
this 2nd day of August, 1984.

[Signature]
Notary Public
My Commission Expires:
Notary Public, State of Florida
My Commission Expires July 17, 1987
Linda C. Wooten

STATE OF FLORIDA,
COUNTY OF BAY.

I, the undersigned authority, a Notary Public, in and for
said State and County, do hereby certify that C.F.
SPANN, as General Partners of M S & S, a
Florida Partnership, whose name is signed to the foregoing
instrument, and who is known to me as such general partner,
acknowledged before me on this day that, being informed of the
contents of said instrument, he executed the same voluntarily on
the day the same bears date.

WITNESS my hand and official seal in said County and State
this 23 day of July, 1984.

[Signature]
Notary Public
My Commission Expires:
(SEAL)
Notary Public, State of Florida
My Commission Expires Sept 22, 1984

DISTRICT OF COLUMBIA

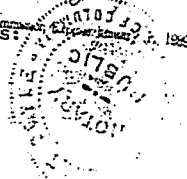
I, the undersigned authority, a Notary Public, in and for said District of Columbia, do hereby certify that Arata Buttenberg as President of FIRST BAY POINT, INC., a Florida Corporation, whose name is signed to the foregoing instrument, and who is known to me as such person, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

WITNESS my hand and official seal in said District of Columbia this 25th day of July, 1984.

Marqueth A. Doyle
Notary Public

My Commission Expires: 12/31/85

(SEAL)



JOINDER OF MORTGAGEE IN
DECLARATION OF CONDOMINIUM

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, a corporate instrumentality and agency of the United States, the owner and holder of a mortgage encumbering the land described in Exhibit A attached to the Declaration of Condominium of LAGOON TOWERS, a condominium, according to the Declaration thereof to which this Joinder is attached hereby consents to and joins in the said Declaration thereof and agrees that the lien of its mortgage, to the extent of the encumbrance upon the land described in Exhibit A attached to the Declaration of Condominium, shall be upon the condominium parcel of LAGOON TOWERS, a condominium, according to the Declaration thereof, together with all of the appurtenances, including, but not limited to, any common elements appurtenant to the condominium parcel so encumbered and to the undivided shares of the common elements.

Nothing contained herein shall be deemed to or in any way limit or affect the mortgage held by FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, a corporate instrumentality and agency of the United States, or the priority of the lien created thereby and the sole purpose of this Joinder is to acknowledge the consent of said Mortgagee to the Declaration of Condominium as hereinabove provided

This instrument is executed by the undersigned for the purpose of complying with and pursuant to Florida Statute 718.104(3).

EXECUTED this 16 day of July, 1984.

WITNESSES:

Mortgagee

FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION, a
corporate instrumentality and
agency of the United States

James J. Weaver
James J. Weaver

By:

Attest:

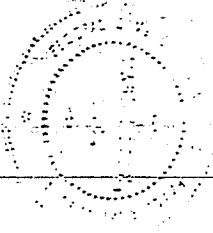
J. Richard Egan
Bobby L. Hughes

District of Columbia
STATE OF _____
COUNTY OF _____

The foregoing Joinder of Mortgage of Declaration of
Condominium was acknowledged before me this 16th day of July
1984, by J. Richard Earle and Bobby L.
Hughes the Case Manager and Deputy Director
respectively, of FEDERAL SAVINGS AND LOAN INSUR-
ANCE CORPORATION, a corporate instrumentality and agency of the
United States, on behalf of said corporation.

Margaret A. Doyle
Notary Public

My Commission Expires:
My Commission Expires January 1, 1989



JOINDER OF MORTGAGEE IN
DECLARATION OF CONDOMINIUM

AMSOUTH BANK, N.A., of Birmingham, Alabama, the owner and holder of a mortgage encumbering the land described in Exhibit "A" attached to the Declaration of Condominium of LAGOON TOWERS, a condominium, according to the Declaration thereof to which this Joinder is attached hereby consents to and joins in the said Declaration thereof and agrees that the lien of its mortgage, to the extent of the encumbrance upon the land described in Exhibit "A" attached to the Declaration of Condominium, shall be upon the condominium parcel of LAGOON TOWERS, a condominium, according to the Declaration thereof, together with all of the appurtenances, including, but not limited to, any common elements appurtenant to the condominium parcel so encumbered and to the undivided shares of the common elements.

Nothing contained herein shall be deemed to or in any way limit or affect the mortgage held by AMSOUTH BANK, N.A., or the priority of the lien created thereby and the sole purpose of this Joinder is to acknowledge the consent of said Mortgagee to the Declaration of Condominium as hereinabove provided.

This instrument is executed by the undersigned for the purpose of complying with and pursuant to Section 718.104, Florida Statutes (1981).

EXECUTED this 16th day of August, 1983.

WITNESSES:

David Jones
David Jones

Mortgagee

AMSOUTH BANK, N.A.

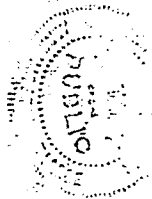
By: Raymond A. Leubach

Its Vice President

Attest: Thomas E. Lister
Its Real Estate Loan Officer

STATE OF ALABAMA,
COUNTY OF Jefferson

The foregoing Joinder of Mortgagee of Declaration
of Condominium was acknowledged before me this 16th day of
August, 1983, by Raymond J. Reinhardsen and
Thomas E. Gester, the Vice President and
Real Estate Loan Officer, respectively, of AMSOUTH BANK,
N.A., on behalf of said corporation.



Connie Jane Kiser

Notary Public
My Commission Expires:

Notary Public, Alabama State at Large
My Commission Expires December 1, 1985
Bonded by St. Paul Fire & Marine Insurance Co.

EXHIBIT A TO THE DECLARATION OF CONDOMINIUM
LAGOON TOWERS, A CONDOMINIUM

DESCRIPTION OF LAGOON TOWERS, A CONDOMINIUM: Commence at the Northeast corner of Government Lot 8, Section 15, Township 4 South, Range 15 West, Bay County, Florida. Thence South 00° 11' 50" East along the East line of said Lot 8 for 78.15 feet to the Southerly right of way line of Kingfish Lane; thence South 75° 12' 08" West along said right of way line for 54.84 feet to the P.C. of a curve in said right of way line concave to the North and having a radius of 399.31 feet; thence Westerly along said curve for an arc distance of 133.48 feet, said arc having a chord of 132.86 feet bearing South 84° 46' 43" West; thence South 12° 12' 17" West for 76.80 feet; thence North 89° 48' 24" West for 51.45 feet to the POINT OF BEGINNING. Thence South 89° 48' 24" East for 51.45 feet; thence North 12° 12' 17" East for 76.80 feet to said Southerly right of way line of Kingfish Lane; thence Westerly along said curving right of way line for an arc distance of 197.56 feet; said arc having a chord of 195.55 feet bearing North 71° 28' 17" West to the point of Reverse Curve in said right of way line concave to the South and having a radius of 168.75 feet; thence Westerly along said curve for an arc distance of 189.48 feet, said arc having a chord of 179.68 feet bearing North 89° 27' 52" West; thence South 58° 22' 08" West along said right of way line for 32.00 feet to the P.C. of a curve in said right of way line concave to the North and having a radius of 202.89 feet; thence Westerly along said curving right of way line for an arc distance of 70.00 feet, said arc having a chord of 69.65 feet bearing South 68° 15' 10" West to the East boundary of Studio Villas III, a Condominium; thence South 11° 51' 48" East along said East boundary for 115.00 feet; thence South 24° 38' 00" West along said East boundary for 139.4 feet, more or less, to the edge of Grand Lagoon; thence Southeasterly, Northwesterly, Northeasterly and Easterly along the edge of said Lagoon for 641 feet more or less, to a point on a line that bears South 00° 11' 36" West from the point of beginning. Thence North 00° 11' 36" East for 62.3 feet, more or less, to the point of beginning, containing 2.51 acres, more or less.

** OFFICIAL RECORDS **
BK 986 PG 42

EXHIBIT "C" TO DECLARATION
OF
LAGOON TOWERS, A CONDOMINIUM

PHASE I

<u>Unit Type</u>	<u>Unit Numbers</u>	<u>Percentage of Ownership in Common Elements & Sharing in Common Expenses of Each Unit</u>
Three Bedroom	101, 109, 201, 209, 301, 309, 401, 409, 501, 509, 601, 609, 701, and 709	1.78%
Two Bedroom	102, 103, 104, 105, 106, 202, 203, 204, 205, 206, 302, 303, 304, 305, 306, 402, 403, 404, 405, 406, 502, 503, 504, 505, 506, 602, 603, 604, 605, 606, 702, 703, 704, 705, and 706	1.68%
One Bedroom	107, 108, 207, 208, 307, 308, 407, 408, 507, 508, 607, 608, 707, and 708	1.16%

PHASES I AND II

Three Bedroom	101, 109, 110, 117, 201, 209, 210, 217, 301, 309, 310, 317, 401, 409, 410, 417, 501, 509, 510, 517, 601, 609, 610, 617, 701, 709, 710, and 717	.95%
Two Bedroom	102, 103, 104, 105, 106, 111, 112, 113, 114, 202, 203, 204, 205, 206, 211, 212, 213, 214, 302, 303, 304, 305, 306, 311, 312, 313, 314, 402, 403, 404, 405, 406, 411, 412, 413, 414, 502, 503, 504, 505, 506, 511, 512, 513, 514, 602, 603, 604, 605, 606, 611, 612, 613, 614, 702, 703, 704, 705, 706, 711, 712, 713, and 714	.89%
One Bedroom	107, 108, 115, 116, 207, 208, 215, 216, 307, 308, 315, 316, 407, 408, 415, 416, 507, 508, 515, 516, 607, 608, 615, 616, 707, 708, 715, and 716	.62%

EXHIBIT "D"

LAGOON TOWERS CONDOMINIUM ASSOCIATION, INC.

ESTIMATED OPERATING BUDGET
PHASE I

<u>EXPENSES</u>		
	<u>Monthly</u>	<u>Annually</u>
<u>Utilities</u>		
Electric	\$ 433.42	\$ 5,201.04
Cable Vision	945.00	11,340.00
Water	756.00	9,072.00
Gewer	567.00	6,804.00
<u>Maintenance</u>		
Lawn Maintenance	\$ 582.35	\$ 6,988.24
General Repairs & Maintenance	525.00	6,300.00
Trash Removal	315.00	3,780.00
Pool Maintenance	666.67	8,000.00
Pest Control	220.59	2,647.06
Elevator Maintenance	254.12	3,049.41
<u>Administration</u>		
Insurance	\$1,399.46	\$ 16,793.47
Office and Miscellaneous	52.94	635.29
Accounting and Legal	132.35	1,588.24
<u>Management Fee</u>		
	\$ 441.00	\$ 5,292.00
<u>Maintenance Employee</u>		
	\$1,000.00	\$ 12,000.00
<u>Fees Payable to the Division</u>		
	\$ 2.63	\$ 31.50
<u>Rent for Recreational and Other Commonly used Facilities</u>		
	N/A	N/A
<u>Taxes Upon Association Property</u>		
	N/A	N/A
<u>Taxes Upon Leased Area</u>		
	N/A	N/A
<u>Operating Capital</u>		
	-0-	-0-
<u>Reserves</u>		
Building Painting and Repairs	\$ 630.00	\$ 7,560.00
Resurfacing Pavement	126.00	1,512.00
Roof Replacement	63.00	756.00
TOTAL ESTIMATED EXPENSES	\$9,112.53	\$109,350.21

ESTIMATED MAINTENANCE ASSESSMENTS

Three Bedroom Units - Monthly --\$149.64; Annually - \$1,795.68
One Bedroom Units - Monthly - \$ 97.66; Annually - \$1,171.92
Two Bedroom Units - Monthly - \$140.19; Annually - \$1,682.28

GUARANTEED MAINTENANCE ASSESSMENTS

Three Bedroom Units: Monthly -- \$162.27, Annually -- \$1,947.24
One Bedroom Units : Monthly -- \$105.75, Annually -- \$1,269.00
Two Bedroom Units : Monthly -- \$153.15, Annually -- \$1,837.80

In addition to the Condominium Association assessments, each unit shall be responsible for the payment of the annual assessment by Bay Point Improvement Association, Inc. The annual current assessment is \$150.00 per year, per unit.

The Developer shall provide a guarantee for an operating period (hereinafter referred to as the "guarantee period"). The guarantee period shall be in full force and effect for a term of one (1) year commencing with the date the Developer sells and closes the first condominium unit to a purchaser in the condominium. Accordingly, the Developer has agreed in the Declaration of Condominium, Section 20.13 that for an initial period of time, only guaranteed assessments, as hereinafter set out will be charged and the Developer shall be responsible for making up the difference, if any, between the actual common expenses of the condominium and the amount collected from unit owners under the guaranteed assessments. During this same period of time, the Developer will make no payments for assessments for units owned by the Developer, but instead will pay the difference between the amount estimated in the guaranteed assessments and the actual costs and expenses of operating the condominium.

147988123

EXHIBIT "E" TO DECLARATION
LAGOON TOWERS, A CONDOMINIUM

ASSOCIATION MANAGEMENT CONTRACT

This contract, made this _____ day of _____, 198____, between LAGOON TOWERS, INC., a not-for-profit Florida corporation (hereinafter referred to as "the Association"), and BAY POINT REALTY, INC., a Florida corporation (hereinafter referred to as "Agent").

Relationship to Developer. The Developer, Bay Point Yacht & Country Club has a financial and ownership interest in the Managing Agent. The relationship being that the shareholders of BAY POINT REALTY, INC., the Managing Agent, are Larry D. Striplin and William F. Spann, who are also partners in M S & S, one of the principals of Bay Point Yacht & Country Club.

