

This Declaration Was Recorded By
The Clerk of the Circuit Court
COUNTY OF DUNEDIN, FLORIDA
1804 Gulf Life Tower
Jacksonville, Florida 32207

653710341
OFFICIAL RECORDS

DECLARATION OF CONDOMINIUM
OF
THE NAUTILUS CONDOMINIUMS

THIS DECLARATION OF CONDOMINIUM is made this 26th day of May, 1988, by Mark J. Kredell (the "Developer"), the owner of fee simple title to the land described herein, and with the intent and purpose of submitting said land and all improvements thereon to the condominium form of ownership, the Developer makes the following declarations.

I. SUBMISSION TO CONDOMINIUM OWNERSHIP

The Developer hereby submits to the condominium form of ownership and use the land described in Exhibit "A" hereto, the improvements now and hereafter situated thereon (but excluding all public utility installations thereon or therein) and the easements and rights appurtenant thereto (the "Condominium Property"), pursuant to the Condominium Act.

II. NAME AND ADDRESS

The name by which this condominium is to be identified is The Nautilus Condominiums herein referred to as the "Condominium".

III. DEFINITIONS

The following terms, when used in this Declaration or its exhibits as now created or hereafter amended shall have the meanings indicated in this section.

A. "Act" or "Condominium Act" means the Condominium Act (Chapter 718 of the Florida Statutes, 1986) as it exists on the date hereof and as it may be hereafter renumbered.

B. "Articles" or "Articles of Incorporation" means the Articles of Incorporation of the Association, as amended from time to time.

C. "Assessment" means a share of the funds required for the payment of Common Expenses which from time to time is assessed against a Unit Owner.

D. "Association" or "Condominium Association" means The Nautilus Condominium Association, Inc., a Florida corporation not for profit, the sole entity responsible for the operation of the Condominium.

E. "Association Property" means the property, real, personal or mixed, in which title or ownership is vested in the Association for the use and benefit of its members.

F. "Building" means any structure on the Land including, but not limited to, Residential Buildings.

G. "By-Laws" means the By-Laws of the Association, as amended from time to time.

H. "Common Elements" mean and include:

(i) The portions of the Condominium Property which are not included within the Units.

(ii) Easements through Units for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility and other services to Units and the Common Elements.

(iii) An easement of support in every portion of the Unit which contributes to the support of a Building.

Please Record at: Deed in
1001 N. 11th St. JACKSONVILLE, FLA.
1924 Gulf Life Tower
Jacksonville, Florida 32207

(iv) The property and installations required for the furnishing of utilities and other services to more than one Unit or to the Common Elements, except those owned by applicable utility companies.

(v) Any other part of the Condominium Property designated as Common Elements in this Declaration.

(vi) Fixtures owned or held for the common use, benefit and enjoyment of all Owners of Units in the Condominium.

(vii) Riparian or littoral rights appertaining to the Land, if any.

(viii) Easements for ingress and egress serving the Condominium Property, if any.

(ix) Gardens, shrubberies, trees, recreational areas and facilities as more fully described in Article VI hereof.

I. "Common Expenses" mean all expenses incurred by the Association for the Condominium and charges assessed or imposed against Units in the Condominium by the Association. For all purposes of this Declaration, "Common Expenses" shall also include all reserves required by the Act or otherwise established by the Association which are not lawfully waived or reduced, regardless of when reserve funds are expended, but shall not include any separate obligations of individual Unit Owners.

J. "Common Surplus" means the excess of all receipts of the Association collected on behalf of the Condominium, including, but not limited to, Assessments, rents, profits and revenues on account of the Common Elements, less the amount of Common Expenses.

K. "Condominium Parcel" means a Unit together with the undivided share in the Common Elements which is appurtenant to said Unit; and when the context permits, the term includes all other appurtenances to the Unit.

L. "Condominium Property" means the Land, Improvements and other property described in Section V hereof, subject to the limitations thereof and exclusions therefrom.

M. "County" means the County of Duval, State of Florida.

N. "Declaration" or "Declaration of Condominium" means this instrument, as it may be amended from time to time.

O. "Improvements" mean all structures and artificial changes to the natural environment (exclusive of landscaping) located on the Land, including, but not limited to, the Buildings.

P. "Institutional First Mortgagee" means a bank, savings and loan association, insurance company, real estate or mortgage investment trust, pension funds, an agency of the United States Government, mortgage banker, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any other lender generally recognized as an institutional lender, or the Developer, holding a first mortgage on a Unit.

Q. "Limited Common Elements" means those Common Elements the use of which is reserved to a certain Unit or Units to the exclusion of other Units.

R. "Primary Institutional First Mortgagee" means the Institutional First Mortgagee which owns, at the relevant time, first mortgages on Units securing a greater aggregate indebtedness than is owed to any other Institutional First Mortgagee.

S. "Residential Buildings" means a Building in which Units are located.

T. "Unit" means a part of the Condominium Property which is subject to exclusive ownership. Each Unit together with all appurtenances thereto shall, for all purposes, constitute a separate parcel of real property which may be owned in fee simple and which may be conveyed, transferred and encumbered in the same manner as any other parcel of real property subject only to the provisions of this Declaration and the Act. Each Owner shall be entitled to exclusive possession of his Unit subject to the provisions of this Declaration and the Act.

The boundaries of each Unit shall be as follows:

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

(ii) The lower horizontal boundary of each Unit shall be the plane of the upper surface of the unfinished floor, including the patio area, extended to an intersection with the vertical boundaries.

(iii) The perimetrical boundaries of the Unit shall be the vertical plane of the undecorated and unfinished inner surfaces of the walls bounding the Unit, extended to intersections with each other and with the upper and lower boundaries.

(iv) The boundaries of the Unit shall not include all of those spaces and improvements lying within the undecorated or unfinished inner surfaces of the perimeter walls and those surfaces above the undecorated finished ceilings of each Unit, and those surfaces below the undecorated finished floor of each Unit, and further, shall not include those spaces and improvements lying within the undecorated or unfinished inner surfaces of all interior bearing walls or bearing partitions, and further, shall exclude all pipes, ducts, wires, conduits and other utilities running through any interior wall or partition for the furnishing of utility services to other Units or for Common Elements.

U. "Unit Owner" or "Owner of a Unit" or "Owner" means the Owner of a Condominium Parcel.

IV. THE LAND

The land hereby submitted to the condominium form of ownership (the "Land") is located in the County, and is described in Exhibit "A" attached hereto and consists of a parcel of real property upon which will be constructed the Residential Buildings and certain other improvements described in Article V hereof. A survey of the Land is attached hereto and made a part hereof as Exhibit "B".

V. DESCRIPTION OF CONDOMINIUM PROPERTY

A. Improvements. The Improvements which have been constructed upon the Land and comprise part of the Condominium Property consist of four (4) units located in three (3) residential buildings. Two of the units are two-bedroom, two-bath flats, and the other two units are three bedroom, three and one-half bath townhouses. The two-bedroom, two-bath flats contain approximately 1,400 square feet (Type A Units). The three-bedroom, three and one-half bath townhouses contain approximately 2,800 square feet (Type B Units). The Improvements will also include an underground garage containing approximately 4,500 square feet with parking for twelve cars, and a common area deck with a gazebo and hot tub. The parking garage, deck, gazebo, and hot tub, all landscaping, outside automobile parking areas, driveways, walks, and all underground

structures and improvements which are not a part or located within the residential buildings and which are not elsewhere herein reserved will be owned by the Association. It is anticipated that the Improvements will be completed by March 15, 1988.

B. Site Plan and Floor Plans. Attached hereto as Exhibit "C" and made a part hereof, is a site plan of the Improvements. Floor Plans of Units are attached hereto as Exhibit "D". The construction of the Improvements on the Land is substantially complete at the time of recordation of this Declaration; so that the materials in Exhibits "A", "B", "C", and "D" together with the provisions of this Declaration describing such Improvements are an accurate representation of the location and dimension of such Improvements and that the identification, location and dimensions of the Common Elements (as herein defined) and of each Unit can be determined from these materials.

VI. RECREATIONAL FACILITIES

The following recreational facilities and amenities have been constructed and completed as part of the Condominium: a common area deck with dimensions of approximately 22' X 20' with a hot tub measuring 8' X 8', 325 gallon water capacity located within the common area deck, and a walkway to the beach. The above described facilities shall be Common Elements in addition to those set out in Article V hereof and shall have been constructed and completed as part of the Condominium. See Section IX of the Prospectus for full details concerning these facilities.

VII. APPURTENANCES TO UNITS

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

A. An undivided proportionate share in the Common Elements and in the Common Surplus;

B. As to certain Units, the right to use exclusively, those portions of the Common Elements designated or reserved herein and granted elsewhere to that Unit or those Units as Limited Common Elements; including the right to use the Common Element Recreational Facilities to be provided as described in Article VI hereof;

C. An exclusive easement for the use of the air space occupied by the Unit as it exists at any particular time or as it may lawfully be altered or reconstructed from time to time, which easement shall terminate automatically in any air space which is hereafter permanently vacated;

D. Non-exclusive easements, to be used and enjoyed in common with the owners of all Units of this Condominium, their guests and invitees, for use of those Common Elements or other facilities not designated elsewhere herein as Limited Common Elements including, without limitation, easements for:

(i) The furnishing and maintenance of utility services to all parts of the Condominium Property over, across, in and through the Land, Buildings and other Improvements, as the fixtures and equipment therefor now exist or may hereafter be modified or relocated; and

(ii) Vehicular and pedestrian access over, across, upon, in and through the drives, entries, gates, walks, grounds and other portions, if any, of the Common Elements as are intended or provided for pedestrian and vehicular traffic through the Condominium Property and for recreational purposes in and to the recreational facilities (as set forth in Article VI

hereof) and the Improvements, fixtures and equipment thereon, and for access to public ways.

F. An exclusive easement for the unintentional and nonnegligent encroachment by any Unit upon any other Unit or Common Element, or vice versa, for any reason not caused by or resulting from the willful or negligent act of Developer or any Unit Owner or Owners, including, without limitation, encroachments caused by or resulting from the original construction of Improvements, which exclusive easement shall exist at all times during the continuance of such encroachments, as an easement appurtenant to the encroaching Unit or other Improvements, to the extent of such encroachment.

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

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

H. The right to use three (3) parking spaces within the enclosed garage, said spaces to be designated by the Association, together with the right to use designated areas within the parking garage for storage of bicycles, boats, surfboards, and other such items, all subject to the reasonable control of the Association.

VIII. ASSOCIATION

The entity responsible for the operation of this Condominium shall be the Association. A copy of the Articles of Incorporation and By-Laws are attached hereto and made a part hereof as Exhibits "E" and "F", respectively. The Association shall administer and manage the Condominium Property; provided, that the Association may, to the extent permitted by the Act, delegate its maintenance, management and operational duties and obligations; and provided further, however, that the Developer hereby reserves the rights provided in the Act and this Declaration and the By-Laws of the Association to initially manage and operate the Condominium Property.

IX. VOTING RIGHTS OF UNIT OWNERS

The Owners shall become members of the Association automatically upon and simultaneously with the delivery of a deed of conveyance of fee title thereto from Developer or its successors in title. There shall be appurtenant, and pass with title, to each Unit one vote as a member of the Association, which may be exercised by the Owner as set forth in the Articles and By-Laws of the Association. The number of votes shall at all times be equal to the number of Units in existence, so that, there shall be one vote for each of the four Units. Membership in the Association shall terminate when a Unit Owner's vested interest in the fee title to the Unit terminates. Membership in the Association cannot be separately transferred, assigned or pledged in any manner except as an appurtenance to the respective Unit.

