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DECLARATION OF CONDOMINIUM
ATLANTIC 22,
A CONDOMINIUM

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DECLARATION OF CONDOMINIUM
OF
ATLANTIC 22, A CONDOMINIUM

THIS DECLARATION made this 1st day of April, 1988, by ATLANTIC 22 LTD., A Florida Limited Partnership, hereinafter called "Developer" for itself, its successors, grantees and assigns.

WHEREIN, the Developer makes the following declarations:

1. Submission of Property. Developer, who is owner in fee simple of the land described below, the buildings and all other improvements constructed, currently being constructed, or to be constructed thereon, together with all easements, rights and appurtenances belonging thereto and all other property, personal or mixed, intended for use in connection therewith, hereinafter collectively referred to as "the property", hereby declares certain declarations, covenants, restrictions, limitations, conditions and uses respecting the property intending thereby to submit the property to provisions of Chapter 718 of the Florida Statutes, herein referred to as the "Condominium Act", and further intending thereby to create covenants running with the land and binding Developer and its successors and assigns forever.

2. Name and Address. The name by which the condominium is to be identified is ATLANTIC 22, A CONDOMINIUM and its address is 2390 North Ocean Shore Blvd., Ormond Beach, Florida 32074. It is hereafter called "the condominium".

3. Development Without Phases. The condominium is to be developed in one phase with all recreational facilities including the pool area. The Developer estimates that the latest date of completion, finishing and equipping of the property will be February 15, 1991.

4. Time Share Estates. The Developer has no plans for the creation of time share estates with respect to any of the units. The division of a year into interval weeks is prohibited.

5. Completion of Condominium Construction. The construction of the condominium is not completed at this time. Upon substantial completion of construction, the developer or the association shall amend this declaration to include a surveyor's certificate verifying the construction and its completion in accordance with this declaration.

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6. Description of Land. A legal description of the land on which the building and improvements is located constituting the Condominium is attached hereto as Schedule "A", and the land is shown on the survey attached hereto as Schedule "B".

7. Definitions. The terms used in this Declaration and its Exhibits shall have the meanings stated in the Condominium Act and as follows unless the context otherwise requires.

A. Approval or Consent: Whenever approval or consent is required of any person or entity, that approval or consent shall not be unreasonably withheld.

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

C. Association: The Association is the legal entity responsible for the operation of the Condominium and is called Atlantic 22 Condominium Association, Inc.

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

E. Common Elements: shall include all land and improvements not included in a unit or defined as a limited common element, as well as the items stated in the Condominium Act.

F. Common Expenses: are the expenses incurred in the maintenance, administration, improvement and repair and replacement of the common elements as set forth herein. These expenses include, but are not limited to:

(1) Expenses of administration, expenses of insurance, maintenance, operation, repair, replacement and betterment of the Common Elements and of the portion of units to be maintained by the Association;

(2) Expenditures for amounts of assessments by the Association against individual units for payment of costs that are the responsibility of unit owners, including but not limited to cost of repair of damage to the condominium in excess of insurance proceeds, and cost of insurance;

(3) Expenses declared Common Expenses by a provision of this Declaration or the By-Laws;

(4) Any valid charge against the Condominium property as a whole.

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

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H. Condominium: means all of the Condominium property as a whole when the context so permits as well as the meaning stated in the Condominium Act.

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

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

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

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

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

N. Developer: Atlantic 22, Ltd., A Florida Limited Partnership. Developer may assign any right reserved to it by this Declaration. No assignee or successor developer who acquires any of Developer's rights shall be deemed to have assumed any obligation of Developer unless by written assumption agreement duly recorded in the Public Records of Volusia County, Florida.

O. Floor Plans: The plans attached to the Declaration as Exhibit E.

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

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

R. Member or Association Member: Owner of a Condominium Unit.

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

T. Regulations: means regulations respecting the use of the Condominium property that have been adopted by the Association from time to time in accordance with its Articles of Incorporation and By-Laws.