W I T N E S S E T H:

WHEREAS, the Association desires to obtain the assistance and services of the Agent as exclusive Managing Agent in connection with the management of the Association's affairs and property, commonly known as Grand Lagoon Towers, a Condominium, located at Bay Point, Panama City Beach, Florida, (hereinafter referred to as the "Condominium"), and

WHEREAS, BAY POINT REALTY, INC., desires to provide association management services;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

I GENERAL PROVISIONS.

1.1 EMPLOYMENT OF AGENT. The Association hereby appoints BAY POINT REALTY, INC., as its subsidiary Manager of Lagoon Towers, and delegates to the Agent those duties, powers and rights as set forth in this contract. BAY POINT REALTY, INC., accepts the appointment as Managing Agent under the terms and conditions of this contract. Agent shall assume control of the property, buildings, equipment and improvements of the Condominium and be responsible for supervising their upkeep and maintenance. All expenses of maintenance shall be the expense of the Association and shall be paid from the Association's funds collected by the Agent.

1.2 TERM. The term of this contract shall be from _____ to and including _____ subject to earlier termination as provided herein. Renewal of the contract for additional twelve-month periods shall occur automatically upon the scheduled date of termination unless prior written notice shall have been given by either party to the other party at least sixty (60) days before the termination date then in effect.

1.3 AGENT'S COMPENSATION AND MANNER OF PAYMENT. The sole compensation which the Agent shall be entitled to receive for services rendered under this Agreement shall be \$7.00 per unit per month, plus Association expenses incurred. Such fee shall be paid as a recurring common expense of the Association and shall be due and payable in advance on or before the 10th day of each month, together with all expenses incurred by the Agent for which billings were submitted prior to the end of the preceeding month. Agent may use, without charge, the office and storage facilities of the Association for performance of responsibilities under this contract.

1.4 TERMINATION. in the event of a breach of any of the provisions of this contract by either party, and failure to cure such breach within fourteen (14) days of written notice thereof from the other party specifying the breach

complained of, the other party shall have the right to terminate this contract immediately upon written notice to the other party. Upon termination, the Agency created hereby shall immediately cease and the Agent shall have no further right or responsibility to act for the Association under this contract. Upon termination of this contract, Agent will deliver all Association records to their designated representative within a reasonable period of time, not to exceed seven (7) days from the date Association requests these records.

II. SERVICES TO BE-PROVIDED BY AGENT

2.1 RECORDS. Not less than monthly Agent shall safely keep all records of the affairs of the Association including but not limited to Minutes of Meetings, correspondence, modifications of the By-Laws and other books, cards, registers, receipts and other documents. All such records shall be the property of the Association and shall be open and fully exhibited at all reasonable times to the Board, any person designated by the Board and any mortgagee of a Unit. Agent is authorized to retain such copies as it shall require for verification of its own actions and records.

2.2 PERSONNEL. Agent is authorized to hire and fire Association employees as required to perform its obligations under this contract. Agent shall pay employee taxes and file necessary state and federal reports when due on behalf of the Association. At a minimum, Agent will employ not less than two (2) persons including one individual to be designated as the manager of the Association. This manager will utilize additional employees or negotiate contracts to provide the services required by the Association.

2.3 CONTRACTS ON BEHALF OF THE ASSOCIATION.

(a) The Agent shall make contracts on behalf of the Association for the provision of necessary services relating to the common elements in the Condominium and the operation of the Association. All such contracts shall be signed by the Agent in the name of the Association.

(b) Except in those circumstances where, in the opinion of the Agent, qualified bidders are not readily available or time is of the essence in order to preclude damages to persons or property, the Agent shall obtain at least two (2) bids on all contracts in excess of \$1,000.00 annually. The Agent is authorized to consider not only price but also terms, experience recommendations and completion date in determining to whom any contract shall be awarded. All discounts, commissions or rebates obtained as a result or purchase on behalf of the Association shall be credited to the Association.

(c) Agent will make all payments to contractors from the funds available in the Association's accounts.

2.4 BOOKKEEPING. Agent will supervise the proper bookkeeping and necessary financial reporting of the Association to include:

(a) Monthly maintenance of an accounting system for the Association in accordance with generally accepted accounting practices and pro-

cedures.

(b) Establish and maintain necessary bank accounts for the Association.

(c) Supervise the monthly billing and collection of all fees and assessments payable by members of the Association.

(d) Monthly supervise the processing and payment of Association bills from appropriate Association accounts.

(e) Prepare monthly and annual unaudited financial statements comparing budget projections and actual results.

(f) Prepare or cause to be prepared all necessary payroll and income tax forms annually.

(g) At the direction of the Board, obtain an audit by a Certified Public Accountant of the records, books and accounts of the Association maintained by any Association personnel, bookkeeping service or the Agent, at the expense of the Association.

2.5 COLLECTION OF ASSESSMENTS. The Agent, on behalf of the Association will manage the system for collecting all fees and assessments payable by members of the Association as directed by the Association. The Agent may take all actions reasonably necessary and authorized by the Condominium Declaration and by law to insure that fees and assessments payable by members of the Association are current, but the Agent shall not be personally responsible for payment of any uncollected fees and assessments. All expenses associated with the collection of such fees are expenses of the Association.

2.6 DISBURSEMENT OF ASSOCIATION FUNDS.

(a) The Agent shall make disbursements from the Association's funds for normal, recurring expenses as provided in the budget approved annually by the Board of Directors. The Agent is authorized to make non-budgeted expenditures up to \$250.00 without prior approval of the Board.

(b) The Board or its designated representative shall approve (1) the incurring of any obligation of the Association proposed by the Agent which shall extend more than twenty-four (24) months from the creation thereof; and (2) the payment of any unbudgeted non-recurring expense of the Association in excess of \$250.00.

2.7 ASSOCIATION EXPENSES. All obligations or expenses incurred by Agent under this contract shall be for the account of, on behalf of and at the expense of the Association, including all insurance premiums, utility expenses, fees, licenses, bonds, mailing and reproduction expenses, data processing, accounting costs, legal and other professional fees, salaries and other expenses properly incurred by the Agent on behalf of the Association, including expenses incurred in order to comply with governmental regulations, contractual obligations or Association requirements.

2.8 BUDGETS. At such time as is directed by the Association, but not less than thirty (30) days prior to the

annual meeting of the Association, the Agent will submit to the Board a proposed budget for the Association for the forthcoming budgetary period.

2.9 INSURANCE. The Agent shall be responsible for negotiating and proposing to the Board all insurance coverages required by the Declaration of Condominium for the Association. The Agent shall promptly report to the Board any serious accident incurred on the Condominium and all claims for personal or property damage relating to the Association in excess of \$500.00, including any damage to the common elements of the Condominium. The Agent shall submit a written report of such damages, including (to the extent reasonably practical) the Agent's estimated cost to repair no later than thirty (30) days after the initial notification to the Board or its designated representative. The Agent shall cooperate with and make any reports required by any insurance company in connection herewith at the Association's expense.

(a) If maintenance or restoration of the Condominium property or any portion thereof, including any apartment, apartments and/or the common elements is required, then Agent shall be authorized to act on behalf of the Association in accordance with the Declaration of Condominium.

2.10 COMPLIANCE WITH GOVERNMENTAL REGULATIONS. The Agent will prepare or cause to be prepared all necessary reports and forms and secure all licenses and approvals necessary to insure that the Association is in compliance with local, state and federal government regulations. The Agent will pay all fees required by governmental agencies from the Association funds.

III. SPECIAL PROVISIONS

3.1 AGENTS RELATIONSHIP WITH MEMBERS. The Agent shall attempt to secure full performance by Association members of all maintenance responsibilities required of such members pursuant to the Declaration of Condominium. The Agent shall have no responsibility for performing personal services for owners or renters of apartments in the Condominium nor shall it have any responsibility for maintenance of or service to the area not constituting common elements of the Condominium. Member complaints of a serious nature shall be reported to the Board with appropriate recommendations.

3.2 ASSIGNMENT PROHIBITED. This contract may not be assigned by the Agent without the written consent of the Association.

3.3 INDEMNIFICATION OF AGENT. The Association shall hold harmless and indemnify the Agent against any claims asserted against the Agent in its capacity as Managing Agent of the Condominium or otherwise while acting pursuant to this contract except where the claim results from Agent's gross negligence or willful malfeasance.

3.4 WAIVER OF RIGHTS. No act of forbearance or failure to insist upon the prompt performance by either party of the provisions of this contract either expressed or implied shall be construed as a waiver by such party of any of its rights hereunder.

3.5 NATURE OF AGREEMENT. This Agreement shall constitute the entire Agreement between the contracting parties and no variance or modification thereof shall be valid and

** OFFICIAL RECORDS **
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enforceable except by supplemental written agreement executed and approved in the same manner as this Agreement. This Agreement shall insure to the benefit of and be binding upon the successors and assigns of the parties hereto.

3.6 Notices. All written notices from either party to the other will be considered given upon delivery in person or by registered or certified mail return receipt requested to:

- (a) Agent: Bay Point Realty
100 Delwood Beach Road
Panama City, Florida 32407
- (b) Association: The President or Secretary of the Association at the address as shown on the records of the Agent.

IN WITNESS WHEREOF, the parties have set their hands and seals, effective the date first above written.

BAY POINT REALTY, INC.

Witness By: _____

Witness Date: _____

LAGOON TOWERS, INC.

Witness By: _____

Witness Date: _____

12988

**** OFFICIAL RECORDS ****

BK 986 PG 51

EXHIBIT F

ARTICLES OF INCORPORATION
OF
LAGOON TOWERS, INC.

THE UNDERSIGNED hereby associate themselves for the purpose of forming a corporation not for profit under and pursuant to Chapter 617, Florida Statutes 1961, and do certify as follows:

ARTICLE I
NAME

The name of this corporation is LAGOON TOWERS, INC. The corporation is sometimes referred to herein as the "Association".

ARTICLE II
PURPOSE

This corporation is organized to operate and manage LAGOON TOWERS, a Condominium, to be established in accordance with Chapter 718, Florida Statutes, upon real property situate, lying and being in Bay County, Florida; to perform and carry out the acts and duties incident to the administration, operation and management of said condominium in accordance with the terms, provisions, and conditions, contained in these Articles of Incorporation, in the Declaration of Condominium Ownership and any amendments thereto, which will be recorded among the Public Records of Bay County, Florida, and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of the Condominium.

The terms used herein shall have the same meaning attributed to them in Chapter 718, Florida Statutes.

ARTICLE III
POWERS

The association shall have all of the powers of a corporation not for profit existing under the laws of the State of Florida and all the powers now or hereafter granted to Condominium Associations by the Condominium Act, Chapter 718, Florida Statutes, as the same may be hereafter amended and all powers reasonably necessary to implement the powers of the Association, which powers shall include, but are not limited to, the power:

A. To make, establish and enforce reasonable rules and regulations governing the use of the Condominium property;

B. To make, levy and collect assessments against Unit Owners of the said Condominium to provide the funds to pay for Common Expenses of the Condominium as provided for in the Condominium Documents and the Condominium Act, and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association;

C. To maintain, repair, replace and operate those portions of the Condominium Property that the Association has the duty or right to maintain, repair, replace and operate under the Condominium Documents;

D. To contract for the management and maintenance of the Condominium and to authorize the management agent to assist the Association in carrying out its powers and duties by performing such functions as the collection of assessments, preparation of records, enforcement of rules, and maintenance of the common elements. The Association shall, however, retain at all times

the power and duties granted them by the Condominium Act, including, but not limited to, the making of assessments, promulgation of rules, and execution of contracts on behalf of the Association;

E. To employ personnel to perform the services required for the proper operation of the Condominium;

F. To purchase insurance upon the Condominium Property for the protection of the Association and its members;

G. To reconstruct improvements constructed on the real property submitted to Condominium Ownership after casualty or other loss;

H. To make additional improvements on and to the Condominium Property;

I. To approve or disapprove the transfer, mortgage and ownership of Condominium Parcels to the extent such power is granted to it under the Condominium Documents;

J. To acquire and enter into agreements whereby it acquires leaseholds, memberships or other possessory or use interests in lands or facilities including but not limited to country clubs, golf courses, marinas, and other recreational facilities, whether or not contiguous to the lands of the Condominium, intended to provide for the enjoyment, recreation or other use or benefit of the members of the Association;

K. To enforce by legal action the provisions of the Condominium Documents; and

L. To acquire by purchase or otherwise Condominium Parcels in the Condominium.

ARTICLE IV
MEMBERS

1. Members. The members of the Association shall consist of all owners of Condominium Parcels in the Condominium, and after the termination of the Condominium shall consist of those persons who are members at the time of such termination.

2. Voting Members. Each Condominium Parcel shall be entitled to one vote, which vote shall be exercised by the Unit Owner designated by the Owner or Owners of a majority interest in a single Condominium Parcel to cast the vote appurtenant to said Parcel. The designation of voting members shall be perfected in the manner provided in the Condominium Declaration.

3. Assignment. Neither the share of a member in the funds and assets of the Association, nor membership in this Association may be assigned, hypothecated or transferred in any manner except as an appurtenance to a Condominium Parcel.

4. The members of the Association shall be subject to all of the terms, conditions, restrictions and covenants contained in the Condominium Documents.

ARTICLE V
TERM

This corporation shall exist perpetually.

**** OFFICIAL RECORDS ****
BK 986 PG 53

ARTICLE VI
SUBSCRIBERS

The names and residences of the subscribers to these Articles of Incorporation are as follows:

William F. Spann	100 Delwood Beach Road Panama City, Florida 32407
Benjamin W. Redding	209 E. Fourth Street Panama City, Florida 32402
J. Robert Hughes	204 E. Fourth Street Panama City, Florida 32402

ARTICLE VII
BOARD OF DIRECTORS

The business of the corporation shall be conducted by a Board of Directors consisting of not less than three (3) nor more than five (5) directors. The Board of Directors shall be elected annually by the members of the Association entitled to vote. The names and addresses of the first Board of Directors who shall hold office until their successors are elected and have qualified, are as follows:

William F. Spann President and Director	100 Delwood Beach Road Panama City, Florida 32407
Ferrell Wood Treasurer and Secretary	100 Delwood Beach Road Panama City, Florida 32407
Larry D. Striglin Vice-President and Director	100 Delwood Beach Road Panama City, Florida 32407

ARTICLE VIII
OFFICERS

The affairs of the Association shall be managed by a President, Vice President, Secretary and Treasurer. The officers of the Association shall be elected annually by the Board of Directors of the Association in accordance with the provision of the By-Laws of the Association.