X. AMENDMENT OF DECLARATION

Except for amendments which the Developer is authorized or obligated elsewhere herein to make, and except as may be elsewhere

herein or in the Act otherwise specifically provided, this Declaration may be amended only in the following manner:

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

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

C. Adoption. Any amendment to this Declaration so proposed by the Board or members of the Association shall be transmitted to the president of the Association; or in the absence of the president, to a vice president or other acting chief executive officer, who shall thereupon call a special meeting of the Owners in this Condominium to consider and vote upon such proposed amendment; provided that a proposed amendment may be considered and voted upon at an annual meeting of the members of the Association if the next such meeting is to be held within the time hereafter limited and if notice of the proposed amendment shall be included in the notice of such meeting. The special or annual meeting, as the case may be, of the members shall be held not sooner than thirty (30) days nor later than sixty (60) days from the date of receipt by the Association of the proposed amendment. Notice of the meeting shall be in the form and shall be delivered and the meeting shall be called and held as provided for in the By-Laws of the Association; provided, that any member may, in writing signed by such member, waive notice of any such meeting in the manner provided for in the by-laws of the Association and such waiver, when delivered to the secretary of the Association for filing in its records, whether before, during, or after such meeting shall be construed to be the equivalent of giving notice to such member. The proposed amendment may be adopted and shall become effective, by and upon the affirmative vote at such meeting of Unit Owners owning not less than seventy-five percent (75%) of the Units; provided, that any amendment so proposed may be adopted, without a formal meeting of the members, by an instrument executed and acknowledged with the formalities of a deed by members owning not less than seventy-five percent (75%) of all Units. Notwithstanding the foregoing provisions for adoption of amendments to this Declaration or any other provisions for amendment in the Act, no amendment shall:

- (i) Change any "Condominium Parcel" (as defined in the Act) unless the record owner thereof and all record owners of liens thereon shall join in the execution and acknowledgement of the amendment;
- (ii) Discriminate against any Unit Owner or against any Unit, unless the record owners of all affected Units and record owners of all liens thereon shall join in the execution and acknowledgement of the amendment;
- (iii) Change the share of the Common Elements appurtenant to any Unit or the share of any Unit Owner in the Common Surplus, or increase the share of any Unit Owner in the Common Expenses, unless the record owners of all Units and record owners of all liens thereon shall join in the execution and acknowledgement of such amendment;
- (iv) Make any change in Article XIV hereof, entitled "Insurance" nor in Article XV entitled "Reconstruction or Repair After Fire or Other Casualty" unless the record owners

of all liens on Units shall join in the execution and acknowledgement of the amendment; or

(v) Adversely affect the lien or priority of any previously recorded mortgage.

D. Effective Date and Recording Evidence of Amendment. Any amendment to this Declaration shall be effective at the time of filing the amendment or certificate of amendment in the public records of the County. The president of the Association, or, in the absence of the president, a vice president or other acting chief executive officer of the Association, shall cause to be filed in the public records of the County, the original amendment to the Declaration, if it is in the form of an instrument executed and acknowledged by Unit Owners and the holders of liens thereon; or a certificate of amendment, if it is a certification by the proper officers of the Association that such amendment was adopted by the Association at a meeting of the members. A true and correct copy of each such amendment or certificate of amendment shall be delivered, forthwith after adoption thereof, each Unit Owner and to the registered owners of all liens on Units complying with Article XXI below, by the president, vice president or other acting chief executive officer of the Association, but delivery of such copies shall not be a condition precedent to the effectiveness of any such amendment.

E. Amendment to Correct Omission or Error in Condominium Documents. Notwithstanding any provision to the contrary set forth in this Declaration, the Articles of Incorporation or By-Laws of the Association, the affirmative vote of the Owners of not less than fifty-one percent (51%) of the Units shall be sufficient to adopt an amendment to this Declaration for the purpose of correcting a defect, error or omission in or of this Declaration not materially adversely affecting the rights of Owners, lienors or mortgagees.

XI. OWNERSHIP OF COMMON ELEMENTS

Each unit owner shall own in fee simple absolute a one-quarter undivided interest in all of the Common Elements.

XII. COMMON EXPENSES AND COMMON SURPLUS

All Unit Owners shall share the Common Expenses and shall own the Common Surplus in an amount equal to their share of ownership of the Common Elements as set out in Article XI hereof.

XIII. MAINTENANCE, REPAIRS AND REPLACEMENTS

Responsibility for maintenance, repairs and replacements of Condominium Property and the property of Unit Owners shall be as follows:

A. Unit Owner's Responsibility. Each Unit Owner shall maintain, repair and replace, at his expense: his Unit, and the fixtures, equipment and appliances comprising a part thereof, located therein or exclusively serving his Unit even if located outside the Unit, and including, without limitation, all doors within the Unit and those which open to the Unit from the outside, interior walls and partitions, windows and window apparatus and glass, sliding glass and screen doors, heating and air conditioning equipment within the Unit, the air conditioning compressor located outside of the Unit, and the ducts, pipes, wirings, controls and

other apparatus serving only that Unit, even if located outside the Unit. Notwithstanding the obligation of the Unit Owners for maintenance, repair and replacement of and in Units, the proceeds of all insurance awards or payments under insurance carried by the Association for loss or damage to or within Units shall be applied against repairs and replacements to the extent that such award or payments exceed the deductible provisions of such insurance.

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

XIV. INSURANCE

Insurance covering portions of the Condominium and Association Property shall be governed by the following provisions:

A. Purchase, Custody and Payment.

(i) Purchase. All insurance policies described herein covering portions of the Condominium Property shall be purchased by the Association and shall be issued by an insurance company authorized to do business in Florida.

(ii) Approval. Each insurance policy, the agency and company issuing the policy and the insurance trustee (if appointed) shall be subject to the approval of the Primary Institutional First Mortgagee in the first instance.

(iii) Named Insured. The named insured shall be the Association, individually, and as agent for the Unit Owners covered by the policy, without naming them, and as agent for their mortgagees, without naming them. The Unit Owners and their mortgagees shall be deemed additional insureds.

(iv) Custody of Policies and Payment of Proceeds. All policies shall provide that payments for losses made by the insurer shall be paid to the insurance trustee (if appointed), and all policies and endorsements thereto shall be deposited with the insurance trustee (if appointed). In the absence of an insurance trustee, payments shall be made to and all policies and endorsements deposited with the Association.

(v) Copies to Mortgagees. One copy of each insurance policy, or a certificate evidencing such policy, and all endorsements thereto, shall be furnished by the Association upon request to any Institutional First Mortgagee. Copies or certificates shall be furnished not less than ten (10) days prior to the beginning of the term of the policy, or not less than ten (10) days prior to the expiration of each preceding policy that is being renewed or replaced, as appropriate.

(vi) Personal Property and Liability. Unit Owners may obtain insurance coverage at their own expense and at their own discretion upon property lying within the boundaries of their Unit, including, but not limited to, their personal property, and for their personal liability and living expense and for any other risks not otherwise insured in accordance herewith.

B. Coverage. The Association shall maintain insurance covering the following:

(i) Casualty. The Buildings (including all fixtures, installations or additions comprising that part of any Residential Building within the boundaries of the Units initially installed in accordance with the original plans and specifications therefor and replacements thereof of like kind or quality, but excluding all furniture, furnishings or other personal property owned, supplied, or installed by Unit Owners or tenants of Unit Owners and also excluding all floor, wall and ceiling coverings, regardless of whether installed by the Developer or otherwise) and all Improvements located on the Common Elements from time to time, together with all service machinery contained therein (collectively the "Insured Property"), shall be insured in an amount not less than 100% of the full insurable replacement value thereof, excluding foundation and excavation costs. Such policies may contain reasonable deductible provisions as determined by the Board. Such coverage shall afford protection against:

(a) Loss or Damage by Fire and Other Hazards covered by standard extended coverage endorsements; and

(b) Such Other Risks as from time to time are customarily covered with respect to buildings and improvements similar to the Insured Property in construction, location and use, including, but not limited to, vandalism and malicious mischief.

(ii) Liability. Comprehensive general public liability and automobile liability insurance covering loss or damage resulting from accidents or occurrences on or about or in connection with the Insured Property or adjoining driveways and walkways, or any work, matters or things related to the Insured Property, with such coverage as shall be required by the Board, but with combined single limit liability of not less than \$300,000 for each accident or occurrence, \$100,000 per person and \$50,000 property damage, and with a cross liability endorsement to cover liabilities of the Unit Owners as a group to any Unit Owner, and vice versa.

(iii) Workmen's Compensation and other mandatory insurance, when applicable.

(iv) Flood Insurance if required by the Primary Institutional First Mortgagee or if the Association so elects.

(v) Fidelity Insurance covering all directors, officers and employees of the Association and managing agents who handle Association funds, if any, such insurance to be in a amount not less than \$10,000 per person insured.

(vi) Such Other Insurance as the Board shall determine from time to time to be desirable.

(vii) Association Property. Appropriate additional policy revisions, policies or endorsements extending the applicable portions of the coverage described above to all Association Property, where such coverage is available.

When appropriate and obtainable, each of the foregoing policies shall waive the insurer's right to: (a) subrogation against the Association and against the Unit Owners individually and as a group, (b) to pay only a fraction of any loss in the event of coinsurance or if other insurance carriers have issued coverage upon the same risk, and (c) avoid liability for a loss that is caused by an act of the Board, or by a member of the Board or by one or more Unit Owners.

C. Additional Provisions. All policies of physical damage insurance shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior

written notice to all of the named insureds, including all mortgagees of Units. Prior to obtaining any policy of casualty insurance or any renewal thereof, the Board shall obtain an appraisal from a fire insurance company, or other competent appraiser, of the full insurable replacement value of the Insured Property (exclusive of foundations and excavation costs), without deduction for depreciation, for the purpose of determining the amount of insurance to be effected pursuant to this Section.

D. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense. Premiums may be financed in such a manner as the Board deems appropriate.

E. Insurance Trustee; Share of Proceeds. All insurance policies obtained by the Association shall be for the benefit of the Association, the Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Association or, if appointed, to the insurance trustee which may be designated by the Board and which if so appointed, shall be a bank or trust company in Florida with trust powers, with its principal place of business in the State of Florida. The insurance trustee shall not be liable for payment of premiums, nor for the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the benefit of the Unit Owners and their respective mortgagees in the following shares, but shares need not be set forth in the records of the insurance trustee:

(i) **Insured Property.** Proceeds on account of damage to the Insured Property shall be held in undivided shares for each Unit Owner, such shares being the same as the undivided shares in the Common Elements appurtenant to each Unit, provided that if the Insured Property so damaged includes property lying within the boundaries of specific Units, that portion of the proceeds allocable to such property shall be held as if that portion of the Insured Property were Optional Property as described in paragraph (ii) below.

(ii) **Optional Property.** Proceeds on account of damage solely to Units or certain portions or all of the contents thereof not included in the Insured Property (all as determined by the Association in its sole discretion) (collectively the "Optional Property"), if any is collected by reason of optional insurance which the Association elects to carry thereon (as contemplated herein), shall be held for the benefit of the Owners or other portions of the Optional Property damaged in proportion to the cost of repairing the damage suffered by each such affected Owner, which cost and allocation shall be determined in the sole discretion of the Association.

F. Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee, or the Association if no insurance trustee is appointed, shall be distributed to or for the benefit of the Owners in the following manner:

(i) **Expenses of the Trust.** All expenses of the insurance trustee shall be first paid or provisions shall be made therefor.

(ii) **Reconstruction or Repair.** If the damaged property for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided herein. Any proceeds remaining after defraying such costs shall be distributed to the Owners of the damaged Units; remittances to Unit Owners and their mortgagees being payable jointly to them.

(iii) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damaged property for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be allocated among the Owners of the damaged Units in the same proportion as the square footage that any damaged Unit may bear to the total square footage not to be reconstructed or repaired, and distributed first to all institutional first mortgagees in an amount sufficient to pay off their mortgages, and the balance, if any, to the Owners of the damaged Units.

(iv) Certificate. In making distributions to Unit Owners and their mortgagees, the insurance trustee (if appointed) may rely upon a certificate of the Association made by its president and secretary as to the names of the Unit Owners and their mortgagees and their respective shares of the distribution.

G. Association as Agent. The Association is hereby irrevocably appointed as agent and attorney-in-fact for each Unit Owner and for each owner of a mortgage or other lien upon 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.

H. Unit Owners' Personal Coverage. Unless the Association elects otherwise, the insurance purchased by the Association shall not cover claims against an Owner due to accidents occurring within his Unit, nor casualty or theft loss to the contents of an Owner's Unit. It shall be the obligation of the individual Unit Owner, if such owner so desires, to purchase and pay for insurance as to all such and other risks not covered by insurance carried by the Association.

I. Benefit of Mortgagees. Certain provisions in this Article XIV entitled "Insurance" are for the benefit of mortgagees of Units and may be enforced by such mortgagees.

J. Insurance Trustee. The board shall have the option, in its discretion, of appointing an insurance trustee hereunder. If the Association fails or elects not to appoint such trustee, the Association will perform directly all obligations imposed upon such trustee by this Declaration. Fees and expenses of any insurance trustee are Common Expenses.

XV. Reconstruction or Repair After Fire or Other Casualty.

A. Determination to Reconstruct or Repair. In the event of damage to or destruction of less than 75% of any Residential Building (and the associated Optional Property, if insurance has been obtained by the Association with respect thereto) as a result of fire or other casualty, or damage to or destruction of any Building not a Residential Building regardless of the percentage of damage, the Board shall arrange for the prompt repair and restoration of the damaged property and the insurance trustee (if appointed) shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payment. If 75% or more of any Residential Building (and the associated Optional Property, if insurance has been obtained by the association with respect thereto) is substantially damaged or destroyed and if 80% or more of the Owners duly and promptly resolve not to proceed with the repair or restoration thereof and the Primary Institutional First Mortgagee approves such resolution, the damaged property will not be repaired and the insurance proceeds shall be disbursed as set forth in Article XIV(F)(iii), above, and the Declaration shall be modified and amended to reflect the reduction in Improvements and modification of the the respective interests in the Common Elements as provided in Article XVI(E)(iii) below with regard to

condemnations, provided, however, that no payment shall be made to a Unit Owner until there has first been paid off out of his share of such fund all mortgages and liens on his Unit in the order of priority of such mortgages and liens.

Whenever in this Section the words "promptly repair" are used, it shall mean that repairs are to begin not more than sixty (60) days from the date the insurance trustee (if appointed) notifies the Board and Unit Owners that it holds proceeds of insurance on account of such damage or destruction sufficient to pay the estimated cost of such work, or not more than ninety (90) days after the insurance trustee (if appointed) notifies the Board and the Unit Owners that such proceeds of insurance are insufficient to pay the estimated costs of such work. The insurance trustee (if appointed) may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

If the proceeds shall be sufficient to pay for the repair, replacement or reconstruction of the Common Elements but shall be insufficient to pay the cost of the repair, replacement or reconstruction of the damaged or destroyed Unit or Units in a Residential Building, the Association shall assess the amount of the difference against, and collect the same from, the Owner(s) of the Unit(s) damaged or destroyed, in the proportion that the amount of damage sustained to each Unit bears to the total deficit, and apply such sum toward the total cost of repairing, replacing or reconstructing all of such damaged or destroyed Common Elements and Units. If the insurance proceeds shall be insufficient to pay the cost of the repairs, replacements or reconstruction of the Common Elements, the amount of insurance proceeds shall be assessed by the Association against, and collected from, all Unit Owners, as a Common Expense, and in such event, the cost of repairing, replacing or reconstructing the Units destroyed or damaged shall be assessed by the Association against, and collected from, the Owner(s) of such damaged or destroyed Units.

B. Plans and Specifications. Any reconstruction or repair must be made substantially in accordance with the plans and specifications for the original Improvements and then applicable building and other codes; or if not, then in accordance with the plans and specifications approved by the Board and then applicable building and other codes, and (if the damaged property which is to be altered is a Residential Building or the associated Optional property) by the Owners of not less than 80% of the applicable interests in the Common Elements, as well as the Owners of all Units and other portions of the Optional Property (and their respective mortgages) the plans for which are to be altered.

C. Special Responsibility. If the damage is only to those parts of the Optional Property for which the responsibility of maintenance and repair is that of the respective Unit Owners, then the Unit Owners shall be responsible for all necessary reconstruction and repair, which shall be effected promptly and in accordance with guidelines established by the Board (unless insurance proceeds are held by the Association with respect thereto by reason of the purchase of optional insurance thereon, in which case the Association shall have the responsibility to reconstruct and repair the damaged Optional Property, provided the respective Unit Owners shall be individually responsible for any amount of which the cost of such repair or reconstruction exceeds the insurance proceeds held for such repair or reconstruction on a Unit by Unit basis, as determined in the sole discretion of the Association). In all other instances, the responsibility for all necessary reconstruction and repair shall be that of the Association.

(1) **Disbursement.** The proceeds of insurance collected on account of a casualty, and the sums collected from 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:

(a) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair which are the responsibility of the Association is less than \$100,000, then the construction fund shall be disbursed in payment of such costs upon the order of the Board; provided, however, that upon request to the insurance trustee (if appointed) by an Institutional First 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 provided below for the reconstruction and repair of major damage.

(b) Association - Major Damage. If the amount of the estimated costs of reconstruction and repair which are the responsibility of the Association is more than \$100,000, then the construction fund shall be disbursed in payment of such costs in the manner contemplated by subparagraph (a) above, but then only upon the further approval of an architect qualified to practice in Florida and employed by the Association to supervise the work.

(c) Unit Owners. If there is a balance of insurance proceeds after payment of all costs of reconstruction and repair that are the responsibility of the Association, this balance may be used by the Association to effect repairs to the Optional Property (if not insured or if underinsured), or may be distributed to Owners of the Optional Property who have the responsibility for reconstruction and repair thereof. The distribution shall be in the proportion that the estimated cost of reconstruction and repair of such damage to each affected Unit bears to the total of such estimated costs to all affected Units, as determined by the Board; provided, however, that no Unit Owner shall be paid an amount in excess of the estimated costs of repair for his portion of the Optional Property. All proceeds must be used to effect repairs for his portion of the Optional Property and if insufficient to complete such repairs, the affected Owners shall pay the deficit with respect to their portion of the Optional Property and promptly effect the repairs. Any balance remaining after such repairs have been effected shall be distributed to the affected unit Owners and their mortgagees jointly as elsewhere herein contemplated.

(d) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs relating to the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial Owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to an Owner which is not in excess of assessments paid by such Owner into the construction fund shall not be made payable jointly to any mortgagee.

(e) Certificate. Notwithstanding the provisions herein, the insurance trustee (if appointed) shall not be required to determine whether or not sums paid by Unit Owners upon Assessments shall be deposited by the Association with the insurance trustee, nor to determine whether disbursements from the construction fund are to be made upon the order of the Association alone or upon the additional approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine whether surplus funds

to be distributed are less than the Assessments paid by Owners, nor to determine the payees nor the amounts to be paid. The insurance trustee (if appointed) 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 names of the payees and the amount to be paid.

N. Benefit of Mortgagees. Certain provisions in this Article XV are for the benefit of mortgagees of Units and may be enforced by any of them.

XVI. Condemnation.

A. Deposit of Awards with Insurance Trustee. The taking of portions of the Condominium Property by the exercise of the power of eminent domain shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance on account of the casualty, and shall be deposited with the insurance trustee (if appointed). Even though the awards may be payable to Unit Owners, Unit Owners shall deposit the awards with the insurance trustee (if appointed); and in the event of failure to do so, in the discretion of the Board, a special Assessment shall be made against a defaulting Unit Owner in the amount of his award, or the amount of the award shall be set off against the sums hereafter made payable to that Owner.

B. Determination Whether to Continue Condominium. Whether the Condominium will be continued after condemnation will be determined in the manner provided for determining whether damaged property will be reconstructed and repaired after casualty. For this purpose, the taking by eminent domain also shall be deemed to be a casualty.

C. Disbursement of Funds. If the Condominium is modified or terminated after condemnation, the proceeds of the awards and special Assessments will be deemed to be insurance proceeds and shall be owned and distributed in the manner provided with respect to the ownership and distribution of insurance proceeds if the Condominium is modified or terminated after a casualty. If the Condominium is not terminated after the condemnation, the size of the Condominium will be reduced and the property damaged by the taking will be made usable in the manner provided below. The proceeds of the awards and special Assessments shall be used for these purposes and shall be disbursed in the manner provided for disbursements of funds by the insurance trustee (if appointed) after a casualty, or as elsewhere in this Article XVI specifically provided.

D. Unit Reduced but Habitable. If the taking reduces the size of a Unit and the remaining portion of the Unit can be made habitable (in the sole opinion of the Association), the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated and the following changes shall be made to the Condominium:

(i) Restoration of Unit. The Unit shall be made habitable. If the cost of the restoration exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit.

(ii) Distribution of Surplus. The balance of the award in respect of the Unit, if any, shall be distributed to the Owner of the Unit and to each mortgagee of the Unit, the remittance being made payable jointly to the Owner and such mortgagees.

(iii) Adjustment of Shares in Common Elements. If the floor area of the Unit is reduced by the taking, the

percentage representing the share in the Common Elements and of the Common Expenses and Common Surplus appurtenant to the Unit shall be reduced by multiplying the percentage of the applicable Unit prior to reduction by a fraction, the numerator of which shall be the area in square feet of the Unit after the taking and the denominator of which shall be the area in square feet of the Unit before the taking. The shares of all Unit Owners in the Common Elements, Common Expenses and Common Surplus shall then be restated as follows:

(a) add the total of all percentages of all Units after reduction as aforesaid (the "Remaining Percentage Balance"); and

(b) divide each percentage for each Unit after reduction as aforesaid by the Remaining Percentage Balance.

The result of such division for each Unit shall be the adjusted percentage for such Unit.

E. Unit Made Uninhabitable. If the taking is of the entire Unit or so reduces the size of a Unit that it cannot be made habitable (in the sole opinion of the Association), the award for the taking of the Unit shall be used for the following purposes in that order stated and the following changes shall be made to the Condominium:

(i) Payment of Award. The awards shall be paid to the applicable Institutional First Mortgagees in the amounts sufficient to pay off their mortgages in connection with each Unit which is not so habitable; second, to the Association for any dues or unpaid Assessments; third, jointly to the affected Unit Owners and other mortgagees of their Units. In no event shall the total of such distributions in respect of a specific Unit exceed the market value of such Unit immediately prior to the taking. The balance, if any, shall be applied to repairing and replacing the Common Elements.