U. Singular, Plural, Gender: Whenever the context so permits, the use of the plural shall include the singular, the singular the plural, and the use of any gender shall be deemed to include all genders.

V. Unit: As the term is used herein, a unit shall 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, independently of all parts of the property, subject only to the provisions of this Declaration, including the space within it as shown on the surveys together with all appurtenances thereto.

W. Unit Owner: The Owner of a Condominium Unit.

X. Utility Services - as used in the Condominium Act and as construed with reference to this Condominium, and as used in the Declaration and By-Laws shall include but not be limited to electric power, gas, hot and cold water, heating, refrigeration, air conditioning, cable television and master antenna system, garbage and sewage disposal.

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

8. Development Plan: The Condominium is described and established as follows:

A. "Survey": A survey of the land showing the condominium property and the location of all improvements, with surveyor's certificate is attached as Schedule "B".

B. "Plans": The improvements upon the land are constructed, substantially in accordance with the plans and specifications prepared by Craig J. Gehlert, Architect, a portion of which plans are attached hereto as Exhibits to this Declaration, Schedule E.

C. "Easements": A nonexclusive easement for ingress and egress in favor of each unit owner is hereby created over the driveways, walks, parking areas, elevators, (if any), stairs, hallways, lobbies and other common areas as part of the common

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elements to provide each unit owner access to the public ways. No easement for ingress or egress shall be encumbered or subject in any way to be encumbered. Easements are reserved through the Condominium Property as may be required for utility services. These easements through a unit shall be only according to the plans and specifications for the building, or as may be changed during construction of the building, unless approved in writing by the unit owner. The easements shall include but not be limited to the chases that run vertically through each unit as shown upon the floor plans. A unit owner shall do nothing within or outside his unit that interferes with or impairs the utility services using the easements. The Developer reserves an easement over and through all of the Common Elements of the condominium for sales purposes and may maintain a sales office in one unit until all of the units of the Developer have been sold. The last mentioned provision may not be amended without the consent of the Developer. During such time as the Developer, its successors or assigns is in the process of construction on any portion of the Condominium building, the Developer, its successors or assigns, reserves the right to prohibit access to any portion of the Common Elements of the Condominium to any occupants of the building, and to utilize various portions of the Common Elements of the building in connection with such construction and development. No Unit Owner or his guest or invitees shall in any way interfere or hamper with the construction. Thereafter, during such time as the Developer, its successors or assigns owns any unit within the building and is carrying on any business in connection therewith, including the selling, renting, or leasing of such units, the Unit Owners, their guests and invitees shall in no way interfere with such activity or prevent access to such unit by the Developer, its successors or agents.

D. Improvements - General Description

(1) Buildings: There is one building in the project; (five) 5 stories in height and containing twenty-two (22) units.

(2) Other Improvements: The Condominium includes landscaping, an outdoor swimming pool, automobile parking areas and other facilities located substantially as shown upon the plans and which are part of the Common Elements which are confined to the survey of condominium property, there being no other subservient common elements.

(3) Unit Boundaries: As shown in the plans, Schedule E, each unit consists of the area enclosed as its sides by the unit side of the concrete block work of the exterior walls of the building; the unit side of block work of walls and partitions separating the unit from mechanical equipment spaces, and other common elements where walls and partitions containing block work separate the unit from mechanical equipment spaces, and other

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common elements where walls and partitions containing block work separate the unit from other units, and in each case up to, but not including, the unit side of such block work; and where plaster partitions separate units from each other, in each case, to the center line of the plaster on the unit side of such partitions; and where structural (weight bearing) walls exist within a unit, the plaster and furring but not the block wall. Above and below each unit consists of the space between the top of the concrete floor and the underside of the concrete ceiling.