ARTICLE IX
INDEMNIFICATION

Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Association, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

17986-114

ARTICLE X
AMENDMENT OF ARTICLES

These Articles may be amended by an affirmative vote of two-thirds (2/3's) of the Voting Members of the Association.

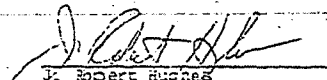
ARTICLE XI
BY-LAWS

The Association shall adopt By-Laws governing the conduct of the affairs of the Association. The By-Laws may be amended by an affirmative vote of two-thirds (2/3's) of the Voting Members of the Association.

ARTICLE XII
REGISTERED OFFICE AND REGISTERED AGENT



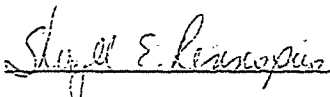
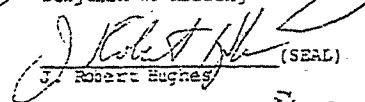
The initial registered office of the corporation shall be located at 209 E. Fourth Street, Panama City, Florida 32402, or at such other place or places as may be designated from time to time by the Board of Directors. The initial registered agent of this corporation shall be J. Robert Hughes, or such other person as may be designated from time to time by the Board of Directors.

ACKNOWLEDGEMENT: Having been named to accept service of process for the above stated corporation, at place designated in this certificate, I hereby accept to act in this capacity, and agree to comply with the provisions of said Act relative to keeping open said place.


J. Robert Hughes

IN WITNESS WHEREOF, the subscribing incorporators have hereunto set their hands and seals and caused these Articles of Incorporation to be executed this 24th day of July, 1984.

Signed, sealed and delivered
in the presence of:



Willakke Spann (SEAL)

Benjamin W. Redding (SEAL)

J. Robert Hughes (SEAL)

FILED
JUL 30 10 22 AM '84
STATE OF FLORIDA
TALLAHASSEE

STATE OF FLORIDA
COUNTY OF BAY

Before me, the undersigned authority, personally appeared William F. Spann, Benjamin W. Redding, and J. Robert Hughes, who acknowledged before me that they executed the foregoing Articles of Incorporation for the purposes therein expressed.

July SWORN TO AND SUBSCRIBED before me, this 24th day of
1984.

Shirley E. Pennington
Notary Public
My Commission Expires:
NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES MAY 14, 1985
BONDED BY US FIDELITY & GUARANTY CO.

FILED
JUL 30 10 22 AM '84
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

1288174

EXHIBIT "G"

BY-LAWS
OF
LAGOON TOWERS, INC.

A Corporation Not for Profit
under the Laws of the State of Florida

These are the By-Laws of LAGOON TOWERS, INC. (hereinafter called "Association"), a corporation not for profit, incorporated under the laws of the State of Florida. The Association has been organized for the purpose of administering a condominium created pursuant to Chapter 718, Florida Statutes, as amended, (hereinafter called "Condominium Act").

SECTION 1. ASSOCIATION.

1.1 Office. The office of the Association shall be at 304 Magnolia Avenue, Panama City, Florida, or such other place as shall be selected by a majority of the Board of Directors.

1.2 Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.3 Seal. The seal of the Association shall have inscribed thereon the name of the Association, the year of its organization, and the words "Not for Profit". Said seal may be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise attached to the instrument or document being sealed.

1.4 Terms. ~~All terms used herein shall have the same definitions as attributed to them in the Declaration of Condominium Ownership of LAGOON TOWERS, a Condominium.~~

SECTION 2. MEMBERS.

2.1 Qualification. The members of the Association shall consist of all Unit Owners of Condominium Units in LAGOON TOWERS, and all unit owners of Condominium Parcels in each additional condominium which designates the Association for its management and operation.

2.2 Membership. Membership in the Association shall be established by recording in the public records of Bay County, Florida, a deed or other instrument establishing a record title to a Condominium Parcel, and delivery to the Association of a copy of such instrument. The grantee in such instrument shall immediately become a member of the Association. The membership of any prior owner of the same Condominium Parcel shall be terminated upon delivery to the Association of a copy of the deed or other instrument as aforesaid.

2.3 Designation of Voting Representative. If a Unit is owned by one person, his right to vote shall be established by the roster of members. If a Unit is owned by more than one person, the Unit Owner entitled to cast the vote appurtenant in said Parcel shall be designated by the record Owners of a majority interest in the Parcel as shown in the roster of members and by a statement filed with the Secretary of the Association, in writing. The designation may be revoked and a substitute Voting Member designated at any time at least five (5) days prior to a meeting. If a designation of a Voting

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Member is not filed with the Secretary at least five (5) days prior to any meeting, no vote shall be cast at such meeting by or for said Unit Owner(s). If a Unit is owned by husband and wife, it shall be deemed to be owned by one person and either husband or wife may vote for the Unit unless they disagree, in which case neither shall vote.

2.4 Restraint Upon Alienation of Assets. The share of a member in the funds and assets of the Association shall not be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Condominium Parcel.

SECTION 3. MEMBER'S MEETINGS.

3.1 Place. All meetings of the members of the Association shall be held at the office of the Association or such other place as may be stated in the notice of the meeting.

3.2 Membership List. At least five (5) days before every election of directors, a complete list of the Voting Members of the Association, arranged numerically by unit number, shall be prepared by the Secretary. Such list shall be kept at the office of the Association and shall be open to examination by any member at any such time. Changes in the List of Voting Members may be made pursuant to Section 2.3 of these By-Laws.

3.3 Regular Meetings. Annual meetings of the Members of the Association shall be held on the first weekend in the month of December of each year or at such other date as may be authorized by the Board of Directors. The purpose of the meeting shall be to elect directors and to transact any business authorized to be transacted by the members.

3.4 Special Meetings.

3.4.1 Special meetings of the members for any purpose may be called by the President, and shall be called by the President or Secretary at the request, in writing, of either a majority of the Board of Directors or of a majority of the Voting Members, or if the purpose of the meeting is the removal from office of any member of the board, 10% of the unit owners. Such request shall state the purpose of the proposed meeting.

3.4.2 Business transacted at all special meetings shall be confined to the objects stated in the notice thereof.

3.5 Notice. Written notice of every meeting, special or regular, of the members of the Association, stating the time, place and if required by these By-Laws, the object thereof, shall be delivered to each Condominium Unit or mailed to each Unit Owner at such Unit Owner's address as shown in the books of the Association at least fourteen (14) days, but not more than thirty (30) days, prior to such meeting. No notice shall be required to be given to a person who becomes a Voting Member during such fourteen day period or to any person who has waived notice in writing. A notice of each meeting shall be posted in a conspicuous place on the Condominium Property during the entire fourteen day period.

3.6 Participation. All members shall be entitled to participate in any meeting of the Association but only Voting Members shall have the right to vote on any matter brought before such meeting. Each Voting Member shall be entitled to cast one vote for each unit owned.

3.7 Transfer of Control of the Association. When the Developer named in the Declaration of Condominium Ownership (the "Developer") has transferred fifteen percent (15%) of the Condominium Parcels to persons who thereby become members, the Association shall, within sixty (60) days thereafter, call a meeting for the purpose of selecting a new Board of Directors consisting of three (3) directors. At such meeting, the Developer shall be entitled to appoint two (2) directors and the Voting Members other than Developer shall be entitled to elect one (1) director.

Within three (3) months after ninety percent (90%) of the Condominium Parcels have been transferred to persons who thereby become members, or within three (3) years after fifty percent (50%) of the Condominium Parcels have been transferred to persons who thereby become members, or when Developer is no longer offering any units for sale in the ordinary course of business, whichever shall first occur, the Association shall call a meeting ("Unit Owners' Initial Meeting"). The members of the Association shall at that time assume full control of the Association and the responsibilities appurtenant thereto. Notwithstanding the provisions of this section, Developer shall have the right to transfer control of the Association to the Unit Owners other than Developer at any time prior to the times set forth above. Developer shall have the right to appoint one (1) member of the Board of Directors for as long as four Units are owned by Developer.

3.8 Proxies. At any meeting of the members of the Association, the Voting Member shall be entitled to vote in person or by proxy. No proxy shall be valid, unless it is granted to a person who is a Unit Owner. Any proxy shall be effective only for the meeting for which it was originally given and any lawful adjournment thereof. In no event shall a proxy be valid for more than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time by the person granting it.

3.9 Vote Required to Transact Business. When a quorum is present at any meeting, the majority of Voting Members present and voting shall decide any question brought before the meeting, unless the question is one which requires more than a majority vote by express provision of the Condominium Art or the Declaration of Condominium Ownership, Articles of Incorporation or these By-Laws (hereinafter "Condominium Documents"), in which case the express provision shall govern and control the number of votes required.

3.10 Quorum. ~~Thirty-five percent (35%) of the total~~ number of Voting Members of the Association (present in person or by proxy) shall constitute a quorum at all meetings of the members, except as otherwise provided by statute or the Condominium Documents. If a quorum is not present at any meeting, the Voting Members may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. Any business may be transacted at any adjourned meeting which could have been transacted at the meeting called.

SECTION 4. DIRECTORS.

4.1 Number. The affairs of the Association shall be managed by Board of Directors, consisting of not less than three (3) nor more than five (5) directors. The number of directors shall be determined from time to time by the Voting Members.

4.2 Term. Each director shall be elected to serve for a term of one (1) year or until his successor shall be elected and shall qualify, except that directors elected prior to the Unit Owners' Initial Meeting shall serve only until such meeting.

4.3 First Board of Directors. The first Board of Directors shall consist of three (3) persons appointed by Developer, who shall hold office and exercise all powers of the Board at the pleasure of Developer, until other directors are named pursuant to Section 3.7 of these by-laws.

4.4 Vacancy and Replacement. If the office of any director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, a majority of the remaining directors at a special meeting of directors duly called for this purpose, shall choose a successor who shall hold office for the unexpired term in respect to which such vacancy occurred, except that the Developer shall be entitled to designate a successor for any such director who is serving by reason of having been designated by Developer.

4.5 Election of Directors. Election of directors shall be conducted in the following manner:

4.5.1 Directors shall be elected at the annual meeting of the members.

4.5.2 A nominating committee of three (3) members shall be appointed by the President with the approval of the Board of Directors not less than thirty (30) days prior to the annual meeting of the members. The Committee shall nominate one (1) person for each directorship to be filled by the members. Additional nominations may be made from the floor.

4.5.3 The election shall be by written ballot (unless dispensed with by unanimous consent). The nominees receiving the greatest number of votes cast shall be elected to the Board.

4.6 Removal. Directors may be removed with or without cause by an affirmative vote of a majority of the Voting Members. No director shall continue to serve on the Board, if, during his term of office, his membership in the Association is terminated for any reason.

4.7 Powers and Duties of Board of Directors. All of the powers and duties of the Association under the Condominium Act and the Condominium Documents shall be exercised by the Board of Directors, or its delegate, subject only to approval by Unit Owners and institutional mortgagees when such approval is specifically required. The powers and duties of the directors include but are not limited to the following:

4.7.1 Assess. To make and collect assessments against members to pay the Common Expenses and the expenses incurred by the Association and the power to make and assess members for capital improvements and replacements.

4.7.2 Disburse. To use the proceeds of assessments in the exercise of its powers and duties.

4.7.3 Maintain. To maintain, repair, replace and operate the Condominium Property in

the manner provided by the Declaration of Condominium Ownership.

4.7.4 Purchase. To purchase the necessary equipment and tools required for the maintenance, care and preservation referred to above.

4.7.5 Insure. To insure and keep insured the Condominium Property in the manner set forth in the Declaration of Condominium Ownership and to purchase such other insurance as the Board may deem advisable, including officers' and directors' liability insurance.

4.7.6 Enforce. To enjoin or seek damages from any Unit Owner for violation of these By-Laws and the terms and conditions of the Declaration of Condominium Ownership.

4.7.7 Employ. To employ and contract with a maintenance service contractor or manager, or either of them, for the maintenance, service and management of the Common Elements and to authorize such contractor and manager or either of them to use or exercise any of the powers it possesses; provided, however, the Association shall retain at all times the powers and duties granted to it by the Condominium Act.

4.7.8 Regulate. To make reasonable rules and regulations concerning the use and occupancy of the Condominium Parcels consistent with the Condominium Documents.

4.8 Annual Statement. The Board will present a full and clear statement of the business and condition of the corporation at the annual meeting of the members.

4.9 Compensation. The directors shall not be entitled to any compensation for service as directors.

SECTION 5. DIRECTORS MEETINGS.

5.1 Organizational Meetings. The first meeting of each new Board elected by the members shall be held immediately upon adjournment of the meeting at which they were elected or as soon thereafter as may be practicable. The annual meeting of the Board shall be held at the same place as the general members' meeting.

5.2 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, at least 48 hours in advance to the time named for such meeting and shall be posted conspicuously on the Condominium property at least 48 hours in advance except in an emergency.

5.3 Special Meetings. Special meetings of the Board may be called by the President on 48 hours notice to each director, provided notice of such meeting is posted in a conspicuous place on the Condominium property for at least 48 hours. Special meetings shall be called by the President or Secretary in like manner and on like notice upon the written request of two (2) directors.

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5.4 Adjourned Meetings. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business that might have been transacted at the meeting as originally called, may be transacted without further notice.