(ii) Addition to Common Elements. The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in a condition allowing, to the extent possible, for use by all of the Unit Owners in the manner approved by the Board; provided that if the cost of the work therefor shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for capital improvements to the Common Elements.

(iii) Adjustment of Shares. The shares in the Common Elements, Common Expenses and Common Surplus appurtenant to the Units that continue as a part of the Condominium shall be adjusted to distribute the shares in the Common Elements, Common Expenses and Common Surplus among the reduced number of Unit Owners (and among reduced Units). This shall be effected by restating the shares of continuing Unit Owners as follows:

(a) add the total of all percentages of all Units of continuing Owners prior to this adjustment, but after any adjustment made necessary by subsection XVI(D)(iii) hereof (the "Percentage Balance"); and

(b) divide the percentage of each Unit of a continuing Owner prior to this adjustment but after any adjustments made necessary by subsection XVI(D)(iii) hereof, by the Percentage Balance.

The result of such division for each Unit shall be the adjusted percentage for such Unit.

(iv) Assessments. If the balance of the award (after payments to the Unit Owner and such Owner's mortgagees as above provided) for the taking is not sufficient to alter the remaining portion of the Unit for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by Assessments against all of the Unit Owners who will continue as Owners of Units after the changes in the Condominium effected by the taking. The Assessments shall be made in proportion to the applicable percentage of such shares effected pursuant hereto by reason of the taking.

(v) Arbitration. If the market value of a Unit prior to the taking cannot be determined by agreement between the Unit Owner and mortgagees of the Unit and the Association within thirty (30) days after notice of a dispute by any affected party, such value shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit. A judgment upon the decision rendered by the arbitrators may be entered in any court of competent jurisdiction in accordance with the Florida Arbitration Code. The cost of arbitration proceedings shall be assessed against all Unit Owners, including Owners who will not continue after the taking, in proportion to the applicable percentage shares of such Owners as they exist prior to the adjustment to such shares effected pursuant hereto by reason of the taking.

F. Taking of Common Elements. Awards for the taking of Common Elements shall be used to render the remaining portion of the Common Elements useable in the manner provided by the Board; provided, that if the costs of such work shall exceed the balance of the funds from the awards for the taking, the work shall be approved in the manner elsewhere required for capital improvements to the Common Elements. The balance of the awards for the taking of Common Elements, if any, shall be distributed to the Unit Owners in the share in which they own the Common Elements after adjustment to those shares affected pursuant hereto by reason of the taking. If there is a mortgage on a Unit, the distribution shall be paid jointly to the Owner and the mortgagees of the Unit.

G. Amendment of Declaration. The changes in Units, in the Common Elements and in the ownership of Common Elements and shares in the Common Expenses and Common Surplus that are effected by the taking shall be evidenced by an amendment to this Declaration of Condominium that is only required to be approved by and executed upon the direction of, a majority of all Directors of the Association.

XVII. USE RESTRICTIONS

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

A. Units. Without the prior written consent of the Association, each of the Units shall be occupied only by a single family, its servants, guests and lessees, as a residence and for no other purposes. Except as the right to divide and subdivide is reserved to Developer, no Unit may be divided or subdivided into a smaller Unit, nor any portion thereof sold or otherwise transferred.

B. Common Elements. The Common Elements and Limited Common Elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units. Use of the recreational facilities are subject to additional restrictions which are more specifically set

out in the Association's Rules and Regulations which are Exhibit 3 to the Prospectus.

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

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

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

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

G. Rights of the Developer

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

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

XVIII. MAINTENANCE OF COMMUNITY INTERESTS

In order to maintain a community of congenial residents and protect the value of Units, the transfer of title to or possession of Units by any Owner other than Developer shall be subject to the following provisions:

A. Transfer Subject to Approval

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

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

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

B. Approval by Association

(i) Notice to Association

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

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

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

(ii) Certificate of Approval

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

(b) Gift; Other Transfers. If the Unit Owner giving notice proposes to transfer his title by gift or in any other manner, within twenty (20) days after receipt of such notice and information, the Association must either approve or disapprove the proposed transfer of title to the Unit. If approved, the approval shall be

stated in a certificate executed by any officer of the Association and shall be delivered to the Unit Owner.

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

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

C. Disapproval

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

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

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

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

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

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

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

D. Lease. Notwithstanding anything contained in this Article to the contrary, no approval of the Association shall be

required in connection with the lease or rental of any Unit; provided that such lease or rental agreement shall provide for use by the tenant and his family, servants, and guests only.

E. Exceptions. The foregoing provisions of this Article shall not apply to a transfer or purchase by a mortgagee which acquires its title as the result of owning a mortgage upon the Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or its successor in title or through foreclosure proceedings; nor shall such provisions apply to a transfer or sale by which said mortgagee so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires the title to a Unit at a duly advertised public sale with open bidding which is provided by law, such as but not limited to, execution sale, foreclosure sale, judicial sale or tax sale.

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

G. Notice of Lien or Suit

(i) Notice of Lien. A Unit Owner shall give notice to the Association of every lien upon his Unit (other than for taxes and special assessments) within five days after the attaching of the lien.

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

(iii) Failure to Comply. Failure to comply with this Article XVIII will not affect the validity of any judicial sale.

XIX. COMPLIANCE AND DEFAULT

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

A. Negligence. A Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family or his or their guests, employees, agents, lessees or other invitees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained shall be construed to make any Unit Owner an insurer.

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

C. No Waiver of Rights. The failure of the Association or any Unit Owner to enforce any covenant, restriction or other provision of the Act, this Declaration, the Articles and By-Laws of the Association, or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

XX. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

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

A. Determination of Assessments. Each Owner of a Unit shall pay to the Association a proportionate share of the total assessments deemed necessary by the Board for the operation of the Condominium Property which share shall be based upon the Unit Owner's percentage of ownership in the Common Elements as described in the schedule set out in Article XI.

B. Time for Payment. The assessment levied against the Owner of each Unit and his Unit shall be payable as shall from time to time be fixed by the Board in accordance with the Condominium Act.

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

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

E. Use of Association Funds. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles, and By-Laws. Although all funds and other assets of the Association, and any additions thereto or profits derived therefrom, or from the leasing or use of Common Elements, including, without limitation, Common Surplus, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to

assign, hypothecate, pledge or in any manner transfer his membership interest therein except as an appurtenance to his Unit.

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

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

H. Liability not Subject to Waiver. No Owner of a Unit may exempt himself from liability for any assessment levied against such Owner and his Unit by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of the Unit, or in any other manner.

I. Lien for Assessment. The Association is hereby granted a lien upon each Unit and its appurtenant undivided interest in Common Elements or Limited Common Elements which lien shall and does secure the monies due for all: (1) assessments levied against the Owner(s) of and each Unit; (2) interest, if any, which may become due on delinquent assessments owing to the Association; and (3) costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing its lien upon the Unit and its appurtenances. The lien granted to the Association may be established and foreclosed in the Circuit Court in and for the County, and in any suit for the foreclosure of said lien, the Association may, at the Court's discretion, be entitled to rental from the Owner of any Unit from the date on which the payment of any assessment or installment thereof became delinquent and shall be entitled to the appointment of a receiver for said Unit without regard to the adequacy of the security therefore. The rental required to be paid shall be equal to the rental charged on comparable types of Units in the County. The lien of the Association shall also secure all advances for taxes, and payments on account of superior mortgages, liens, or encumbrances made by the Association to preserve and protect its lien, together with interest at the rate of eighteen percent (18%) per annum on all such advances made for such purposes.

J. Recording and Priority of Lien. The claim of lien of the Association shall be effective from and after recording, in the public records of the County, a claim of lien stating the description of the Unit encumbered thereby, the name of the record Owner, the amount and the date when due. No such lien which is recorded after December 15, 1986 shall continue for a longer period than one (1) year after the claim of lien has been recorded unless, within that time an action to enforce the lien is commenced in a court of competent jurisdiction. Such claims of lien shall secure all unpaid assessments, interest, costs and attorney's fees which are due and which may accrue subsequent to recording the claim of lien and prior to the entry of a final judgment of foreclosure, and advances made to protect the priority of said claim of lien. Such claims of lien shall be signed and acknowledged by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien of the Association granted pursuant to the immediately preceding subparagraph, shall be subordinate to the lien of an

institutional mortgage recorded prior to the time of recording of the claim of lien.

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

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

In the event that a Unit is to be leased, sold, or mortgaged at the time when payment of any assessment against the Owner shall be in default (whether or not a claim of lien has been recorded by the Association) then the rent, proceeds of such sale or mortgage proceeds, as the case may be, shall be applied by the lessee, purchaser, or mortgagee, first to payment of any then delinquent assessment or installment thereof due to the Association before payment of the balance of such rent, proceeds of sale or mortgage to the Owner of the Unit responsible for payment of such delinquent assessment.

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

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

XI. REGISTRY OF OWNERS AND MORTGAGEES

The Association shall at all times maintain a register of the names of the Owners and mortgagees of all Units. Upon the transfer of title to any Unit, the transferee shall notify the Association in writing of his interest in such Unit together with recording information identifying the instrument by which such transferee acquired his interest in the Unit. The Owner of each Unit encumbered by a mortgage shall notify the Association of the name

and address of the mortgagee, the amount of such mortgage, or mortgages, and the recording information identifying the same. The holder of any mortgages encumbering a Unit may notify the Association of any such mortgage(s), and upon receipt of such notice, the Association shall register in its records all pertinent information pertaining to the same.

XXII. ALTERATION OF AND IMPROVEMENTS TO UNITS AND COMMON ELEMENTS

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

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

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

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

XXIII. TERMINATION.

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

A. **Destruction.** In the event it is determined in the manner elsewhere herein provided that none of the Improvements shall be reconstructed because of total destruction or major damage, the Condominium plan of ownership will be thereby terminated without agreement.

B. **Agreement.** The Condominium may be terminated at any time by the approval in writing of all of the Owners and by all record owners of mortgages thereon. If the proposed termination is submitted to a meeting of the members of the Association, the notice of which meeting gives notice of the proposed termination, and if the approval of not less than seventy-five percent (75%) of the Owners, and of the record owners of all mortgages upon Units are obtained in writing not later than thirty (30) days from the date of such meeting, then the approving Owners shall have an option to buy all Units of the non-approving Owners for the period ending on the sixtieth (60th) day from the date of such meeting. Such approvals shall be irrevocable until the expiration of the option, and if the option is exercised, the approval shall be irrevocable. Such option shall be upon the following terms:

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

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

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

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

C. **Certificate.** The termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by its President and Secretary certifying as to facts effecting the termination, which certificate shall become effective upon being recorded in the public records of the County.

D. **Shares of Owners after Termination.** After termination of the Condominium, the Unit Owners shall own the Condominium Property and all assets of the Association as tenants in common in undivided shares, and their respective mortgages and liens shall have mortgages and liens upon the respective undivided shares of the Unit Owners. Such undivided shares of the Unit Owners shall be the same as the undivided shares in the Common Elements appurtenant to

the Owner's Units prior to the termination as set forth elsewhere herein.