(4) Limited Common Areas: There are Limited Common Areas appurtenant to each of the units in this Condominium as shown and reflected by the floor and plot plans, the same being balconies directly accessible only through an individual unit. These Limited Common Areas are reserved for the use of the units appurtenant thereto to the exclusion of other units, and there shall pass with a unit as appurtenant thereto the exclusive right to use the Limited Common Areas so appurtenant. Expenses of maintenance, repair or replacement relating to such Limited Common Areas shall be treated as and paid for as part of the Common Expenses of the Management Association, hereinafter specifically defined, except, however, the expense of maintenance, repair or replacement made necessary by the act or negligence of any unit owner shall be born by said unit owner.

(5) Common Elements: All property included in this Condominium which is not within any living unit and which has not been designated as a Limited Common Area shall be deemed Common Elements.

(a) Automobile Parking: Parking spaces will be numbered so that there will not be less than 44 parking spaces. The right to use a parking space shall be an appurtenance to each unit, but the particular parking space to be so used shall be designated by the Developer, which authority shall pass to the Association upon sale and closing of the last unit by the Developer, provided that no change in the designation of parking spaces shall be made for the benefit of a unit owner that discriminates against another unit owner without the latter's consent. The Association shall have the authority to make reasonable regulations for control of automobile parking and use of parking spaces. Provided, however, that the use shall be limited to the residence of the Condominium and their guests, tenants or lessees. Twenty-two (22) parking spaces will be covered. The remaining parking spaces will not be covered.

(b) Manager's Unit: There is no Manager's Unit provided in this condominium.

(c) Use Charges: The foregoing and all other Common Elements other than the Limited Common Elements, except as otherwise provided, shall be available for use by all unit owners without

discrimination. That use will be without charge unless a charge is specifically authorized by this Declaration, except that the Association, when authorized by its regulations, may charge for the exclusive use of the facilities from time to time if the exclusive use is made available to all unit owners. All revenue from those charges shall be treated as proceeds from assessments for Common Expenses, and shall be applied to the payment of Common Expenses or added to Common Surplus.

9. Buildings: The buildings and its management is described as follows:

A. General Description: The project consists of one building containing twenty two (22) whole time condominium units.

The project consists of one building containing five stories. There are twenty-two (22) two bedroom two bath units in the condominium. The first floor of the condominium contains a recreation room which includes two restrooms, a meeting room and the Manager's office. This is common element property. The first floor also contains a trash room which is also common element property. The condominium contains outside on the first floor a swimming pool and a sewage treatment plant, both of which are also common element property. The sewage treatment plant may be operated by a governmental agency, including, but not limited to Volusia County, Florida. Unit owners other than the Developer, and Developer agree to comply with any rules or charges of said governmental agency. On the first floor of the building there is a mechanical room, an electrical room and an elevator. Each and all of the above described items are further depicted on the plot plans and floor plans attached hereto as Schedule E.

B. Building Project Management: The Association shall manage the condominium property as further delineated herein and in accordance with Florida Law.

10. Units: The units of the Condominium are described more particularly and the rights and the obligations of the owners established as follows:

A. Unit Numbers: Units in the Building are numbered as follows: First Floor Units 102 through 105; Second Floor Units 201 through 205; Third Floor Units 301 through 305; Fourth Floor Units 401 through 405 and Fifth Floor Units 501 through 503.

B. Typical Unit Plans: The plans for each unit are attached as Schedule E. All units are two bedroom and three bedroom plans, each unit having assigned its percentage of common ownership as shown on Schedule C.

C. Appurtenances to Units: The owner of each unit shall own a share and certain interests in the Condominium property

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which share and interest are appurtenant to his unit, including but not limited to a percentage ownership of the common elements and common surplus as shown on Schedule C, attached hereto.

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

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

3. Use of Common Elements: All Unit Owners have the use of Common Elements in common with other unit owners in the manner elsewhere described.

4. Use of Limited Common Elements: Unit Owners have the use of Limited Common Elements appurtenant to the unit in a manner elsewhere described.

5. Association Membership: Each Unit Owner acquires membership in the Association and interest in the funds and assets held by the Association. There shall be one vote per unit and units owned by multiple owners, a partnership or corporation shall be governed by the By-Laws of the Association regarding their voting rights.