5.5 Quorum. A quorum at a directors' meeting shall consist of a majority of the entire Board. The acts approved by a majority of those present at a meeting at which a quorum is present, shall constitute the act of a Board, except when approval by a greater number of directors is required by the Condominium Documents.

5.6 Joinder in Meeting by Approval of Minutes. The joinder of a director in any action taken at a meeting by signing and concurring in the minutes of that meeting shall constitute the presence of such director except for the purpose of determining a quorum.

5.7 Presiding Officer. The presiding officer of a directors' meeting shall be the President of the Association. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

SECTION 6. OFFICERS.

6.1 Officers. The executive officers of the Association shall be a President, Vice President, Treasurer, and Secretary, each of whom shall be elected at the annual meeting of the Board of Directors. Any two of said offices may be held by one person except that the President shall not also be the Secretary or an Assistant Secretary of the corporation. The Board may elect more than one Vice President. The Board may appoint such other officers and agents that it may deem necessary, who shall hold office at the pleasure of the Board and have such authority and perform such duties as from time to time may be prescribed by said Board.

6.2 Qualification. No person shall be entitled to hold office except a Voting Member or an officer of a corporate Voting Member. No officer except the President need be a member of the Board.

6.3 Term. The officers of the Association shall hold office until their successors are chosen and qualify in their stead. Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of a majority of the Voting Members of the Association.

6.4 The President. The President shall be the chief executive officer of the Association; he shall preside at all meetings of the members and directors; shall be an ex-officio member of all standing committees; shall have general management of the business of the corporation, and shall see that all orders and resolutions of the Board are carried into effect.

6.5 The Secretary.

6.5.1 The Secretary shall keep minutes of the members' meetings and of the Board of Directors' meetings in one or more books provided for that purpose, and shall make the same available to inspection by any unit owner or his authorized representative and board members at reasonable times.

6.5.2 He shall see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law.

6.5.3 He shall be custodian of the corporate records and of the seal of the corporation. Minutes of meetings of members and of the board shall remain as corporation records for at least seven (7) years.

6.5.4 He shall keep a register of the name and post office address of each member and each Voting Member.

6.5.5 In general, he shall perform all duties incident to the office of the Secretary and such other duties as may be assigned to him by the President or by the Board of Directors.

6.6 The Vice President. The Vice President shall be vested with all the powers and required to perform all the duties of the President in his absence, and such other duties as may be prescribed by the Board of Directors.

6.7 The Treasurer.

6.7.1 The Treasurer shall keep full and accurate records of receipts and disbursements in books belonging to the corporation, and shall deposit all monies and other valuable effects in the name of and to the credit of the corporation in such depositories as may be designated by the Board of Directors or these By-Laws.

6.7.2 He shall disburse the funds of the corporation as ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and directors at the regular meetings of the Board, an account of all his transactions as Treasurer, and of the financial condition of the corporation.

6.8 Vacancies. If any office becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining directors by a majority vote may choose a successor or successors who shall hold office for the unexpired term.

6.9 Resignations. Any director or other officer may resign his office at any time. Such resignation shall be made in writing, and shall take effect at the time of its receipt by the corporation, unless some time be fixed in the resignation, and then from the date so fixed. The acceptance of a resignation shall not be required to make it effective.

SECTION 7. APPROVAL BY VOTING MEMBERS.

7.1 The Association shall act through its Board of Directors and only the following matters shall require an affirmative vote of the Voting Members of the Association:

<u>Matter to be Approved</u>	<u>Approval Required</u>
(1) Alteration, improvements or additions to the Common Elements, exclusive of the Limited Elements.	2/3 of the Voting Members

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|--|---|
| (2) Alteration, improvements or additions to the Limited Common Elements | A majority of the Voting Members representing Units entitled to use such Limited Common Elements with the concurrence of a majority of the Board. |
| (3) Termination of the Project when 90% of the value of the Condominium Property is destroyed. | 1/4 of the Voting Members in the building destroyed. |
| (4) Approval of changes in building plans for reconstruction after casualty. | 3/4 of the Voting Members owning Units in the affected building; and all of the Voting Members in the affected Units. |
| (5) Amendment of By-Laws and Articles of Incorporation. | 2/3 of the Voting Members |
| (6) Amendment of the Declaration. | 2/3 of the Voting Members |
| (7) Termination of Condominium. | 100% of the Voting Members except as provided in item (3) of this Section 7.1. |
| (8) Election of Directors and Officers. | Plurality of Voting Members. |
| (9) Removal of Directors and Officers. | A majority of the Voting Members. |
| (10) Making Agreements for Use of Off-Site Recreational Facilities. | A majority of the Voting Members. |
| (11) Approval of the Purchase of a Condominium Parcel by the Association. | 2/3 of the Voting Members. |

SECTION 8. CONDUCT OF MEETING.

All meetings of the Members and of the Board shall be governed by Robert's Rules of Order.

SECTION 9. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association are set forth in the Declaration of Condominium Ownership and are supplemented by the following provisions:

9.1 Accounts. The funds and expenditures of the Association shall be credited and charged to the appropriate account as set forth below.

9.1.1 Current Expenses. All funds to be expended during the year for the maintenance of the Common Elements, the operation and working capital of the Association shall be held in the Current Expense Account. Any balance in this fund at the year of each year may be used to pay Common Expenses incurred in any successive year or may be placed in the Reserve Fund Account.

9.1.2 Reserve Fund Account. All funds to be expended for replacement, acquisition, and repair of capital improvements which are a part of the Common Elements or Limited Common Elements shall be held in the Reserve Fund Account.

9.2 Budget.

(a) The Board of Directors shall adopt a detailed budget for each calendar year which budget will include the estimated funds required to pay the Common Expenses and provide and maintain funds for the foregoing accounts according to good accounting practices and as may be required by law. If an adopted budget requires assessment against the Unit Owners in any year of an amount exceeding 115% of the assessments for the preceding year, and if 10% of the Unit Owners file objections to the budget within thirty (30) days after the date of adoption thereof, the Board of Directors shall call a special meeting of the Unit Owners and a majority vote of the Unit Owners shall be required to ratify the budget. If not ratified, the budget shall be revised so as to provide for assessment of not more than 115% of the prior years assessments.

(b) In determining whether the assessment exceeds 115% of similar assessments in prior years, reasonable reserves for repairs or replacements, expenses which cannot be reasonably anticipated to be incurred on a regular or annual basis, and assessments for betterments shall not be considered in the computation.

(c) It is further contemplated, understood and agreed that until Developer elects to pay its pro rata share of assessments for Common Expenses attributable to unsold Units, or until the board of directors has a majority of members not appointed by Developer, whichever shall first occur, there will be no formal budget for the Condominium other than as shown in the Estimated Operating Budget attached as Exhibit "D" to the Declaration. Instead, the owners of Units that have been sold by the Developer will be assessed for Common Expenses at the rates as stated in the Declaration and the Developer will be assessed for the amounts by which the Common Expenses exceed the amounts assessed against the owners of Units sold by the Developer. During this period, no provisions will be made for capital surplus or any other expenses, other than current expenses. It is further understood and agreed that the Developer's liability for current expenses as specified herein shall be limited to that necessary to maintain the Condominium in reasonably good condition, normal wear and tear excepted, expressly recognizing that such normal wear and tear will occur. It is further and specifically understood and agreed that incident to such normal wear and tear the Condominium will not remain in its original new unused condition and Developer expressly and specifically shall be under no duty or obligation to maintain it in such condition and shall have no duty or obligation to replace or refurbish the Condominium, or any portion thereof, except as included in the aforesaid duty to maintain the Condominium in reasonably good condition, normal wear and tear excepted.

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9.3 Assessments. Assessments against the Unit Owners for their shares of the items of the budget, when applicable, shall be made by the Board of Directors for the calendar year annually in advance on or before December 20 preceding the year for which the assessments are made. Such assessments shall be payable in periodic installments not less often than quarterly as determined by the Board on the first day of the period for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the prior assessment and payments thereon shall be due upon the first day of each period until changed by an amended assessments. The budget and assessments therefor may be amended at any time by the Board of Directors; provided, however, that if an amended budget exceeds the limitation upon increases for that year imposed by Section 9.2, supra, it shall be subject to the approval of the membership of the association as set forth therein.

9.4 Assessments for Charges. Charges by the Association against members for other than Common Expense shall be payable in advance. Those charges may be collected by assessment in the same manner as Common Expenses, and when circumstances permit, those charges shall be added to the assessments for Common Expense. Charges for other than Common Expense may be made only after approval of a member and may include, but shall not be limited to, charges for the use of Condominium property when such usage and charges are authorized by the Declaration, maintenance services furnished at the expense of a member and other services furnished for the benefit of a member.

9.5 Assessments for Emergencies. Assessment for Common Expenses of emergencies that cannot be paid from the annual assessments for Common Expenses shall be due only after thirty (30) days notice is given to the Unit Owners concerned and shall be paid in such manner as the Board of Directors of the Association may require in the notice of assessment.

9.6 Depository. The funds of the Association will be deposited in such banks or savings and loan association as shall be designated from time to time by the Board of Directors. Withdrawals of funds from such accounts shall be only by checks signed by such persons authorized by the Board.

9.7 Fidelity Bonds. Fidelity Bonds may be required for all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Board. The premiums for such bonds shall be paid by the Association.

SECTION 10. RULES AND REGULATIONS.

10.01 As to Common Elements. The Board of Directors may from time to time adopt or amend previously adopted rules and regulations governing the operation, use, maintenance, management and control of the Common Elements. The Secretary shall from time to time post in a conspicuous place on the Condominium Property, a copy of the rules and regulations adopted by the Board and shall deliver a copy of such rules and regulations to each Unit Owner. Any rules and regulations adopted pursuant hereto shall be reasonable and non-discriminatory.

10.02 As to Condominium Units. The Board of Directors may from time to time adopt or amend previously adopted rules and regulations governing and restricting the use and maintenance of the Condominium Units, provided, however, that

copies of such rules and regulations are furnished to each Unit Owner prior to the time the same shall become effective. Where applicable or desirable, a copy thereof shall be posted in a conspicuous place on the Condominium Property, and shall be delivered to each Unit. Any rules and regulations adopted pursuant hereto shall be reasonable and non-discriminatory.

SECTION 11. DEFAULT.

11.1 Foreclosure. In the event a Unit Owner does not pay any assessments required to be paid to the Association within thirty (30) days from the due date, the Association, acting in its own behalf or through the Manager acting on behalf of the Association, may foreclose the lien encumbering said Unit Owner's Parcel created by non-payment of the required monies in the same manner as mortgage liens are foreclosed. The Association shall be entitled to the appointment of a receiver if it so requires. The Association shall have the right to bid on the Condominium Parcel at a foreclosure sale and to acquire, hold, mortgage and convey the same and in so doing shall not be subject to the restriction in Section 7.1(11) of these By-Laws unless the price bid exceeds the amount of the judgment held by the Association. In lieu of foreclosing its lien, or in addition thereto, the Association may bring suit to recover a money judgment for assessments required to be paid to the Association against a Unit Owner. The Association shall be entitled to recover the costs thereof, together with a reasonable attorney's fee.

11.2 Association Expenses. If the Association becomes the owner of a Condominium Parcel by reason of foreclosure, it may offer said Parcel for sale and, when the sale is consummated, it shall deduct from such proceeds all sums of money due it from monthly assessments and charges, all costs incurred in the bringing of the foreclosure suit, including reasonable attorney's fees and any and all expenses incurred in the resale of the Condominium Parcel, which shall include, but not be limited to, advertising expenses, real estate brokerage fees and expenses necessary for the repairing and refurbishing of the Unit in question. All monies remaining after deducting the foregoing items of expenses shall be added to Common Surplus.

11.3 Enforcement. In the event of violation of the provisions of the Condominium Documents as same are now or may hereafter be constituted, the Association, on its own behalf, may bring appropriate action to enjoin such violation, to enforce the provisions of the Documents, to sue for damages, impose fines or take all such courses of action at the same time, or such other legal remedy it may deem appropriate.

11.4 Consent to the Foregoing Provisions. Each Unit Owner for himself, his heirs, successors and assigns, agrees to the foregoing provisions relating to default and injunctive relief, regardless of the harshness of the remedy available to the Association, and regardless of the availability of other equally adequate legal procedures. It is the intent of all Unit Owners to give to the Association a method and procedure which will enable it at all times to operate on a business-like basis, to collect those monies due and owing it from Unit Owners and to preserve each Unit Owner's right to enjoy his Condominium Parcel free from unreasonable restraint and nuisance.

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SECTION 12. MORTGAGE OF UNIT.

12.1 The Association shall maintain a suitable register for the recording of the name and address of mortgagees of Condominium Parcels. Any mortgagee of a Condominium Parcel, may, but is not obligated to, notify the Association in writing, of its mortgage, in which case its name and address will be entered in the register. If notice of default is thereafter given any member, under any applicable provision of the Condominium Documents, a copy of such notice shall be mailed to the mortgagee named in the register.

SECTION 13. SALE, TRANSFER AND LEASING OF CONDOMINIUM PROPERTY.

13.1 Right of First Refusal. Pursuant to Section 15.01 of the Declaration, each Unit Owner except Developer has granted to the Association an option to purchase his Parcel (or its lease or sublease as the case may be). Such option shall be assigned, abandoned, or exercised in the following manner:

13.1.1 Notice. Notice shall be given to the Association by the Unit Owner desiring to sell his Parcel (hereinafter "Selling Unit Owner") in the manner provided in Section 18.02 of the Declaration, except that no officer of the Association shall give notice to the Association by giving notice to himself. Such notice shall not be complete unless a true copy of an agreement to sell together with the name and address of the proposed purchaser is included therewith.

13.1.2 Investigation. Upon receipt of the notice, the President of the Association may appoint a committee of three members to make reasonable inquiry into the proposed sale, including reasonable investigation of the proposed purchaser. The expense of investigation shall be a Common Expense, except that the association may by adoption of a rule of general application to all Unit Owners impose a charge of not more than \$50.00 on the Selling Unit Owner to defray such expense.