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

XXIV. RIGHTS OF DEVELOPER TO SELL OR LEASE UNITS

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

XXV. RIGHTS OF INSTITUTIONAL MORTGAGEES.

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

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

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

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

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

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

(i) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any of the Land or its Improvements. The granting of easements for public utilities or for other public purpose consistent with the intended use of the Property shall not be deemed a transfer within the meaning of this clause;

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

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

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

G. Taxes and Other Charges. In the event the Association fails to pay, when due, taxes assessed against the Common Elements or premiums of insurance covering the Association Property, then any one or more of the mortgagees may pay such taxes or insurance premiums, and the Association shall be obligated to reimburse such mortgagee or mortgagees for such payments within thirty (30) days.

XXVI. MISCELLANEOUS

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

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

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

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

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

Signed, sealed, and delivered
in the presence of:

[Signature]
Linda M. Clary

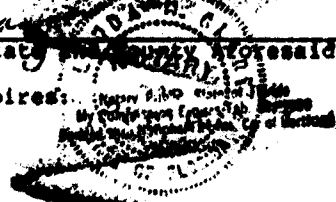
[Signature]
Mark J. Kredell

STATE OF FLORIDA
COUNTY OF DUVAL

The foregoing Declaration of Condominium was acknowledged before me this 10th day of April, 1988, by Mark J. Kredell.

Linda M. Clary
Notary Public, State of Florida, County of Duval

My Commission expires: April 15, 1990

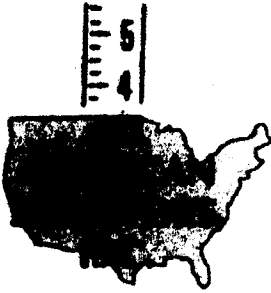


653700368

OFFICIAL RECORDS

Lot 40, North Atlantic Beach, Unit No. 1, N.C.B.S. Corporation, as recorded in Plat Book 15, page 10, of the current public records of Duval County, Florida, together with the southerly 25.0' of 18th Street as described in Official Records Volume 756, page 344, of said public records.

EXHIBIT * A *



LAND SURVEYORS

Vol. 653740369
OFFICIAL RECORDS

SURVEYOR'S CERTIFICATE

THE NAUTILUS CONDOMINIUMS

I, JIM HARRISON, (REGISTERED LAND SURVEYOR NO. 2667, STATE OF FLORIDA), A SURVEYOR AUTHORIZED TO PRACTICE IN THE STATE OF FLORIDA, HEREBY CERTIFY THAT THE CONSTRUCTION OF THE IMPROVEMENTS DESCRIBED IN THE DECLARATION OF CONDOMINIUM OF THE NAUTILUS CONDOMINIUMS AS SHOWN ON THE SURVEY ATTACHED HERETO AS EXHIBIT A, CONSISTING OF _____ () PAGES, IS SUBSTANTIALLY COMPLETE SO THE EXHIBIT A, TOGETHER WITH THE PROVISIONS OF THE DECLARATION RELATING TO MATTERS OF SURVEY DESCRIBING THE CONDOMINIUM PROPERTY IS AN ACCURATE REPRESENTATION OF THE LOCATION AND DIMENSIONS OF THE IMPROVEMENTS, AND THAT THE IDENTIFICATION, LOCATION AND DIMENSIONS OF THE COMMON ELEMENTS, LIMITED COMMON ELEMENTS, AND OF EACH UNIT CAN BE DETERMINED FROM THESE MATERIALS.

ALL AMERICAN SURVEYORS, INC

Jim Harrison
REGISTERED LAND SURVEYORS NO. 2667
STATE OF FLORIDA

SWORN TO AND SUBSCRIBED BEFORE ME THIS 21st DAY OF May 1988.

James S. Burt
NOTARY PUBLIC, STATE OF FLORIDA BY LARGE.

MY COMMISSION EXPIRES: 3-21-91



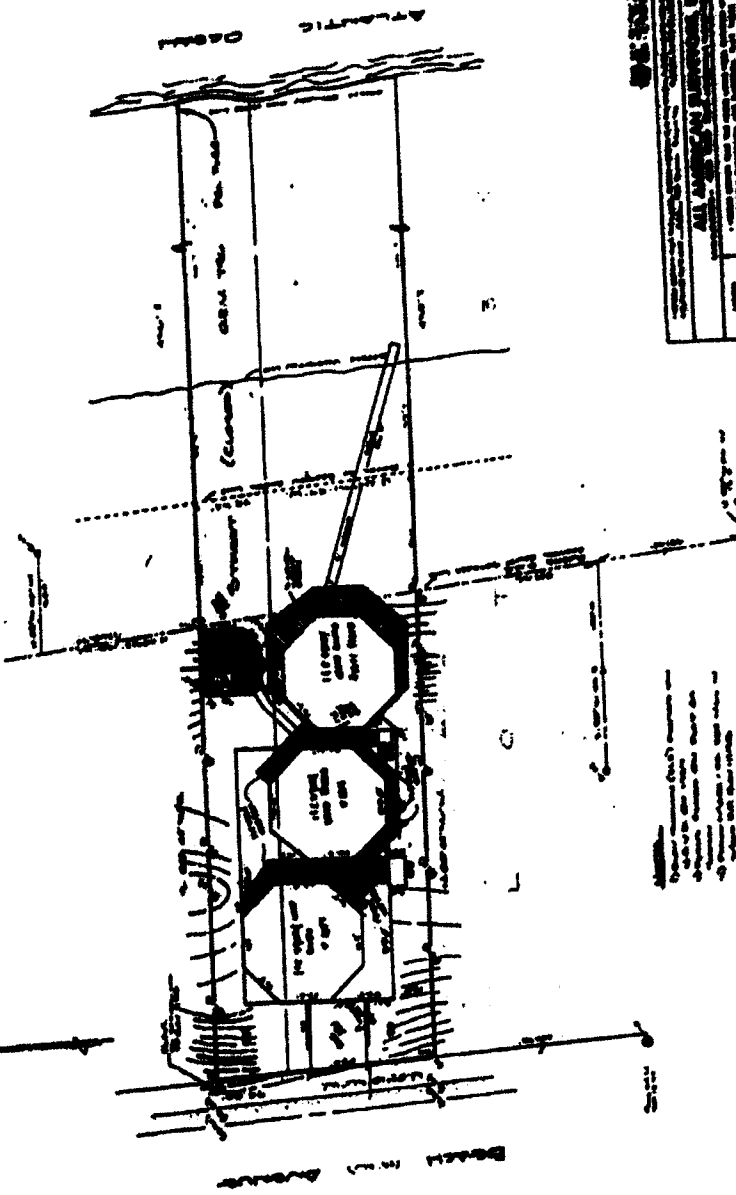
4220 HOOD ROAD • JACKSONVILLE, FLORIDA 32217 • PHONE: 904/268-4155