6. Liability for Common Expenses: Each Unit Owner shall be liable for a proportionate share of the Common Expenses, that share being the same as the undivided share in the Common Elements appurtenant to his unit.

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

11. Maintenance, Alteration and Improvement. Responsibility for the maintenance of the Condominium property and restrictions upon its alteration and improvement shall be as follows:

A. Units:

(1) By the Association: The Association shall

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maintain, repair and replace at the Association's expense:

(a) All boundary walls and boundary slabs of a unit, except interior surfaces; all portions of a unit contributing to the support of the building, which portions to be maintained shall include but not be limited to the outside walls of the building and all fixtures on its exterior, boundary walls of units, floor and ceiling slabs, load-bearing columns and load-bearing walls, and the corridor side of all doors leading from units to common elements;

(b) balconies, except the carpeting thereon, if any;

(c) all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services contained in the portions of a unit maintained by the Association; and all such facilities contained within a unit that service part or parts of the condominium other than the unit within which contained; and

(d) all incidental damage caused to a unit by this work shall be repaired promptly at the expense of the Association.

(e) The Association may enter into contracts with any firm, person or corporation and may join with other Condominium Associations and entities in contracting for the maintenance and repair of the Condominium Property, all under the supervision of the association and as provided by Florida Law.

(2) By the Unit Owner: The responsibility of the unit owner shall be as follows:

(a) To maintain, repair and replace at his expense all portions of his unit except the portions to be maintained, repaired and replaced by the Association. This shall be done without disturbing the rights of other unit owners.

(b) The portions of a unit to be maintained repaired and replaced by the unit owner at his expense shall include, but not be limited to, the following items: windows; screens; sliding glass doors; air conditioning and heating units; exhaust fans; service equipment, such as dishwasher, refrigerator, oven and stove, whether or not these items are built-in equipment; interior fixtures such as electrical and plumbing fixtures; floor coverings except the floor slab, and inside paint and other inside wall finishes. Mechanical equipment and the installation of that equipment shall be such that its operation will not cause annoyance to the occupants of other units. Also, each unit owner shall be responsible for the maintenance of his air handler located on the roof. Each and all of the items listed herein to be maintained by unit owners shall be deemed to be part of the unit.

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(c) To maintain, repair, and replace his unit's airconditioning unit, plumbing and electrical wiring;; and all such work to be done by a qualified repairman.

(d) To report promptly to the Association any defect or need for repairs for which the Association is responsible.

(e) Provided that the Association shall have authority to require unit owners at their expense to maintain, repair and replace screens and glass doors within their respective units except in the case of damage for which insurance proceeds are paid under policies purchased by the Association.

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B. Common Elements:

(1) By the Association. The maintenance and operation of the common elements shall be the responsibility of the Association and the cost shall be a common expense.

(2) Alteration and Improvement. After the completion of the improvements included in the common elements contemplated by this Declaration, there shall be no alteration nor further improvement of the common elements or acquisition of additional common elements without prior approval in writing by the owners of not less than 75% of the common elements, except as provided by the By-Laws. Any such alteration or improvement shall not interfere with the rights of any unit owners without their consent.

There shall be no change in the shares and rights of a unit owner in the common elements nor in his share of common expenses, whether or not the unit owner contributes to the cost of the alteration, improvement or acquisition.

(3) Disposition of personal property. Any personal property acquired by the Association may be sold or mortgaged or otherwise disposed of by the Association.

12. Assessments: The Association, through its Board of Directors, shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the common expenses of the Condominium property and such other assessments as are specifically provided for in this Declaration and Exhibits attached hereto. The procedure for the determination of all such assessments shall be as set forth in the By-Laws of the Association and this Declaration and the Exhibits attached hereto.

A. Share of common expense. Each unit owner shall be liable for a proportionate share of the common expenses and, in event of default, for interest and costs of collection including reasonable attorneys fees, and shall share in the common surplus, those shares being the same as the undivided share in the common elements appurtenant to the units owned by him.