13.1.3 Report. Within fifteen (15) days following receipt of notice, the Board shall consider the proposed sale. The report of the Investigation Committee, if any, shall be presented to the Board at such time for their consideration.

If the Board elects to assign the option granted to the Association, it shall promptly notify the Selling Unit Owner that the option has been assigned, and shall furnish him with the name, address, and phone number of the assignee.

If the Board elects to abandon the option, it shall promptly notify the Selling Unit Owner in writing that it does not intend to exercise or assign its right of first refusal.

The decision of the Board to assign or abandon the option granted to the Association shall be final and shall not be subject to approval by the Association Members.

If the Board elects to exercise the option and purchase the Parcel in the name of the Association, it shall call a special meeting of the Members prior to the expiration of the option. Prior to such meeting, it shall notify each Unit Owner of the total assessment necessary to purchase the Parcel and of the proportionate share of such assessment assigned to his Parcel, or the terms of any loan it proposes to procure to finance the purchase. An affirmative vote by two-thirds (2/3) of the Voting Members shall be required before the Board may exercise the option in the name of the Association.

In the event the Board fails to exercise, assign, or abandon the option within fifteen (15) days after notice from the Selling Unit Owner, it shall be deemed to have abandoned the option.

SECTION 14. AMENDMENT OF BY-LAWS.

14.1 By-laws. The By-Laws of the corporation may be altered, amended or repealed, unless specifically prohibited herein, at any regular or special meeting of the members by a two-thirds (2/3) vote of the Voting Members of the Association. No modification or amendment to the By-Laws shall be valid unless set forth or annexed to a duly recorded amendment to the Declaration of Condominium Ownership nor shall any modification or amendment be valid if made by reference to title or number only.

798 74

** OFFICIAL RECORDS **
BK 986 PG 69

EXHIBIT H

Legal Description of Condominium:

Property - Phase II

BUCHANAN & HARPER, INC.

CIVIL ENGINEERING - LAND SURVEYING

1312 BALBOA AVENUE - PANAMA CITY, FLORIDA 32401 - TELEPHONES: 763-7427 & 769-4826

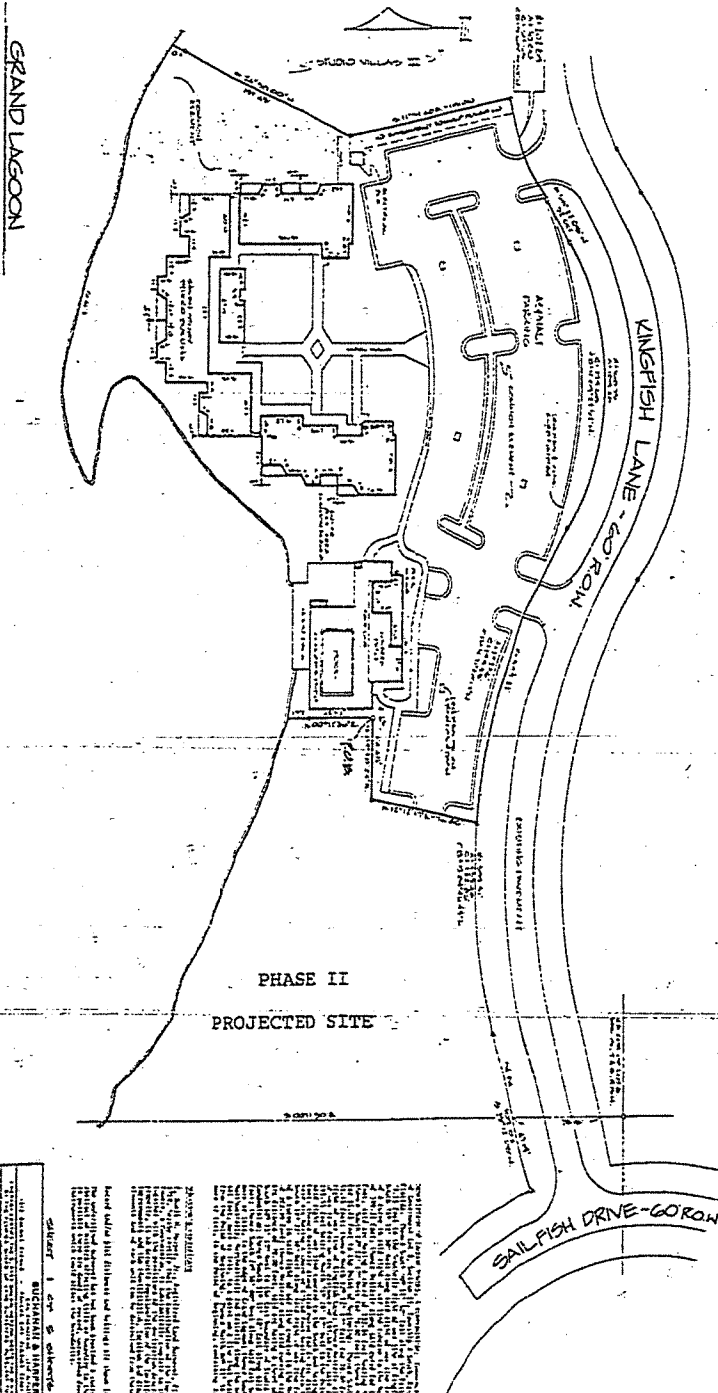
February 3, 1983

FOR: M. S. & S.
Lagoon Towers, A Condominium

DESCRIPTION OF PHASE II: Commence at the Northeast corner of Government Lot 8, Section 15, Township 4 South, Range 15 West, Bay County, Florida. Thence South $00^{\circ} 11' 50''$ East along the East line of said Lot 8 for 78.15 feet to the Southerly right of way line of Kingfish Lane; thence North $72^{\circ} 12' 08''$ East along said right of way line for 47.19 feet to the Westerly right of way line of Sailfish Drive which is a curve concave to the East and having a radius of 222.66 feet; thence Southeasterly along said curve for an arc distance of 155.95 feet, said arc having a chord of 152.78 feet bearing South $42^{\circ} 36' 21''$ East to the Point of beginning. Thence Northwesterly along said curving right of way line for an arc distance of 155.95 feet, said arc having a chord of 152.78 feet bearing North $42^{\circ} 36' 21''$ West to said Southerly right of way line of Kingfish Lane; thence South $75^{\circ} 12' 08''$ West along said right of way line for 102.08 feet to the P.C. of a curve in said right of way line concave to the North and having a radius of 399.31 feet; thence Westerly along said curving right of way line for an arc distance of 258.04 feet, said arc having a chord of 253.57 feet bearing North $86^{\circ} 17' 06''$ West; thence South $29^{\circ} 30' 00''$ West for 92.50 feet; thence South $76^{\circ} 30' 00''$ East for 105.00 feet; thence South $13^{\circ} 30' 00''$ West for 59.35 feet more or less to the edge of Grand Lagoon; thence Southeasterly along the edge of said Lagoon for 375 feet more or less to a point on a line that bears South $27^{\circ} 19' 45''$ West from the Point of Beginning. Thence North $27^{\circ} 19' 45''$ East for 254 feet more or less to the Point of Beginning, containing 1.983 acres more or less.

1983

EXHIBIT E



LAGOON TOWERS, A CONDOMINIUM
A PORTION OF GOV'T. LOT 8, SECTION 15, T. 4 S., R. 15 W.
BAY COUNTY, FLORIDA.

Richard & Harper, Inc.
Architects
1000 ...
Tallahassee, Florida 32301

PHASE II
PROJECTED SITE

Hand-drawn site plan showing building layout, parking, and surrounding roads (Kingfish Lane, Sailfish Drive, Grand Lagoon).

JOHN E. ...

LAGOON TOWERS, A CONDOMINIUM
DECLARATION OF COVENANTS AND RESTRICTIONS

This Declaration is made this 25th day of July, 1984, by BAY BANK & TRUST COMPANY, a Florida Banking Corporation ("Trustee"), and BAY POINT YACHT & COUNTRY CLUB, a Florida joint venture partnership ("Developer"), whose mailing address is 509 Harrison Avenue, Panama City, Florida 32401, and joined by such parties as have filed joinders of record or are referenced on the signatory page hereof, who recite and provide as follows:

R E C I T A L S:

A. Trustee holds legal title, as Trustee, pursuant to the provisions of that certain Land Trust Agreement dated February 21, 1983, and known as Trust Number 61000 847311, to that certain real property located in Bay County, Florida, more particularly described in Exhibit "A" attached hereto and made apart hereof, which real property constitutes LAGOON TOWERS, A CONDOMINIUM, as hereinafter defined. Developer is the beneficial owner and developer of the real property described in Exhibit "A". Developer desires to provide a means to maintain the beauty of LAGOON TOWERS, to insure high quality standards for the enjoyment of LAGOON TOWERS as a residential condominium development and to promote the recreational interest, health, safety and social welfare of each owner and occupant of condominium units of LAGOON TOWERS.

B. The covenants, restrictions and agreements set forth herein are made for the reciprocal benefit of each and every condominium unit of LAGOON TOWERS subjected to these covenants and are intended to create mutual equitable servitudes upon each of said units in favor of the other such units, to create reciprocal rights between the respective owners of said units and to create privity of contract and estate between the grantees of said units, their heirs, successors and assigns.

C. Developer desires to provide for the preservation and enhancement and maintenance of LAGOON TOWERS and certain improvements located thereon, and in order to accomplish such objectives, developer desires to subject the property to the covenants, restrictions, easements, charges and liens hereby set forth, all of which is and are for the benefit of LAGOON TOWERS and each owner of A CONDOMINIUM unit thereof.

D. Developer deems it desirable that the Not For Profit Corporation known as LAGOON TOWERS, INC., The Condominium Association of LAGOON TOWERS, A CONDOMINIUM, be vested with the power and duty of administering and enforcing the protective covenants, conditions, restrictions and limitations hereinafter set forth. The Developer, by virtue of its continuing ownership of real property contiguous to the condominium property and interest in certain common areas over which unit owners will be or have been granted easements, deems it in the best interest of the Overall BAY POINT project as hereinafter defined, that the Developer also be vested with the power to administer and enforce the protective covenants, conditions, restrictions and limitations hereinafter set forth.

E. Developer recognizes that LAGOON TOWERS is an integral part of the Overall BAY POINT project, and that many of the common areas of the Overall BAY POINT project are maintained and administered by a Master Owner's Association known as The BAY POINT Improvement Association, Inc. Developer therefore deems it necessary and advisable that each of the unit owners of LAGOON TOWERS, A CONDOMINIUM, be members of the BAY POINT Improvement Association, Inc. and therefore subject to assessments which may

be made from time to time by the BAY POINT Improvement Association, Inc.

DECLARATION

NOW, THEREFORE, Developer declares that the Property, as described on Exhibit 1 attached hereto ("Property") shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of and which shall run with title to the Property and shall be binding on all parties having any rightful interest in the Property or any part thereof, their heirs, successors and assigns.

ARTICLE I - DEFINITIONS

Section 1. "Association" shall mean and refer to LAGOON TOWERS, INC., a Florida not for profit corporation, its successors and assigns.

Section 2. "Articles" shall mean and refer to the Articles of Incorporation of the Association.

Section 3. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association.

Section 5. "Common Properties" or "Common Areas" shall mean and refer to those portions of the property held in common by all of the unit owners in the proportions designated in the Declaration of Condominium. All common properties are to be devoted to and intended for the common use and enjoyment of the members and their guests, lessees or invitees subject to any operating rules adopted by the Association, subject to any use rights made by the Developer prior to conveyance of such common properties to the Association.

Section 6. "Common Roadways" or "Common Pathways" shall mean and refer to the roadways, pathways or sidewalks located within the property, which roadways, pathways or sidewalks shall not be dedicated as public roads and which include parking lots and parking areas.

Section 7. "Developer" shall mean and refer to BAY POINT YACHT & COUNTRY CLUB, a Florida joint venture partnership, and successors or assigns of its rights hereunder of any successor or assign of all or substantially all of its interest in the Overall BAY POINT project. The Developer may also be an Owner for so long as the Developer shall be the record owner of any condominium unit.

Section 8. "Trustee" shall mean and refer to BAY BANK & TRUST COMPANY, Trustee under that certain Land Trust Agreement number 61000847311, dated February 1, 1983.

Section 9. "Declaration" shall mean and refer to this instrument, Declaration of Covenants and Restrictions, LAGOON TOWERS, A CONDOMINIUM.

Section 10. "Mortgagee" shall mean any holder of a first mortgage encumbering a portion of the Property as security for the performance of an obligation.

Section 11. "Owner" shall mean and refer to the owner as shown in the Public Records of Bay County, Florida, (whether it be one or more persons, firms, associations, corporations, or other legal entities) of the fee simple title to any Residential unit subject to this Declaration, but shall not mean or refer to Mortgagee, its successors or assigns, unless or until such Mortgagee has acquired title pursuant to foreclosure proceedings or deed in lieu of foreclosure, nor shall the term Owner mean or refer to any lessee or tenant of an Owner. In the event there is recorded in the Public Records of Bay County, Florida, a long term contract for sale in the nature of a contract for deed covering any of the above parcels of Property, the Owner of such parcels shall be the purchaser under said contract.

Section 12. "Property" shall mean and refer to that certain real property described in Exhibit "A" attached hereto and made a part hereof and any such additions thereto as may be made in accordance with the provisions hereof.

Section 13. "Residential Dwelling Unit" shall mean and refer to any improved Property subject to this declaration intended for use as a single family or multifamily residential dwelling unit, including any condominium unit, which improvement constructed thereon is sufficiently completed to be certified for occupancy by the applicable governmental authorities of Bay County, Florida, or if such certification is not available, at such time as the improvements are substantially completed in accordance with plans and specifications.