EXHIBIT = B+C



653710370
OFFICIAL RECORDS 1

ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-14-2001 BY 60322
UCBAW/SJS



ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-14-2001 BY 60322
UCBAW/SJS

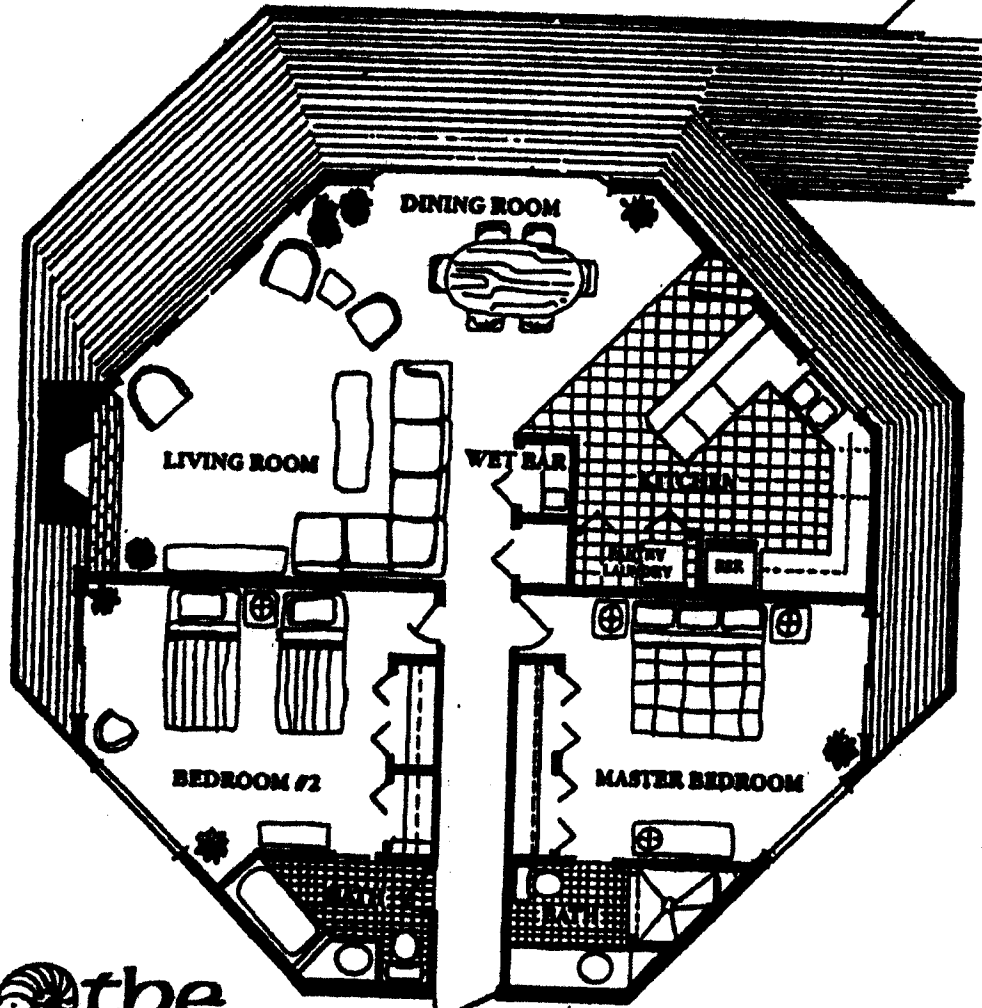
DATE: 08-14-2001
BY: 60322 UCBAW/SJS

CLASSIFICATION: UNCLASSIFIED

REASON: 25X

DATE: 08-14-2001
BY: 60322 UCBAW/SJS

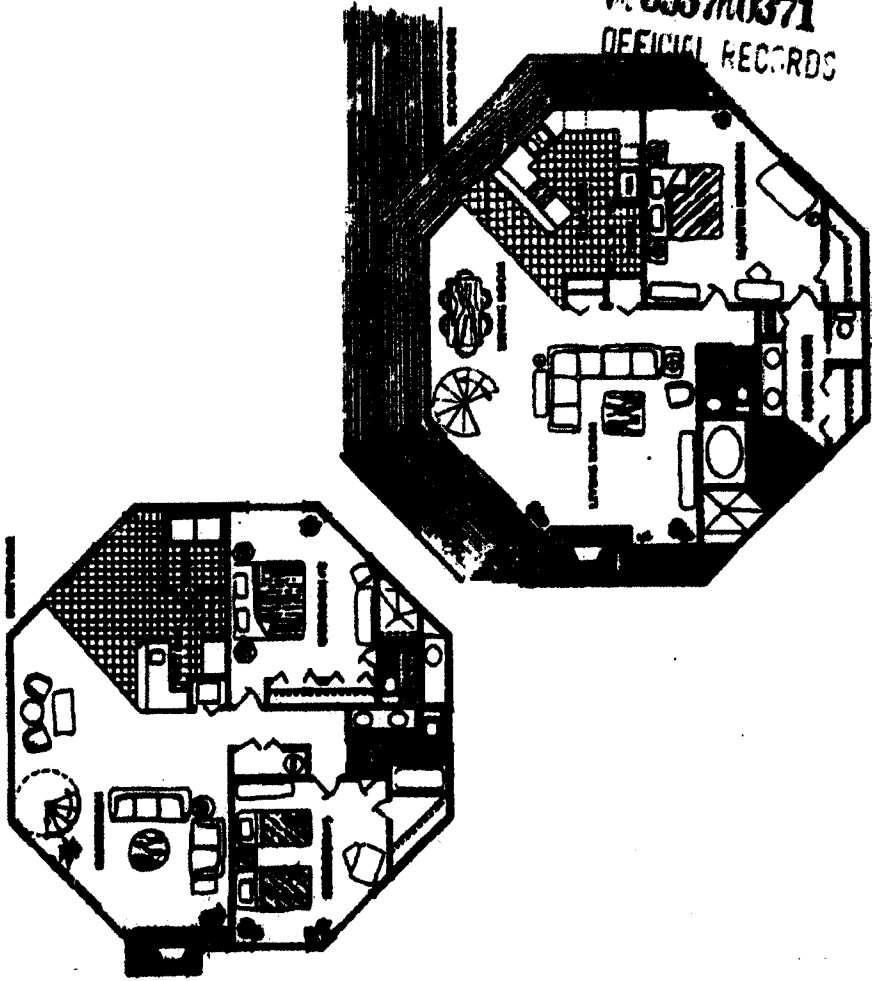
ALL INFORMATION CONTAINED
HEREIN IS UNCLASSIFIED
DATE 08-14-2001 BY 60322
UCBAW/SJS



 **the nautilus**
CONDOMINIUMS AT SEMINOLE BEACH

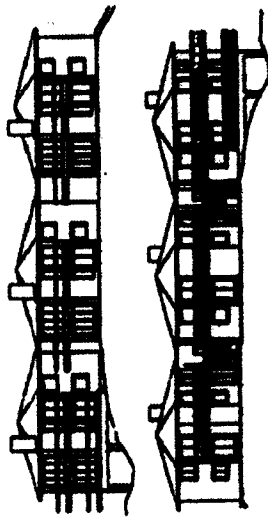
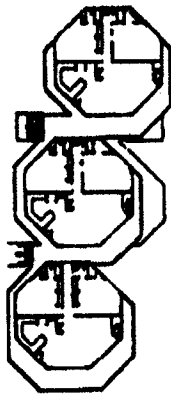
TWO BEDROOM
TWO BATH

VL 653710371
OFFICIAL RECORDS



the
porculus
CORPORATION
1111 1/2 AVENUE
S.W. ALBANY, OREGON 97321

THREE BEDROOM
THREE & ONE-HALF BATH



ARTICLES OF INCORPORATION
OF
THE NAUTILUS CONDOMINIUMS ASSOCIATION, INC.

In compliance with the requirements of Chapter 617, Florida Statutes, the undersigned hereby files these Articles of Incorporation to form a corporation not-for-profit.

ARTICLE I - NAME

The name of the corporation is The Nautilus Condominiums Association, Inc., hereinafter referred to as the "Association". Its principal office shall be located at 1930 San Marco Boulevard, Jacksonville, Florida 32207, or at such other place as the Board of Directors may designate from time to time.

ARTICLE II - PURPOSE AND POWERS

The Association does not contemplate pecuniary gain or profit to its Members, and the specific purposes for which it is formed are to provide for the maintenance, preservation and control of the Condominium known as The Nautilus Condominiums (the "Condominiums") within that certain tract of Property (hereinafter referred to as the "Property") more fully described in the Declaration of Condominium for The Nautilus Condominiums, to be recorded in the current public records of Duval County, Florida ("Declaration"), and to promote the health, safety and welfare of the residents within the Condominium.

All terms contained herein shall mean and refer to the terms as defined in the Declaration.

The Association shall:

- (a) exercise all of the powers and privileges and perform all of the duties set forth in the Declaration as may be amended from time to time, the Declaration being incorporated herein as if set forth at length;
- (b) operate without profit for the sole and exclusive benefit of its Members;
- (c) have and exercise any and all powers, rights and privileges of a not-for-profit corporation organized under the laws of the State of Florida.

ARTICLE III - MEMBERSHIP

The qualifications for Members and the manner of their admission shall be as set forth in and regulated by the Association's Bylaws.

ARTICLE IV - VOTING RIGHTS

Members shall be all Owners of Units and shall be entitled to one vote for each Unit owned, subject to the provisions of the Declaration. When more than one person holds an interest in any Unit other than as security for the performance of an obligation, all such persons shall be Members. The vote for such Unit shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Unit.

ARTICLE V - BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors, consisting of not less than three (3) Directors, the members of which shall, at all times, be Owners of Units. The names and addresses of the persons who are to act in the capacity of Directors until the election or appointment of successors are:

Name:

Address:

Mark J. Kredell

1930 San Marco Boulevard
Jacksonville, Florida 32207

Holly B. Kredell

6104 San Jose Boulevard West
Jacksonville, Florida 32217

A. Clay Dowell

1930 San Marco Boulevard
Jacksonville, Florida 32207

In accordance with the Bylaws, the Members shall elect all of the Directors.

ARTICLE VI - DISSOLUTION

The Association may only be dissolved, other than incident to a merger or consolidation with an organization having similar purposes, upon the termination of the provisions of the Declaration and the assent given in writing and signed by not less than seventy five percent (75%) of the Members. Upon dissolution of the Association, other than incident to such a merger or consolidation, the Assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is not accepted by any appropriate public agency, such assets shall be granted, conveyed and assigned to any not-for-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE VII - DURATION

The corporation shall exist perpetually.

ARTICLE VIII - AMENDMENTS

Amendment of these Articles shall be permitted only to the extent that any such amendment is not inconsistent or in conflict with the terms of the Declaration as may be amended from time to time. Such amendments shall require the assent of a majority of the Members.

ARTICLE IX - OFFICERS

(a) The officers of the Association shall be a President, Vice President, Secretary and Treasurer and such other officers as the Board may from time to time by resolution create. Officers shall be elected for a one (1) year term, and may be removed with or without cause, in accordance with the procedures set forth in the Bylaws.

(b) The officers of this corporation who shall serve until the first election of their successors are as follows:

President -	Mark J. Kredell
Vice President -	Mark J. Kredell
Secretary -	Mark J. Kredell
Treasurer -	Mark J. Kredell

ARTICLE X - BYLAWS

The Board of Directors shall adopt Bylaws consistent with these Articles and the Declaration. Such Bylaws may be amended by the Declarant on its own motion from the date hereof until termination of his membership. Alternatively, the Bylaws may be amended at a regular or special meeting of the Members by a vote of the majority of the Members present in person or by proxy.

ARTICLE XI - REGISTERED OFFICE AND AGENT

The name of the Registered Agent and the address of the Registered Office of the corporation is as follows:

Mark J. Kredell	1930 San Marco Boulevard Jacksonville, Florida 32207
-----------------	---

ARTICLE XII - SUBSCRIBERS

The name and address of the subscriber to these Articles are:

Mark J. Kredell

1930 San Marco Boulevard
Jacksonville, Florida 32207

IN WITNESS WHEREOF, for the purpose of forming this not-for-profit corporation under the laws of the State of Florida, we, the undersigned, constituting the subscribers of this corporation, have executed these Articles of Incorporation this 26th day of May, 1988.

Mark Kredell
Mark J. Kredell

STATE OF FLORIDA

COUNTY OF DUVAL

The foregoing instrument was acknowledged before me this 26th day of May, 1988 by Mark J. Kredell.

Thomas C. L.
Notary Public, State and County aforesaid

My commission expires:

Notary Public, State of Florida
My Commission Expires July 20, 1989
Resides One National Fire Ins. Co. of Hartford

653710375
OFFICIAL RECORDS

CERTIFICATE NAMING AGENT UPON WHOM PROCESS MAY BE SERVED

Pursuant to Chapter 48.091, Florida Statutes, be it known that The Nautilus Condominiums Association, Inc., a corporation duly organized and existing under the laws of the State of Florida, with its principal office as indicated in the Articles of Incorporation, has named Mark J. Kredell, 1930 San Marco Boulevard, City of Jacksonville, State of Florida 32207, as its agent to accept service of process within this state.

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



Mark J. Kredell

VOL. 653710376
OFFICIAL RECORDS

BY-LAWS
OF
THE NAUTILUS CONDOMINIUM ASSOCIATION, INC.
A Florida Corporation Not for Profit

1. IDENTITY.

1.1 Applicability. These are the By-Laws of The Nautilus Condominium Association, Inc., (the "Association"), a Florida corporation not for profit organized pursuant to the provisions of Chapters 617 and 718, Florida Statutes, 1986, as amended to the date of filing of the Articles of Incorporation. The purpose and object of the Association shall be to administer the operation and management of the condominium established in accordance with the Florida Condominium Act, Chapter 718, Florida Statutes, 1986 ("Act"), upon that certain real property in Duval County, Florida, as set forth in the Articles of Incorporation of the Association (herein the "Articles") and Exhibit "A" attached hereto, hereinafter defined as the "Condominium". The provisions of these By-Laws are applicable to the Condominium and are subject to the provisions of the Articles. All members of the Association, as defined in the Articles, and their invitees, including, without limitation, all present or future owners and tenants of Units in the Condominium and other persons using the Condominium or any of the facilities thereof in any manner, are subject to these By-Laws, the Articles, and the Declaration.

1.2 Office. The office of the Association shall be on the real property described on Exhibit "A", or at such other place as may be established by resolution of the Board of Directors.

1.3 Fiscal Year. The fiscal year of the Association shall be the first day of January through the last day of December.

1.4 Seal. The seal of the Association shall bear the name The Nautilus Condominium Association, Inc., and the Association, the word "Florida", the words "Corporation Not For Profit", and the year of incorporation.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

2.1 Membership. The qualification of members of the Association (the "Members"), the manner of their admission to membership and termination of such membership, and voting by Members, shall be as set forth in Article IV of the Articles, the provisions of which are incorporated herein by reference.

2.2 Quorum. A quorum at meetings of Members shall consist of a majority of the membership, constituted in person or by proxy.

2.3 Voting.

(a) The owner of each Unit shall be assigned the right to cast one vote at any meeting of Members.

(b) If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit.

(c) If any Unit is owned by more than one person or a partnership, corporation, trust, or any other association or entity, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit or by the President, general partner, or other chief executive officer of the respective entity and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until ownership of the unit is changed. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any owner of that Unit. If such a certificate is not on file, the vote of such owners shall not be considered in determining the requirement for a quorum nor for any other purpose.

2.4 Vote Required. Except as otherwise required under the provisions of the Articles, these By-Laws, or the Declaration, or where the same otherwise may be required by law, at any meeting of the membership of the Association, duly called and at which a quorum is present, the acts approved by the affirmative vote of a majority of the votes present at such meeting shall be binding upon the Members.

2.5 Proxies. At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person or by proxy. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. All such proxies shall be filed with the Secretary prior to or during the roll call of such meeting. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Unit owner executing it.