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B. Interest; application of payments. The portions of assessments and installments on assessments that are not paid when due shall bear interest thereafter at the rate of the highest percentage allowed by law from the date when due until paid. All payments upon account shall be applied first to interest and then to the assessment payment first due.

C. Liens.

1. The Association shall have a lien on each Condominium Parcel for unpaid assessments, together with interest thereon, against the Unit Owner of such Condominium Parcel. Reasonable attorneys fees incurred by the Association incident to the collection of such assessments or the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association, in order to preserve and protect its lien, shall be payable by the Unit Owner and secured by such lien. The Board of Directors may take such action as it deems necessary to collect assessments by personal action or by enforcing and foreclosing said lien, and may settle and compromise the same if deemed in its best interest. Said lien shall be effective as, and in the manner provided for, by the Condominium Act, and shall have the priorities established by said Act. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an assessment lien, and to apply as a cash credit against its bid, all sums due, as provided herein, covered by the lien enforced. In case of such foreclosure, the Unit Owner may be required to pay a reasonable rental for the Condominium Parcel for the period of time said Unit Owner is in possession in the Court's discretion, and Plaintiff in such foreclosure shall be entitled to the appointment of a Receiver to collect same from the Unit Owner and/or Occupant if awarded.

2. As provided by law, the Association, its successors and assigns, shall have the power to collect and lien for ad valorem taxes from a Unit Owner if the units were not taxed separately.

3. The Association, acting through its Board of Directors, shall have the right to dispose of its claim and/or lien rights in any manner provided by Florida Law.

D. Assessments against Developer-Owned Units. Assessments against units owned by the Developer are discussed herein. Refer to page 43, paragraph 1 and the budget for a discussion of these assessments.

E. Protection of Institutional Mortgagee. Where an

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institutional mortgagee of record obtains title to a condominium unit or where any other purchaser obtains such title to a condominium unit or where any other purchaser obtains such title as a result of the foreclosure by an institutional mortgagee of record, or where said institutional mortgagee accepts a deed to said condominium unit in lieu of foreclosure, such acquirer of the title, his heirs, legal representatives, successors and assigns, shall not be liable for the share of common expenses or assessments by the Association pertaining to such condominium unit or chargeable to the former owners of such unit which became due prior to acquisition of title thereto as a result of the foreclosure and issuance of a Certificate of Title pursuant thereto, or the acceptance of such deed in lieu of foreclosure. Such unpaid share of common expenses or assessments shall be, if possible, collected from the proceeds of the mortgage sale, if any, which would otherwise accrue to the benefit of the unit owner against whom the foreclosure proceedings were maintained, or in the event there are not sufficient funds available for such purpose, then such unpaid share of common expenses or assessments shall be determined to be common expenses collectible from all of the unit owners including such acquirer, his heirs, legal representatives, successors and assigns. The lien for assessments and/or dues due and payable after the recording of said Certificate or deed shall not be impaired and shall be effective as to the grantee of such Certificate of Title.

13. Association. The operation of the condominium shall be by Atlantic 22 Condominium Association, Inc., a corporation not for profit under the laws of the State of Florida, which shall fulfill its functions pursuant to the following provisions:

A. Membership. The Developer and all persons hereafter owning a vested present interest in the fee simple title to any of the units shown on the exhibits hereto and which interest is evidenced by recording of a proper instrument in the public records of Volusia County, Florida, shall automatically be members and their membership shall automatically terminate when they no longer own such an interest. Every unit owner shall be bound by the Condominium Documents.

B. Voting Rights. There shall be a total of 22 votes to be cast by the unit owners. There is no manager's unit provided in this condominium. Such votes shall be apportioned and cast as follows: The owners of each condominium unit (designated as such on the exhibits attached to this Declaration) shall be entitled to cast one (1) vote. Where a condominium unit is owned by a corporation, partnership, or by more than one person, the entity or all the owners thereof shall be collectively entitled to the vote assigned to such unit and such owners shall, in writing, filed with the Association, designate an individual who shall be entitled to cast the vote on behalf of the owners of such condominium unit until such authorization shall have been changed in writing. The term "owner" as used herein shall be

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deemed to include the Developer.