Section 14. "Overall BAY POINT Project" shall mean and refer to the lands in Bay County, Florida, the fee simple title to which is vested at the time of the recording of this instrument, in Bay Bank and Trust Company as Trustee, and the beneficial ownership of which is vested in BAY POINT Yacht and Country Club, a Florida joint venture partnership, together with those lots in Bay Point Unit I and I-A, title to which is not in Developer or Trustee, and those certain condominium associations located within Bay Point Resort which have been turned over by Developer to the Unit Owners.

Section 15. "Master Association" shall mean and refer to the BAY POINT Improvement Association, Inc., which Master Association has certain obligations with regard to properties contiguous to the Property by virtue of the document entitled Covenants and Restrictions, BAY POINT, recorded at Official Records Book 340, Pages 292 through 304, and Amendment recorded at Official Records Book 346, Pages 241 through 243 of the Public Records of Bay County, Florida.

ARTICLE II - PROPERTY AND ADDITIONS

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration consists of that land situated in Bay County, Florida, as more particularly described on Exhibit "A" attached hereto, sometimes referred to herein as the "Existing Property". Developer intends to develop the Existing Property substantially in accordance with the Declaration of Condominium Ownership of LAGOON TOWERS, A CONDOMINIUM, together with exhibits attached thereto, recorded in Official Records Book _____, Pages _____, of the Official Records of Bay County, Florida.

Section 2. Additional Property. Trustee and/or Developer shall have the right, for a period of ten (10) years after the date hereof, to annex to the existing property and to include within this Declaration additional properties, more parti-

cularly described as LAGOON TOWERS, A CONDOMINIUM, Phase II, as described in the Declaration of Condominium Ownership of LAGOON TOWERS, A CONDOMINIUM, more particularly described in Section 1, Article II of this Declaration.

Section 3. Supplemental Declarations. Any such additions authorized by Section 2 above may be made by the filing of record of one or more supplemental declarations with respect to the added Property. A supplemental declaration shall contain a statement that the real property that is the subject of the supplemental declaration constitutes additional property which is to become a part of the Property subject to this Declaration. In addition, a supplemental declaration may contain such additions to or modifications of the provisions hereof applicable to any additional property. Such supplemental declaration shall become effective upon being recorded in the Public Records of Bay County, Florida.

ARTICLE III - MEMBERSHIP

Section 1. Membership in the Association. Every Owner of a Residential Dwelling Unit within the Property, shall be a member of the Association, including the Developer. Such membership shall be mandatory membership and all members of the Association shall be governed and controlled by the Articles of Incorporation and Bylaws thereof in addition to this Declaration.

Section 2. Membership in the Master Association. Every owner of a Residential Dwelling Unit within the Property shall be a member of the Master Association. Such membership shall be mandatory membership and all members of the Master Association shall be governed and controlled by its Articles of Incorporation and Bylaws thereof, in addition to this Declaration.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of members to be elected or appointed as provided for in the Articles of Incorporation and Bylaws of the Association.

ARTICLE IV - EASEMENTS

Section 1. Members and the Association's Easements. Each of the following easements is hereby created and is declared to exist as a covenant running with the property, and notwithstanding any of the other provisions of this Declaration, may not be substantially amended or revoked in such a way as to unreasonably interfere with their proper and intended use and purpose, and shall survive the termination of the condominium and the exclusion of any lands of the condominium from the condominium:

(a) An easement as may be required for utility services or ingress and egress to serve the condominium adequately; the Association may grant permits, licenses, and easements over, under or upon the common elements for utilities ingress and egress or other purposes reasonably necessary or useful for the proper maintenance or operation of the condominium. Provided, however, such easements to a unit shall be only according to the plans and specifications for the building or as the building is actually constructed, unless approved, in writing, by the unit owner.

(b) An easement in favor of the Developer and his agents, and all Owners and

their immediate families, guests and invitees, for pedestrian traffic over, through, and across sidewalks, paths, lanes, walks and bridges, as the same may from time to time exist, upon the Common Properties; and for the vehicular traffic over, through, and across such portions of the Common Properties as may be from time to time paved and intended for such purposes.

(c) Every portion of a unit contributing to the support of the condominium building or an adjacent unit shall be burdened with an easement of support for the benefit of all other units and Common Properties in the building.

(d) The Common Properties shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement in favor of the Developer and his agents, and all of the Owners of units in the condominium for their use and the use of their immediate families, guests, and invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said Owners. A perpetual nonexclusive easement in favor of all of the Owners of units in the condominium for ingress and egress over property between the unit Owner's unit and the roads and streets serving the Property is hereby granted.

(e) In case of an emergency originating in or threatening any units, regardless of whether or not the Owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the building manager or managing agent, shall have the right to enter such unit for the purpose of remedying or evading the cause of such emergency, and such right of entry shall be immediate and to facilitate entry in the event of any such emergency, the Owner of each unit, if required by the Association, shall deposit under the control of the Association, a key to such unit.

(f) Whenever it is necessary to enter any unit for the purpose of performing any maintenance, alteration, or repair to any portion of the condominium Property, the Owner of each unit shall permit other Owners by their representatives, or the duly constituted and authorized agent of the Association, to enter such unit for such purpose, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

(g) In the event that any unit shall encroach upon any of the Common Properties for any reason not caused by the purposeful or negligent act of the unit Owner or Owners or agents of such Owner or Owners, then an easement appurtenant to such unit shall exist for the continuance of such encroachment into the Common Properties for so long as such

encroachment shall naturally exist; and, in the event that any portion of the Common Properties shall encroach upon any apartment unit, then an easement shall exist for the continuance of such encroachment of the Common Properties into any unit for so long as such encroachment shall naturally exist.

(h) An exclusive easement for the use of the air space occupied by a condominium unit as it exists at any particular time and as the unit may lawfully be altered.

(i) Easement for encroachments by the perimeter walls, ceilings, and floors surrounding each condominium unit.

(j) Easement for overhanging troughs or gutter downspouts and the discharge therefrom.

(k) There is hereby reserved and granted to the Developer a blanket easement for the benefit of the Developer or its designees, upon, across, over, through, and under any portion of the Property for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and service systems, public and private.

(l) There is hereby reserved and granted to the Developer an easement and right on, over and under the ground within the Property to maintain and to correct drainage of surface water and other erosion controls in order to maintain reasonable standards of health, safety and appearance.

Section 2. Limitations. Easements of enjoyment created hereby shall be subject to the following:

(a) The right of the Developer or the Association, in accordance with the Bylaws, to borrow money for the purpose of improving or maintaining the Common Properties and providing services authorized herein and in aid therein to mortgage said properties and pledge the revenues to the Association;

(b) The right of the Developer or the Association to take such steps as are reasonably necessary to protect the above described properties against foreclosures; and

(c) The right of the Developer or the Association to suspend the rights and easements of enjoyment of any member, lessee or guest of any member for any period during which the payment of any assessment against the property owned by such member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published Rules and Regulations, without waiver or discharge of the member's obligation to pay the assessment; provided, however, the Association may not deny a member's right of ingress and egress to his property;

(d) The right of the Developer or the Association to adopt reasonable Rules and Regulations pertaining to the use of Common Properties and any facilities therein, including limitations on the use of recreational facilities;

(e) The right to deny ingress to any person who in the opinion of the Developer or the Association may create or participate in a disturbance or nuisance on any part of the property.

ARTICLE V - RIGHTS OF MORTGAGEES

Section 1. Notices. Any Mortgagee of a portion of the Property and any insurer or guarantor thereof, who makes a request in writing to the Association for the items provided in this section shall have the following rights:

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

(b) To be given written notice by the Association of the call of the meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration or the Articles of Incorporation or By Laws of the Association, which notices shall state the nature of the amendment being proposed.

(c) To be given notice of default by any Member owning any Property encumbered by a mortgage held by such mortgagee, such notice to be given in writing and to be sent to the principal office of such Mortgagee or to the place which it or they may designate in writing to the Association.

(d) To examine the books and records of the Association and current copies of the Declaration, By-Laws and other rules concerning the project upon reasonable notice during ordinary working hours.

Section 2. Taxes and Other Charges. In the event the Association fails to pay, when due, taxes assessed against the Common Property or premiums of insurance covering the improvements on the Common Property, then any one or more of said Mortgagees may pay such taxes or insurance premiums, and the Association shall be obligated to reimburse such Mortgagees for such payments, and until paid, the same shall constitute a lien upon the Common Property in favor of the party or parties, entity or entities, paying same, which said lien may be enforced in a court of competent jurisdiction of the State of Florida in the same manner as a judgment lien may be enforced.

ARTICLE VI - ARCHITECTURAL CONTROL

Section 1. Lagoon Towers Architectural Review Board. Except as expressly permitted herein, without the prior written consent of the Lagoon Towers Architectural Review Board ("LTARB"), which said Board is hereby established and shall consist of the Board of Directors of the Association as it may be composed from time to time, no permanent improvements other than as initially developed by the Developer, shall be constructed on the Property and no substantial or material alterations of the exterior of any unit or the topography of the Property shall be effected. Without limiting the generality of the foregoing, no lakes, marshes, hammocks, lagoons or similar features of the Property shall be altered or changed without the prior written consent of the Lagoon Towers Architectural Review Board.

Section 2. Procedures. No modification, alteration or improvement of any nature whatsoever, except for interior alterations not affecting the external structure or appearance of any unit, shall be undertaken on any unit or on the Property unless and until a plan of such construction or alteration shall have been approved in writing by the "LTARB". No Owner shall paint or alter the exterior of his unit, including the doors and windows, except in accordance with the provisions hereof. The plans submitted to the "LTARB" for approval shall include a.) the construction plans and/or specifications, including all proposed landscaping, in the event of a landscaping alteration; b.) a drawing showing a rendering of all proposed improvements or alterations, and c.) such other items as the "LTARB" may deem appropriate. No construction on any unit or on the Property shall be commenced until the plans for such construction have been approved as provided for herein.

The "LTARB" is hereby empowered to employ appropriate professionals to develop architectural, construction, and landscaping guidelines to be utilized by the said Board in passing upon applications made pursuant to this Article. Approval shall be granted or denied by the "LTARB" based upon such guidelines as are developed pursuant to the power granted hereunder and further based upon but not limited to the following: compliance with the provisions of this Declaration, the quality of workmanship and materials, harmony of exterior design with surrounding structures, the effect of the construction on the outlook from surrounding property and units, and all other factors, including purely aesthetic considerations, which in the sole opinion of the said Board will affect the desirability or suitability of the construction.

Section 3. Liability. Approval by the "LTARB" of an application by an Owner shall not constitute a basis for any liability of the members of the "LTARB" or the Association as regards: (a) failure of the plans to conform to any applicable building codes, or (b) inadequacy or deficiency in the plans resulting in defects in the improvements.

ARTICLE VII - USE OF PROPERTY

Section 1. Protective Covenants. In order to keep the Property a desirable place to live for all Owners, the following protective covenants are made a part of this Declaration and shall be considered as the initial Rules and Regulations of the Association.

a. Residential Use. All Parcels shall be used, improved and devoted exclusively to residential use. Nothing herein shall be deemed to prevent the Owner from leasing a unit on a daily basis, or on a longer term lease, subject to all of the provisions of

this Declaration, the Declaration of Condominium and the Articles of Incorporation and By Laws of the Association.

b. Nuisances. No nuisance shall be permitted to exist or operate on any unit or common property so as to be detrimental to any other unit in the vicinity thereof, or to its occupants, or to the Common Property.

c. Pets. Pets may be kept by an Owner in his unit, but only if such pet does not cause a disturbance or annoyance on the Property or to other unit Owners. All pets must be held, or kept leashed at all times that they are in the Common Property and all Owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of his or her pets. The Association reserves the right to designate specific areas within the Common Property where pets may be walked on leashes by their Owners. The Association further reserves the right to demand that an Owner permanently remove from the Property any and all pets which create disturbances and annoyances which are to the reasonable displeasure of neighbors or other Owners.

d. Signs. No sign, advertisement or notice of any type or nature whatsoever shall be erected or displayed upon any unit or upon any of the Common Property, except where express prior written approval of the size, shape, content and location thereof has been obtained from the Developer or the Association, which approval may be arbitrarily withheld. Notwithstanding the foregoing, the Developer shall be permitted to post and display advertising signs on the Property.

e. Vehicles and Boats. The parking of any automobile upon any portion of the Property is prohibited except in common areas expressly provided for the same or as may be approved in writing by the Developer or the Association. No boat, boat trailer or recreational vehicle shall be stored or parked upon the Property without the prior written consent of the Developer or the Association. In the event it is deemed advisable, the Developer or the Association may designate a certain area of the Property upon which boats, boat trailers and recreational vehicles may be parked. The parking of automobiles within the Property shall be in accordance with rules and regulations adopted by the Association.

f. Clotheslines. No clothesline, or other clothes-drying facility shall be permitted to be located in any of the Common Property or any area of the Property.

g. Garbage and Trash Containers. All garbage and trash containers must be placed and maintained in accordance with rules and regulations adopted by the Developer or the Association. No garbage or trash shall be placed anywhere except as aforesaid and no

portion of the Property shall be used for dumping refuse.

h. Antennas. Unless prior written approval has been obtained from the Developer or the Association, no exterior radio, television or other electronic antenna or aerial may be erected or maintained anywhere within the Property.

i. Window Air Conditioners. No window air conditioning units shall be installed in any of the units without the prior approval of the Developer or the Association.

j. Temporary Structures. No structure of a temporary character, trailer, tent, shack, barn, shed or other outbuilding shall be permitted on any of the property at any time, except temporary structures installed by the Developer during the initial construction, or temporary structures installed by the Developer or the Association and necessitated by the approved maintenance or repair.

k. Fuel Storage Tanks. No fuel or gas storage tanks may be permitted on any of the Property. Notwithstanding, an owner may keep and maintain a small propane gas tank for gas barbecues and fireplaces in an area suitable to service his unit and specifically approved by the Developer or the Association.

l. Mailboxes or Paper Boxes. No mailbox or paper box or any other receptacle of any kind for the use and delivery of mail, newspapers, magazines or similar material shall be erected or located on any unit or the common property unless and until the size, location, design and type of material for said box or receptacle shall have been approved by the Developer or the Association.

m. Landscape of Common Property. All common property which does not consist of sidewalks, parking lots, footpaths, or areas which may not be altered except by permit from the Department of Environmental Regulations, State of Florida or the United States Army Corps of Engineers, shall be landscaped and/or grass-sodded and shall be serviced by underground sprinkling system for watering purposes, and such systems shall be serviced by and connected to water services supplied by the Grand Lagoon Utilities, Inc. or its successors. The Association shall maintain the Common Property in a manner so as to present a pleasant appearance, and should the Association neglect to so maintain the Common Property, the Developer may do so with the reasonable expenses thereof being charged by the Developer to the Association. In the event that the Association fails to reimburse the Developer for such maintenance fees of the Common Property within fifteen (15) days from presentation of a statement for expenses, a lien shall arise in favor of the Developer upon the common property which may be enforced and foreclosed according to the laws of Florida. Any such lien, however, shall be

subordinate and inferior to any mortgage then or thereafter encumbering the Common Property.