6537M0377
OFFICIAL RECORDS

3. MEMBERS' MEETINGS.

3.1 Annual Meeting. The annual meeting of the Members shall be held at the office of the Association or such other place in Jacksonville, Florida, and at such time as may be specified in the notice of the meeting, on the third Saturday in October of each year for the purpose of electing Directors and of transacting any other business authorized to be transacted by the Members; provided, however, that if that day is a legal holiday, the meeting shall be held on the next succeeding Saturday.

3.2 Special Meeting. Special meeting of the entire membership of the Association shall be held whenever called by the President or Vice President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from ten percent (10%) of the Members entitled to vote.

3.3 Notice of Meetings.

(a) Generally. Written notice of all meetings of Members shall be given by the Secretary, or in the absence of the Secretary, another officer of the Association, to each Member unless waived in writing. Each notice shall state the time and place of and purpose for which the meeting is called and shall be posted at a conspicuous place on the Condominium property at least fourteen (14) days prior to said meeting.

(b) Annual. At least fourteen (14) days prior thereto, written notice of the Annual Meeting shall be given to each Member, shall be posted in a conspicuous place on the condominium property, and shall be mailed to each Member. If delivered personally, receipt of notice shall be signed by the Member, indicating the date received. If mailed, such notice shall be deemed properly given when deposited in the United States Mail addressed to the Member at his Post Office address as it appears on the records of the Association. An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notice of the Association meeting was mailed or hand delivered, in accordance with this provision, to each Unit Owner at the address last furnished to the Association.

(c) Special. Notice of Special Meetings shall be given to each Member not less than fourteen (14) days prior to the date set for the meeting and shall be mailed by regular mail or delivered personally to the Member.

(d) Waiver. Any Member may, in writing signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before, at, or after the holding of notice to such Member.

(e) Adjourned Meetings. If any meeting of Members cannot be held because a quorum is not present, or because a greater percentage of the membership required to constitute a quorum for a particular purpose is not present, wherever the latter percentage of attendance may be required as set forth

in the Articles, the By-Laws, or the Declaration, the Members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than quorum, is present

3.4 Presiding Officer and Minutes. At meetings of Members, the Chairman of the Board, or in his absence, the President, shall preside, or in the absence of both, the Members present shall select a chairman of the meeting. Minutes shall be kept in a businesslike manner and available for inspection by Directors, Unit owners, and their authorized representatives during normal business hours at the principal office of the Association. The Association shall retain these minutes for a period of not less than seven (7) years.

3.5 Order of Business. The order of business at annual meetings of Members, and, as far as practical, at other meetings of Members, shall be:

- (a) Calling of the roll and certifying the proxies
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading or waiver of reading of minutes of previous meeting of Members
- (d) Reports of officers
- (e) Reports of committees
- (f) Appointment by Chairman of inspectors of election
- (g) Election of Directors
- (h) Unfinished business
- (i) New business
- (j) Adjournment

4. BOARD OF DIRECTORS.

4.1 First Board and Developer Control. The first Board of Directors shall consist of three (3) persons as designated in the Articles of Incorporation. The number of Members of succeeding Boards of Directors shall be equal to three (3) directors. Developer reserves the right to appoint the initial Directors to the Board.

4.2 Election of Directors. Directors shall be elected in the following manner:

(a) Commencing with the election of the Board to succeed the first Board as designated in the Articles, Developer shall appoint that number, and the identity, of the members of the Board which it shall be entitled to appoint in accordance with the Articles and these By-Laws, and upon such appointment by Developer, by written instrument presented to the meeting at which such election is held, the persons so appointed by Developer shall be deemed and considered for all purposes Directors of the Association and shall thenceforth hold the offices and perform the duties of such Directors until their successors shall have been elected or appointed, as the case may be, and qualified in accordance with the provisions of these By-Laws.

(b) For so long as the Developer shall retain the right to appoint at least one member of the Board of Directors, all members of the Board of Directors whom Developer shall not be entitled to appoint under these By-Laws shall be elected at large, by a plurality of the votes cast at the annual meeting of the general membership, immediately following appointment of the members of the Board whom Developer shall be entitled to appoint. Commencing with the first annual election of

1
NO. 653710378
OFFICIAL RECORDS

Directors after the Developer shall have lost or relinquished the right to appoint at least one Director, the Members shall elect three (3) Directors, by a plurality of votes cast at the annual meeting of the membership.

(c) Vacancies on the Board may be filled, through the unexpired terms thereof, by the remaining Directors except that, should any vacancy on the Board be created in a directorship previously filled by any person appointed by Developer, such vacancy should be filled by Developer appointing by written instrument delivered to any officer of the Association, the successor Director, who shall fill the vacated directorship for the unexpired term thereof.

(d) In the election of Directors, there shall be appurtenant to each Unit one (1) vote for each Director to be elected; provided, however, that no Member or owner of any Unit may cast more than one vote for any person nominated as a Director, it being the intent hereof that voting for Directors shall be non-cumulative.

(e) Within sixty (60) days after Unit owners other than the Developer are entitled to elect a member or members of the Board of Directors of the Association, the Association shall call, in a manner as elsewhere provided in these By-Laws, and give not less than thirty (30) days nor more than sixty (60) days notice of a meeting of the Unit owners for this purpose. Such meeting may be called and the notice given by any Unit owner if the Association fails to do so within the time prescribed herein. Election of such Directors shall be conducted in the manner provided in these By-Laws.

(f) In the event that Developer selects any person or persons to serve on the Board, Developer shall have the absolute right at any time, in its sole discretion, to replace any such person or persons with another person or other persons to serve on the Board. Replacement of any person or persons designated by Developer to serve on any Board shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name or names of the person or persons designated as successor or successors to the persons so removed from the Board. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

4.3 Organizational Board Meeting. The organizational meeting of a newly elected or designated Board shall be held within fifteen (15) days of their election or designation, at such time and place as shall be fixed at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary; provided, that a quorum shall be present.

4.4 Regular Board Meeting. 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 telegram, at least seven (7) days prior to the day named for such meeting, unless notice is waived. Meetings of the Board of Directors shall be open to all Members and notices of meetings shall be posted conspicuously in the Condominium at least forty-eight (48) hours in advance for the attention of Unit owners, except in an emergency. Notice of any meeting where assessments against Unit owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

4.5 Special Meetings. Special meetings of the Board may be called by the President, and must be called by the Secretary at the written request of one of the Directors. Not less than three (3) days notice of a special meeting shall be given to each Director, personally or by mail, telephone, or telegram, which notice shall state the time, place, and purpose of the meeting. Notice of any meeting where assessments against Unit owners are to be considered

OFFICIAL RECORDS
NO. 653710379

OFFICIAL RECORDS
0557710360

for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

4.6 Board Minutes. Minutes of all meetings of the Board shall be kept in a businesslike manner and available for inspection by Unit owners and Directors during normal business hours at the principal office of the Association. The Association shall retain these minutes for a period of not less than seven (7) years.

4.7 Waiver of Notice. Any Director may waive notice of a meeting before, at, or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

4.8 Quorum. A quorum at meetings of the Board shall consist of the Directors entitled to cast a majority of the votes of the Board. The acts of the Board approved by a majority of the votes present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors. If any meeting of the Board cannot be held because a quorum is not present, the Directors who are present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall not constitute the presence of such Director for the purpose of determining a quorum.

4.9 Removal. Directors not appointed by the Developer as above provided may be removed from office with or without cause by the vote or agreement in writing of the majority of all unit owners.

4.10 Presiding Officer. The presiding officer of meetings of the Board shall be the Chairman of the Board, if such officer has been elected, or, if not, the President of the Association. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

4.11 Powers and Duties. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the laws of Florida, the Articles, these By-Laws, and the Declaration. Such powers and duties shall be exercised in accordance with the Articles, these By-Laws and the Declaration, and shall include, without limitation, the right, power, and authority to:

(a) Make, levy, and collect assessments, including without limitation, assessments for reserves and for betterments to the Condominium or Association property, against Members and Members' Units to defray the costs of the Condominium and the property owned by the Association and use the proceeds of assessments in the exercise of the powers and duties of the Association;

(b) Maintain, repair, replace, operate, and manage the Condominium wherever the same is required to be done and accomplished by the Association for the benefit of members;

(c) Repair and reconstruct improvements after casualty;

(d) Make and amend regulations governing the use of the property, real and personal, in the Condominium and such property owned by the Association, provided, that such regulations or amendments thereto shall not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles and Declaration;

(e) Levy reasonable fines against a Member for the failure of the Member, the occupant of Member's Unit, or the licensee, or invitee of a Member, or licensee or invitee of an occupant of a Member's Unit to comply with any provision of the Declaration, these By-Laws, or reasonable rules of the Association.

(f) Approve or disapprove proposed purchasers of the Units and exercise or waive the Association's right of first refusal of each proposed sale of a Unit in the manner specified in the Declaration. The President or the Vice President of the Association by resolution of the Board, may be authorized to approve (b. not disapprove) any proposed purchaser, or to waive (but not to exercise) the Association's right of first refusal, and to execute, on behalf of the Association, appropriate documents to evidence same. No fee shall be charged in connection with a transfer, sale, or approval in excess of the expenditures reasonably required for the transfer or sale, and this expense shall not exceed \$50.00;

(g) Acquire, own, hold, operate, lease, encumber, convey, exchange, manage, and otherwise trade and deal with property, real and personal, including Units, of and in the Condominium, as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration;

(h) Contract for the management and maintenance of the condominium property and Association property and to authorize a management agent to assist the Association in carrying out its powers and duties, including but not limited to, the performance of such functions as the submission of proposals, collection of assessments, preparation of records, enforcement of rules and maintenance, repair and replacement of the common elements and property owned by the Association with funds as shall be made available by the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the condominium documents and the Condominium Act, including, but not limited to, the making of assessments, promulgation of rules, and execution of contracts on behalf of the Association;

(i) Enforce by legal means the provisions of the Articles, these By-Laws, the Declaration, and all regulations governing use of property of and in the Condominium hereafter adopted;

(j) Pay all taxes and assessments which are liens against any part of the Condominium other than Units and the appurtenances thereto, and assess the same against the Members and their respective Units subject to such liens;

(k) Carry insurance for the protection of Members and the Association against casualty and liability, including Directors' liability insurance;

(l) Pay all costs of power, water, sewer, and other utility services rendered to the Condominium or to the Association and not billed to the owners of the separate Units;

(m) Employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

5. OFFICERS.

5.1 Generally. The Board shall elect a President, Secretary, Treasurer, and as many Vice Presidents, Assistant Secretaries, and Assistant Treasurers as the Board shall deem advisable from time to time. The President shall be elected from the membership of the Board, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person. The Board may from time to time elect such other officers, and designate their powers and duties, as the Board may deem necessary to properly manage the affairs of the Association. Officers may be removed from office by the Board.

5.2 President. The President shall be the chief executive officer of the Association. He shall have all the powers and

duties which are usually vested in the office of President of a corporation not for profit, including but not limited to the power to appoint committees from among the Members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association. He shall have such additional powers as the Board may designate.

5.3 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

5.4 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and the Members, and shall have such additional powers as the Board may designate.

5.5 Treasurer. The Treasurer shall have custody of all of the property of the Association including funds, securities, and evidences of indebtedness. He shall keep the assessment roll and accounts of the Members; he shall keep the books of the Association in accordance with good accounting practices, and he shall perform all other duties incident to the office of Treasurer.