1. Compliance. It shall be the responsibility of all Owners, family members of Owners and their authorized guests and tenants to conform and abide by the rules and regulations in regard to the use of the units and the common areas which may be adopted in writing from time to time by the Association, and to see that all persons using the Owner's unit by, through and under him, do likewise.

ARTICLE VIII. - MASTER ASSOCIATION

Section 1. Each unit owner shall be a member of the Master Association, subject to the terms of the Master Association Articles of Incorporation and By Laws. The Master Association is entitled to a lien upon a residential unit for any unpaid assessment for expenses incurred or to be incurred by the Master Association in the fulfillment of its maintenance operation and management responsibilities with respect to roadways, bridges, drainage facilities, rights of way, medians, bike paths, entranceways, irrigation systems, traffic control systems, street lighting, and other common areas used or to be used in common with all residents of the Over-All Bay Point Development, the payment of real estate ad valorem taxes assessed against such common areas, all of which is more particularly set forth in the Master Association By-Laws, Articles of Incorporation, and Covenants and Restrictions of Bay Point recorded in ORB 340, Pages 292 through 304, and amended at ORB 346, Page 241 through 243, Official Records of Bay County, Florida. If for any reason the Association or any unit owner refuses or fails to perform the obligations imposed on it under this Article VIII, the Master Association shall be, and is hereby, authorized to act for and in behalf of the Association or any unit owner in such respect that the Association or any unit owner has refused or failed to act, and all expenses thereby incurred by the Master Association shall be reimbursed by the Association or any unit owner.

ARTICLE IX. - CENTRAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with and bind the property, and shall enure to the benefit of and be enforceable by the Association, the Developer, or the owner of any unit, their respective legal representatives, heirs, successors, and assigns for a period of fifty (50) years from the date this Declaration is recorded. Upon the expiration of said fifty (50) year period, this Declaration may be extended for successive additional periods if three-fourths (3/4) of the votes cast at a duly held meeting of the Association are in favor of extending this Declaration. The length of each such extension shall be established by such vote. The written notice of any meeting at which such a proposal to extend this Declaration is to be considered, shall set forth the fact that such a proposal will be considered. The President and Secretary of the Association shall execute a certificate which shall set forth any resolution of extension adopted by the Association and the date of the meeting of the Association at which such resolution was adopted. Said certificate shall be recorded in the Public Records of Bay County, Florida.

Section 2. Notices. Any notice required to be sent to any member under the provisions of the Declaration shall be deemed to have been properly sent and notice thereby given when mailed with the proper postage affixed to the address appearing on the Association's membership list. Notice to one (1) of two (2) or more co-owners or co-tenants of any unit shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association in writing of any change in address. Any person who becomes a member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 3. Enforcement. Enforcement of this Declaration shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any provision either to restrain violation or to recover damages, and against the land to enforce any lien created hereby; and failure by the Association or the Developer to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce the same thereafter.

Section 4. Severability. Should any covenant or restriction herein contained or any articles, section, subsection, sentence, clause, phrase, or term of this Declaration be declared to be invalid or unenforceable for any reason by the adjudication of any court or other tribunal having jurisdiction over the parties or subject matter of this Declaration, such judgment shall not affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 5. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration, and to construe and interpret its provisions and its determination shall be binding. In all cases, the provisions of this Declaration shall be given that interpretation that will best tend toward the consummation of the general plan of development.

Section 6. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents, or required approvals by or from the Developer contemplated under this Declaration, the Developer shall not be liable to an owner or to any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an owner or such other person arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 7. Effect of Declaration. Notwithstanding anything contained in this Declaration to the contrary, neither this Declaration nor any term or provision hereof shall constitute a defect, encumbrance, lien, or cloud upon the title of any portion of the property constituting LAGOON TOWERS, A CONDOMINIUM, as is more specifically described in Exhibit "A" attached hereto and made a part hereof.

Section 8. Developer's Units. Insofar as the context of Articles III, IV, and VIII require, the Developer shall be treated as the owner of all units owned by the Trustee.

IN WITNESS WHEREOF, the undersigned BAY BANK & TRUST COMPANY, a Florida banking corporation, as Trustee, has caused this instrument to be executed by its duly authorized respective officer and BAY POINT YACHT & COUNTRY CLUB, a Florida joint venture partnership, has caused this instrument to be executed by its duly authorized joint venture partners as of the date first written above.

Signed, sealed and delivered in the presence of:

BAY BANK & TRUST COMPANY, as Trustee, A Florida Banking Corporation

Frank A. Shank
Linda C. W. [unclear]

By: [Signature]
John Christo III, President
Its: _____
[AFFIX CORPORATE SEAL]

BAY POINT YACHT & COUNTRY CLUB, a Florida Joint Venture Partnership

By: FIRST BAY POINT, INC., a Florida corporation, a Joint Venture Partner

[Signature]
[Signature]

By: [Signature]
Its: President
[AFFIX CORPORATE SEAL]

And By: MS & S, a Florida Partnership, A Joint Venture Partner

Pamela T. [unclear]
[Signature]

By: [Signature]
Its General Partner

STATE OF FLORIDA
COUNTY OF BAY

I HEREBY CERTIFY that on this day before me, an officer duly authorized in the State and County aforesaid to take acknowledgements, personally appeared John Christo III, to me known to be the person described in and who executed the foregoing instrument as President of BAY BANK & TRUST COMPANY, a Florida banking corporation, as Trustee, the corporation named therein, and severally acknowledged to and before me that they executed the same as the act and deed of said corporation for the purposes therein set forth.

2988

** OFFICIAL RECORDS **
BK 986 PG 84

WITNESS my hand and official seal in the said County and State this 2nd day of August, 1984.

Linda C. W. [Signature]
Notary Public

My Commission Expires:

(SEAL)

STATE OF FLORIDA,
COUNTY OF BAY.

I, the undersigned authority, a Notary Public, in and for said State and County, do hereby certify that W.F. SPANN, as General Partners of M S & S, a Florida Partnership, whose name is signed to the foregoing instrument, and who is known to me as such general partner, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

WITNESS my hand and official seal in the said County and State this 23 day of July, 1984.

J. Robert [Signature]
Notary Public

My Commission Expires:

(SEAL)

Every Notary Public Must Register
My Commission Expires Next 22 1985

DISTRICT OF COLUMBIA

I, the undersigned authority, a Notary Public, in and for said District of Columbia, do hereby certify that Clinton Guttenberg as President of FIRST BAY POINT, INC., a Florida Corporation, whose name is signed to the foregoing instrument, and who is known to me as such person, acknowledged before me on this day that, being informed of the contents of said instrument, he executed the same voluntarily on the day the same bears date.

WITNESS my hand and official seal in the said District of Columbia this 25th day of July, 1984.

Margaret A. [Signature]
Notary Public

My Commission Expires:

(SEAL)

My Commission Expires January 1, 1989

EXHIBIT "A"
DECLARATION OF COVENANTS
LAGOON TOWERS, A CONDOMINIUM

DESCRIPTION OF LAGOON TOWERS: Commence at the Northeast corner of Government Lot 8, Section 15, Township 4 South, Range 15 West, Bay County, Florida. Thence South 00° 11' 50" East along the East line of said Lot 8 for 78.15 feet to the Southerly right of way line of Kingfish Lane; thence South 75° 12' 08" West along said right of way line for 54.84 feet to the P.C. of a curve in said right of way line concave to the North and having a radius of 399.31 feet; thence Westerly along said curve for an arc distance of 133.48 feet, said arc having a chord of 132.86 feet bearing South 84° 46' 43" West; thence South 12° 12' 17" West for 76.80 feet; thence North 89° 48' 24" West for 51.45 feet to the POINT OF BEGINNING. Thence South 89° 48' 24" East for 51.45 feet; thence North 12° 12' 17" East for 76.80 feet to said Southerly right of way line of Kingfish Lane; thence Westerly along said curving right of way line for an arc distance of 197.56 feet; said arc having a chord of 195.55 feet bearing North 71° 28' 17" West to the point of Reverse Curve in said right of way line concave to the South and having a radius of 168.75 feet; thence Westerly along said curve for an arc distance of 189.48 feet, said arc having a chord of 179.68 feet bearing North 89° 27' 52" West; thence South 58° 22' 08" West along said right of way line for 32.00 feet to the P.C. of a curve in said right of way line concave to the North and having a radius of 202.89 feet; thence Westerly along said curving right of way line for an arc distance of 70.00 feet, said arc having a chord of 69.65 feet bearing South 68° 15' 10" West to the East boundary of Studio Villas III, a Condominium; thence South 11° 51' 48" East along said East boundary for 115.00 feet; thence South 24° 38' 00" West along said East boundary for 139.4 feet, more or less, to the edge of Grand Lagoon; thence Southeasterly, Northwesterly, Northeasterly and Easterly along the edge of said Lagoon for 611 feet more or less, to a point on a line that bears South 00° 11' 36" West from the point of beginning. Thence North 00° 11' 36" East for 62.3 feet, more or less, to the point of beginning, containing 2.51 acres, more or less.

17980 874
L.M.

JOINDER OF MORTGAGEE IN
DECLARATION OF COVENANTS AND RESTRICTIONS

FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, a corporate instrumentality and agency of the United States, the owner and holder of a mortgage encumbering the land described in Exhibit A attached to the Declaration of Covenants and Restrictions to which this joinder is attached, hereby consents to and joins in the said Declaration of Covenants and Restrictions of LAGOON TOWERS, a condominium.

EXECUTED this 16 day of July, 1984.

WITNESSES:

Mortgagee

FEDERAL SAVINGS AND LOAN
INSURANCE CORPORATION, a
corporate instrumentality and
agency of the United States

James R. Weaver
James R. Weaver

By: J. Richard Cagle
Attest: Bobby L. Hughes

District of Columbia
STATE OF
COUNTRY OF

The foregoing Joinder of Mortgage of Declaration of Covenants and Restrictions was acknowledged before me this 16th day of July, 1984, by J. Richard Cagle and Bobby L. Hughes the Case Manager and Deputy Director, respectively, of FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, a corporate instrumentality and agency of the United States, on behalf of said corporation.

Margaret A. Boyle
Notary Public
My Commission Expires 10/1
10/1



SECTION 7. COMMON ELEMENTS AND LIMITED COMMON ELEMENTS.

7.01 Common Elements. The Common Elements shall include and mean, in addition to the items listed in the Condominium Act, all areas which are so designated on the floor plans (Exhibit "B") and the following items:

(a) all the Property not included in the units; and

(b) the foundations, bearing walls, perimeter walls, structural slabs, roofs, columns, girders, beams, supports, corridors, fire escapes, stairways, and common entrances, exists and communication ways; and

(c) parking areas not designated as Limited Common Elements; and

(d) the compartments or installations of central services such as power, light, gas, hot and cold water, heating and air conditioning systems which serve areas other than a single unit, water storage tanks, pumps, pipes, flues, chutes, conduits, cables and wire outlets and other utility lines; and

(e) all other elements of the Condominium Property designated or designed for common use.

7.02 Limited Common Elements. The Limited Common Elements are all areas so designated on the Floor Plans (Exhibit "B") as well as those designated as such in this Declaration. Areas designated as Limited Common Elements are reserved for exclusive use of the owners of the Condominium Units to which such areas are contiguous or declared to be appurtenant.

SECTION 8. OWNERSHIP OF COMMON ELEMENTS.

8.01 Each Unit Owner shall own an undivided interest in the Common Elements, and the undivided interest, stated as percentages or fractions of such ownership in the said Common Elements and Limited Common Elements is set forth in Exhibit "C" which is annexed to this Declaration and made a part hereof.

8.02 Any attempt to separate the title to a Condominium Unit from the Common Elements appurtenant to such unit shall be null and void.

SECTION 9. UNIT BOUNDARIES.

9.01 Each unit shall include that part of the building within boundaries determined as set forth in the Section 9.

9.02 ~~Upper and Lower Boundary.~~ The upper boundary and lower boundary of each unit shall be the following extended to the perimeter boundaries:

(i) Upper Boundary. The horizontal plane of the undecorated ceiling.

(ii) Lower Boundary. The horizontal plane of the upper surface of the unfinished floor.

9.03 Perimeter Boundary. The perimeter boundary of each unit shall be the vertical planes of the undecorated or unfinished inner surfaces of the walls bounding the unit, extended to intersections with each other and with the upper and lower boundaries.

9.04 Doors, Windows and Light Fixtures. All or any part of a door, window, or light fixture appurtenant to a single unit but located outside the boundary thereof as hereinabove defined shall constitute a Limited Common Element, and the owner of such unit shall be entitled to the exclusive use and possession thereof and shall be responsible for the maintenance, care and preservation thereof.