5.6 Compensation. No compensation shall be paid to any officer of the Association except with the approval of a majority of the membership, reflected by a vote taken at a duly constituted membership meeting. No officer who is appointed by the Developer shall receive any compensation for his services as an officer. Nothing herein shall be construed so as to prohibit or prevent the Board of Directors from employing any director or officer as an employee of the Association at such compensation as the Board shall determine, nor shall anything herein be construed so as to preclude the Board from contracting with a director or officer or with any corporation in which a director or officer of the Association may be stockholder, officer, director, or employee, for the management of the Condominium for such compensation as shall be mutually agreed between the Board and such officer, director, or corporation, or from contracting with a director, or officer of the Association or a corporation in which a director or officer of the corporation may be a stockholder, officer, director or employee for the purpose of making available to the owners of condominium units such services as are contemplated by the provisions of Article IV of these By-Laws. It is expressly contemplated that the first Board of Directors may enter into such contracts with persons who are initial officers or directors of the Association, or with corporations having officers, directors, or employees who are also members of the first Board of Directors of the Association.

6. FISCAL MANAGEMENT.

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

6.1 Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer and in accordance with standard accounting procedures and the Florida Condominium Act. Written summaries shall be supplied at least annually to members. Such records shall include, but not be limited to:

- (a) A record of all receipts and expenditures.
- (b) An account for each Unit which shall designate the name and address of the Unit owner, the amount of each assessment, the dates and amounts in which the assessments come due, the amounts paid upon the account, and the balance due.
- (c) A register for the names of any mortgage holders or lien holders on Units who have requested in writing that they be registered and to whom the Association will give notice of default in case of nonpayment of assessments. No

responsibility by the Association is assumed with respect to said register except that it will give notice of default to any Institutional Mortgage or lienor therein, if so requested.

6.2 Inspection of Books. Financial reports and the membership records shall be maintained in the office of the Association and shall be available to members for inspection during normal business hours.

6.3 Annual Budget. The Board shall adopt, for, and in advance of, each fiscal year, a budget for the Condominium showing the estimated cost of performing all of the functions of the Association as to the Condominium for the year. Each budget shall show the total estimated expenses of the Association for that year and shall contain an itemized breakdown of the common expenses, which shall include, without limitation, the cost of operating and maintaining the Common Elements, taxes on Association property, wages, and salaries of Association employees, management, legal and accounting fees, office supplies, public utility services not metered or charged separately to Units, premiums for insurance carried by the Association, and any reserve accounts or funds which may be established from time to time by the Board. Each budget shall also show the proportionate share of the total estimated expenses to be assessed against and collected from the owner(s) of each Unit and due date(s) and amounts of installments thereof. Copies of the proposed budgets and proposed assessments shall be transmitted to each Member at least thirty (30) days prior to the meeting of the Board of Directors at which the budgets will be considered, together with a notice of the time and place of said meeting, which shall be open to Unit owners. If any budget is subsequently amended, a copy shall be furnished each affected Member. Delivery of a copy of any budget or amended budget to a Member shall not affect the liability of any Member for any such assessment, nor shall delivery of a copy of such budget or amended budget and assessments levied pursuant thereto. Nothing herein contained shall be construed as a limitation upon the additional assessment in the event that any budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

6.4 Amount of Budget. If a budget is adopted by the Board which requires assessment of the Unit owners in any budget year exceeding 115% of such assessments for the preceding budget year, upon written application of ten percent (10%) of the Unit owners, a special meeting of the Unit owners shall be held upon not less than ten (10) days written notice to each Unit owner, but within thirty (30) days of the delivery of such application to the Board or any member thereof, at which special meeting Unit owners may consider only and enact only a revision of the budget, or recall any and all members of the Board not appointed by the Developer as above provided and elect their successors. Any such revision of the budget shall require a vote of not less than two-thirds (2/3) of the votes of all Unit owners. Any member of the Board, except those appointed by the Developer, may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of the Unit owners. A special meeting of the Unit owners to recall a member or members of the Board may be called by ten percent (10%) of the Unit owners giving notice of the meeting in the same manner as notice of the call of a special meeting of the members is required as set forth herein, and the notice shall state the purpose of the meeting. The Board may, in any event, first propose a budget to the Unit owners at any such meeting of Members or by writing, and if such budget or proposed budget be approved by a majority of the votes of all Unit owners of the affected Condominium either at such meeting or by writing, such budget shall not thereafter be reexamined by the Unit owners in the manner hereinabove set forth.

In determining whether assessments exceed 115% of similar assessments in the prior budget year, there shall be excluded from the computation reasonable reserves made by the Board in respect of repair and replacement of Condominium or Association property, or in respect of anticipated expenses by the Association which are not

anticipated to be incurred on a regular or annual basis; and there shall be excluded from such computation assessments for betterments to the Condominium or Association property. Provided, however, that so long as Developer is in control of the Board of Directors, the Board shall not impose an assessment for a budget year greater than 115% of the prior budget year's assessment without approval of a majority of the votes of all Unit owners.

6.5 Notice of Adopted Budgets. Upon adoption of budgets, the Board shall cause written copies thereof to be delivered to all Unit owners. Assessments shall be made against Unit owners pursuant to procedures established by the Board, and in accordance with terms of the Declaration and Articles. Provided, however, that the lien or lien rights of the Association shall not be impaired by failure to comply with procedures established pursuant to these By-Laws.

6.6 Assessments. Unless otherwise determined by the Board of Directors, assessments shall be payable monthly on the first day of each calendar month, but in no event shall amounts be payable less often than quarterly. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment, and installments on such assessment shall be due upon each installment payment date until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. Unpaid assessments for the remaining portion of the fiscal year for which an amended assessment is made shall be payable in equal installments through the end of the fiscal year; provided, nothing herein shall serve to prohibit or prevent the Board of Directors from imposing a lump sum assessment in case of any immediate need or emergency.

6.7 Special Assessments. Special assessments, if required and approved by the Members at a duly convened meeting, shall be levied and paid in the same manner as heretofore provided for regular assessments. Special assessments are those chargeable to all Members of a Condominium in the same proportions as regular assessments to meet shortages or emergencies, to construct, reconstruct, repair, or replace all or any part of the Common Elements (including fixtures and personal property related thereto) and for other such purposes as shall have been approved by the Members at a duly convened meeting.

6.8 Fines. Complaints requesting the levy of a fine against the Member, a Member's invitee or licensee, an occupant of a Member's Unit, or the invitee or licensee of such occupant to comply with any provisions of the Declaration, these By-Laws, or the reasonable Rules of the Association shall be made to the Board of Directors in writing. Upon receipt of such complaint, the Board shall give the party against whom the fine is sought written notice of the complaint; the asserted facts upon which the complaint is based; and a statement of the provisions of the Declaration, By-Laws or Association Rules which have allegedly been violated. The notice shall also state the date, time and place of the hearing on the complaint, provided that the hearing shall not be held less than fourteen (14) days after the notice has been given. At the hearing, both parties shall have the opportunity to present and respond to evidence and to provide written and oral argument on all issues involved. After hearing the evidence and argument presented, the Board of Directors shall promptly render its decision levying the fine or dismissing the complaint. No fine shall exceed the sum of \$50.00 or constitute a lien against a Unit.

6.9 The Depository. The depository of the Association shall be such bank or banks or savings and loan association or associations as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by checks or withdrawals signed by such persons as are authorized by the directors, provided that any management agreement may include in its provisions authority for the Manager to sign checks

on behalf of the Association for payment of the obligations of the Association.

6.10 Audit. An audit of the accounts of the Association may be made from time to time as directed by the Board of Directors.

6.11 Fidelity Bonds. Fidelity bonds may be required from any persons handling or responsible for Association funds as the Board of Directors shall direct. The premiums of said bonds shall be paid by the Association.

6.12 Condominium Funds. All sums collected by the Association from all assessments against all Units in the Condominium may be commingled in a single fund, or divided into more than one fund, as determined from time to time by the Board of Directors.

7. PARLIAMENTARY RULES.

Roberts' Rules of Order (latest edition) shall govern the conduct of the Association meetings when not in conflict with the Declaration of Condominium, Articles of Incorporation, or these By-Laws.

8. AMENDMENTS TO BY-LAWS.

Amendments to these By-Laws shall be proposed and adopted in the following manner:

8.1 Proposal. Amendments to these By-Laws may be proposed by the Board, acting upon a vote of a majority of the Directors, or by Members owning a majority of the Units in the Condominium, whether meeting as Members or by instrument in writing signed by them.

8.2 Notice. Upon any amendment or amendments to these By-Laws being proposed by the Board or Members, such proposed amendment or amendments shall be transmitted to the President of the Association, or acting chief executive officer in the absence of the President, who shall thereupon call a special meeting of the Members for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by such officer of the proposed amendment or amendments, and it shall be the duty of the Secretary to give each Member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the Members is required as herein set forth; provided, that proposed amendments to the By-Laws may be considered and voted upon at annual meetings of the Members.

8.3 Content of Amendment. No By-Law shall be revised or amended by reference to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Laws to be amended; new words shall be inserted in the text underlined and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of bylaw . . . for present text." Nonmaterial errors or omissions in the bylaw process shall not invalidate an otherwise properly promulgated amendment.

8.4 Voting. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of Members owning not less than two-thirds (2/3) of the Units in the Condominium. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the public records of Duval County, Florida, within fifteen (15) days from the date on which any amendment or amendments have been affirmatively approved by the Members.

8.5 Written Vote. At any meeting held to consider such amendment or amendments to these By-Laws, the written vote of any

653700385
OFFICIAL RECORDS

Member shall be recognized if such Member is not present at such meeting in person or by proxy, provided such written vote is delivered to the Secretary at or prior to such meeting.

8.6 Developer's Reservation. Notwithstanding the foregoing provisions of this Article 8, no amendment to these By-Laws which shall amend, amend, or alter the right of Developer to designate members of the Board of Directors of the Association, as provided in Article IV herein, or any other right of the Developer provided herein or in the Articles of Declaration, may be adopted or become effective without the prior written consent of the Developer.

8.7 Proviso. No amendment shall discriminate against any condominium Unit owner nor against any condominium Unit or group of Units unless the condominium Unit owners so affected shall consent. No amendment shall be made that is in conflict with the Condominium Act, the Declaration of Condominium, or the Articles of Incorporation.

8.8 Proviso. Anything herein to the contrary notwithstanding, until the first regular election of Directors by the membership, and so long as the Developer shall have the right to fill vacancies on the Board of Directors, an amendment shall require only the unanimous consent of the Board of Directors, and no meeting of the condominium Unit owners nor any approval thereof need be had.

9. VOLUNTARY BINDING ARBITRATION.

Pursuant to Florida Statutes 718.112(1), internal disputes arising from the operation of the Condominium among Unit owners, associations and their agents and assigns, may be submitted to voluntary binding arbitration.

The foregoing were adopted as the By-Laws of The Nautilus Condominium Association, Inc., a corporation not for profit under the laws of the State of Florida, at the first meeting of the Board of Directors on the ____ day of _____, 1988.

Secretary

APPROVED:

President

653710387
OFFICIAL RECORDS

Lot 40, North Atlantic Beach, Unit No. 1, R.C.B.S. Corporation, as recorded in Plat Book 15, page 10, of the current public records of Duval County, Florida, together with the southerly 25.0' of 18th Street as described in Official Records Volume 756, page 344, of said public records.

SS- 62559
89 JUN 30 9:18

HENRY W. COOK

EXHIBIT - A -