9.05 Balcony or Patio. All balconies and patios shall constitute Limited Common Elements and each Unit Owner shall be entitled to the exclusive use and possession of those balconies or patios, if any, directly accessible from his unit or adjacent thereto.

Each Unit Owner shall be responsible for the maintenance, care and preservation of the paint and surface of the interior parapet walls, including the floor and ceiling, within said balcony and patio, or any of them, for the maintenance, care and preservation of the interior surface of the screening or enclosure of said balcony or patio, if applicable; for the care of any plants, shrubbery or the like within or on such balcony or patio and sliding glass doors in the entrance way to such balcony or patio.

13.03 Each Unit Owner shall promptly perform all maintenance and repair within his Unit which if omitted or delayed would affect any other Condominium Property, and such Unit Owner shall be responsible for any damages or liability which may be incurred by his failure to do so. Each Unit Owner shall be responsible for any damage resulting from an accident within his Unit including, without limitation, damages suffered by the Association and by any other Unit Owner by reason of the failure of a Unit Owner to properly protect his Unit from the elements, or by reason of over-flowing or leaking plumbing fixtures, overloaded electrical circuits and similar occurrences.

13.04 If any damage, or if maintenance, repair or replacement for which a Unit Owner is responsible is covered by insurance maintained by the Association, the proceeds of insurance received by the Association or the Insurance Trustee shall be used or made available to such Unit Owner for use in paying for such damage or in performing such maintenance, repair or replacement.

13.05 If the Unit Owner violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. If lieu thereof, or in addition thereto, the Association shall have the right to levy an assessment against the Unit Owner, and the Unit, for such sums as may be required to enable the Association to perform such obligation on behalf of the Unit Owner and the Association is hereby authorized to perform such obligation.

13.06 The Association shall determine the color scheme of the building and the Common Elements and Limited Common Elements and shall be responsible for the maintenance thereof. No Owner shall paint any surface of the building outside such Owner's Unit or add or replace anything thereon or affixed thereto without written consent of the Association.

13.07 The Association shall be responsible for the maintenance, repair and replacement of the Common Elements and Limited Common Elements, including those portions which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring, heating and air conditioning equipment and other facilities located in the Common Elements and should incidental damage be caused to any Unit by any work which may be done or caused to be done by the Association, in the maintenance, repair or replacement of the Common Elements, the Association shall, at its expense, repair such

★
damage; provided that, if any repairs or replacements to the Common Elements are made necessary because of abuse or negligent use thereof by an Unit Owner, the cost of such repair or replacement may be assessed against such Unit Owner.

13.08 Any assessment made pursuant to this Section shall be enforceable in the same manner as provided for the enforcement of assessments in Section 11 hereof.

contractor, or the contract that is used for that purpose. A unit owner must obtain all required governmental permits and approvals before commencing reconstruction.

2. Unit owners are responsible for the cost of reconstruction of any portions of the condominium property for which the unit owner is required to carry property insurance, and any such reconstruction work undertaken by the association is chargeable to the unit owner and enforceable as an assessment pursuant to s. 718.116.

3. A multicondominium association may elect, by a majority vote of the collective members of the condominiums operated by the association, to operate the condominiums as a single condominium for purposes of insurance matters, including, but not limited to, the purchase of the property insurance required by this section and the apportionment of deductibles and damages in excess of coverage. The election to aggregate the treatment of insurance premiums, deductibles, and excess damages constitutes an amendment to the declaration of all condominiums operated by the association, and the costs of insurance must be stated in the association budget. The amendments must be recorded as required by s. 718.110.

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

(i) The association may amend the declaration of condominium without regard to any requirement for approval by mortgagees of amendments affecting insurance requirements for the purpose of conforming the declaration of condominium to the coverage requirements of this subsection.

(j) Any portion of the condominium property that must be insured by the association against property loss pursuant to paragraph (f) which is damaged shall be reconstructed, repaired, or replaced as necessary by the association as a common expense. All property insurance deductibles, uninsured losses, and other damages in excess of property insurance coverage under the property insurance policies maintained by the association are a common expense of the condominium, except that:

1. A unit owner is responsible for the costs of repair or replacement of any portion of the condominium property not paid by insurance proceeds if such damage is caused by intentional conduct, negligence, or failure to comply with the terms of the declaration or the rules of the association by a unit owner, the members of his or her family, unit occupants, tenants, guests, or invitees, without compromise of the subrogation rights of the insurer.

2. The provisions of subparagraph 1. regarding the financial responsibility of a unit owner for the costs of repairing or replacing other portions of the condominium property also apply to the costs of repair or replacement of personal property of other unit owners or the association, as well as other property, whether real or personal, which the unit owners are required to insure.

3. To the extent the cost of repair or reconstruction for which the unit owner is responsible under this paragraph is reimbursed to the association by insurance proceeds, and the association has collected the cost of such repair or reconstruction from the unit owner, the association shall reimburse the unit owner without the waiver of any rights of subrogation.

4. The association is not obligated to pay for reconstruction or repairs of property losses as a common expense if the property losses were known or should have been known to a unit owner and were not reported to the association until after the insurance claim of the association for that property was settled or resolved with finality, or denied because it was untimely filed.

(3) A unit owner is entitled to the exclusive possession of his or her unit, subject to the provisions of s. 718.111(5). He or she is entitled to use the common elements in accordance with the purposes for which they are intended, but no use may hinder or encroach upon the lawful rights of other unit owners.

(4) When a unit is leased, a tenant shall have all use rights in the association property and those common elements otherwise readily available for use generally by unit owners and the unit owner shall not have such rights except as a guest, unless such rights are waived in writing by the tenant. Nothing in this subsection shall interfere with the access rights of the unit owner as a landlord pursuant to chapter 83. The association shall have the right to adopt rules to prohibit dual usage by a unit owner and a tenant of association property and common elements otherwise readily available for use generally by unit owners.

(5) A local government may not adopt an ordinance or regulation that prohibits condominium unit owners or their guests, licensees, or invitees from pedestrian access to a public beach contiguous to a condominium property, except where necessary to protect public health, safety, or natural resources. This subsection does not prohibit a governmental entity from enacting regulations governing activities taking place on the beach.

History.— s. 1, ch. 76-222; s. 3, ch. 84-368; s. 4, ch. 90-151; s. 5, ch. 94-350; s. 853, ch. 97-102; s. 50, ch. 2000-302; s. 6, ch. 2002-27; s. 2, ch. 2007-173.

718.107 Restraint upon separation and partition of common elements.—

(1) The undivided share in the common elements which is appurtenant to a unit shall not be separated from it and shall pass with the title to the unit, whether or not separately described.

(2) The share in the common elements appurtenant to a unit cannot be conveyed or encumbered except together with the unit.

(3) The shares in the common elements appurtenant to units are undivided, and no action for partition of the common elements shall lie.

History.— s. 1, ch. 76-222.

718.108 Common elements.—

(1) “Common elements” includes within its meaning the following:

(a) The condominium property which is not included within the units.

(b) Easements through units for conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to units and the common elements.

(c) An easement of support in every portion of a unit which contributes to the support of a building.

(d) The property and installations required for the furnishing of utilities and other services to more than one unit or to the common elements.

(2) The declaration may designate other parts of the condominium property as common elements.

History.— s. 1, ch. 76-222.

718.1085 Certain regulations not to be retroactively applied.— Notwithstanding the provisions of chapter 633 or of any other code, statute, ordinance, administrative rule, or regulation, or any interpretation thereof, an association, condominium, or unit owner is not obligated to retrofit the common elements or units of a residential condominium that meets the definition of “housing for older persons” in s. 760.29(4)(b)3. to comply with requirements relating to handrails and guardrails if the unit owners have voted to forego such retrofitting by the affirmative vote of two-thirds of all voting interests in the affected condominium. However, a condominium association may not vote to forego the retrofitting in common areas in a high-rise building. For the

(k) An association may, upon the approval of a majority of the total voting interests in the association, opt out of the provisions of paragraph (j) for the allocation of repair or reconstruction expenses and allocate repair or reconstruction expenses in the manner provided in the declaration as originally recorded or as amended. Such vote may be approved by the voting interests of the association without regard to any mortgagee consent requirements.

(l) In a multicondominium association that has not consolidated its financial operations under subsection (6), any condominium operated by the association may opt out of the provisions of paragraph (j) with the approval of a majority of the total voting interests in that condominium. Such vote may be approved by the voting interests without regard to any mortgagee consent requirements.

(m) Any association or condominium voting to opt out of the guidelines for repair or reconstruction expenses as described in paragraph (j) must record a notice setting forth the date of the opt-out vote and the page of the official records book on which the declaration is recorded. The decision to opt out is effective upon the date of recording of the notice in the public records by the association. An association that has voted to opt out of paragraph (j) may reverse that decision by the same vote required in paragraphs (k) and (l), and notice thereof shall be recorded in the official records.

(n) The association is not obligated to pay for any reconstruction or repair expenses due to property loss to any improvements installed by a current or former owner of the unit or by the developer if the improvement benefits only the unit for which it was installed and is not part of the standard improvements installed by the developer on all units as part of original construction, whether or not such improvement is located within the unit. This paragraph does not relieve any party of its obligations regarding recovery due under any insurance implemented specifically for such improvements.

(o) The provisions of this subsection shall not apply to timeshare condominium associations. Insurance for timeshare condominium associations shall be maintained pursuant to s. 721.165.

¹(12) OFFICIAL RECORDS.—

(a) From the inception of the association, the association shall maintain each of the following items, if applicable, which shall constitute the official records of the association:

1. A copy of the plans, permits, warranties, and other items provided by the developer pursuant to s. 718.301(4).
2. A photocopy of the recorded declaration of condominium of each condominium operated by the association and of each amendment to each declaration.
3. A photocopy of the recorded bylaws of the association and of each amendment to the bylaws.
4. A certified copy of the articles of incorporation of the association, or other documents creating the association, and of each amendment thereto.
5. A copy of the current rules of the association.
6. A book or books which contain the minutes of all meetings of the association, of the board of administration, and of unit owners, which minutes must be retained for at least 7 years.
7. A current roster of all unit owners and their mailing addresses, unit identifications, voting certifications, and, if known, telephone numbers. The association shall also maintain the electronic mailing addresses and the numbers designated by unit owners for receiving notice sent by electronic transmission of those unit owners consenting to receive notice by electronic transmission. The electronic mailing addresses and telephone numbers must be removed from association records if consent to receive notice by electronic transmission is revoked. However, the association is not liable for an erroneous disclosure of the electronic mail address or the number for receiving electronic transmission of notices.

AMENDMENT TO DECLARATION
OF
CONDOMINIUM OWNERSHIP
OF
LAGOON TOWERS, A CONDOMINIUM

File # 2007075861
OR BK 2382 Pages 882 - 883
RECORDED 11/06/07 08:04:18
Harold Bazzel, Clerk
Bay County, Florida
DEPUTY CLERK EG
#1
Trans # 846823

WHEREAS, the Declaration of Condominium Ownership of Lagoon Towers, A Condominium and exhibits and attachments thereto were recorded on August 3, 1984, at Book 986, Page 5, in the Official Records of Bay County, Florida ("Declaration"); and

WHEREAS, the membership of Lagoon Towers, Inc. ("Association") desires to adopt, ratify or recommend for acceptance, adoption or ratification a certain amendment to the Declaration; and

WHEREAS, this instrument has been adopted pursuant to the Declaration and Chapter 718 of the Florida Statutes.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Paragraph 15.01(d) of the Declaration is hereby amended as follows:

(d) Rental or Lease. ~~No lease for a period of more than one (1) year shall be valid unless approved by the Association and All leases must be for a continuous period of at least thirty (30) days.~~

All lessees shall acknowledge in writing their agreement to be bound by the terms of the Declaration during their tenancy. The Association shall have the right to require that a substantially uniform form of lease be used. Such lease or rental shall not release the Unit Owner from any obligation under this Declaration.

2. Except as set forth in this instrument, the Declaration shall remain unmodified and unaltered and in full force and effect.

IN WITNESS WHEREOF, this Amendment to Declaration of Lagoon Towers, A Condominium was adopted as of the 27th day of OCTOBER, 2007.

WITNESSES:

LAGOON TOWERS, INC., a Florida not-for-profit corporation

Jerome Burg
Name Printed: Jerome W. BURG

By: [Signature]
RALPH COOLIDGE, as President

[Signature]
Name Printed: Courtney Hanahan

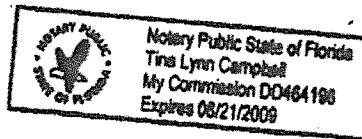
Jerome Burg
Name Printed: Jerome W. BURG
[Signature]
Name Printed: Courtney Hanahan

By: [Signature]
JACK STODDARD, as Secretary

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this 27 day of October, 2007, by RALPH COOLIDGE, as President of LAGOON TOWERS, INC., a Florida not-for-profit corporation, on behalf of the corporation, who is personally known to me or has produced _____ as identification.

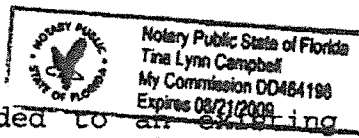
[Signature]
Notary Public Signature



STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this 27 day of October, 2007, by JACK STODDARD, who is the Secretary of LAGOON TOWERS, INC., a Florida not-for-profit corporation, on behalf of the corporation, who is personally known to me or has produced _____ as identification.

[Signature]
Notary Public Signature



***In this Amendment, language added to an ~~existing~~ section is printed in underline type, and language deleted is printed in ~~struck through type~~.

PREPARED BY: TIMOTHY J. SLOAN, ESQ., HARMON & SLOAN, P.A., 427 MCKENZIE AVENUE, PANAMA CITY, FLORIDA 32401