C. Articles of Incorporation. The Articles of Incorporation of the Association are attached as Exhibit 1.

D. By-Laws. The By-Laws of the Association are attached as Exhibit 2.

E. Limitation upon liability of Association. Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to unit owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association or caused by the elements or other owners or persons.

F. Roster of Unit Owners. The Association shall maintain a roster of names and mailing addresses of unit owners. The roster shall be maintained from evidence of ownership furnished to the Association from time to time and from changes of mailing addresses furnished from time to time. Each unit owner shall furnish to the Association a copy of the record evidence of his title, which evidence shall entitle the unit owner to be included in the roster if his ownership has been approved by the Association in the manner elsewhere required.

G. Restraint upon assignment of shares in assets. The share of a unit owner in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

H. Approval or disapproval of matters. Whenever the decision of a unit owner is required upon any matter, whether or not the subject of an Association meeting, that decision shall be expressed by the same person who would cast the vote of the owner if in an Association meeting, unless the joinder of record owners is specifically required by this Declaration.

I. Management Agreements. The Board of Directors of the Association may enter into a contract with any firm, person or corporation or may join with other condominium associations and entities in contracting for the maintenance and repair of the Condominium property and other type properties and may contract for or may join with other condominium associations in contracting for the management of the condominium property, under the supervision of the condominium association, and as provided by Florida Law.

14. Insurance. The insurance, other than title insurance, that shall be carried upon the condominium property and the property of the unit owners shall be governed by the following provisions:

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A. Fire and extended coverage insurance. The governing board of the Association, or the managing agent, shall obtain and continue in effect insurance against loss by fire or other casualties normally covered under broad-form fire and extended coverage insurance as written in Florida, covering all common elements, all limited common elements all structural portions of the condominium property, and all units, but not including furniture, fixtures, decorations, equipment or the like installed or placed therein by unit owners in an amount satisfactory to mortgagees holding first mortgages on the units, but in any event not less than One Hundred per cent (100%) of the assessed value thereof. The premiums for such insurance shall be a common expense to be paid by monthly assessments levied by the governing board. In the event of any damage to or destruction of any portion of the property so insured, insurance proceeds shall be collected, applied, and disbursed as provided in Paragraph 15 of this Declaration.

B. Liability Insurance. The governing board of the association, or the managing agent, shall obtain and continue in effect insurance against liability for personal injury and death and for damage to property arising from accidents occurring within the common elements and limited common elements in such amounts, satisfactory to mortgagees holding first mortgages on the units, as shall be determined by the governing board.

C. Insurance by association; effect. Any insurance obtained or maintained by the association or the governing board thereof, or by any managing agent retained by the association or governing board, shall be without prejudice to the rights of unit owners to obtain and maintain such unit insurance as they see fit.

D. Unit Owners Insurance. Each individual Unit Owner may purchase, at his own expense, liability insurance to cover accidents occurring within his Unit. Unit Owners may also purchase casualty insurance covering personal property within and any improvements to their units, (including floor, wall and ceiling coverings) provided such does not contain a co-insurance provision or any other provision that in any way affects the master policy maintained by the Association on the condominium property. If a unit owner desires casualty insurance covering personal property within his unit and any improvements to his unit, but is unable to obtain casualty insurance which satisfies the foregoing provision, the Association shall obtain additional coverage for such unit owner under the master policy. Any additional premium incurred by the Association on account of such additional coverage shall be assessed to the unit owner for whom such additional insurance was purchased. In the event of a casualty covered by such additional insurance purchased by a unit owner, or by the association on behalf of a particular unit owner as aforesaid covering such unit owner's personal property and improvements within his unit, shall be the sole property of such unit owner, and his mortgagee, as

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their interest may appear.

E. Officer and Directors Indemnification Insurance may be furnished as provided in the By-Laws.

F. Fidelity Bond. Fidelity bonding of all officers and directors of the Association who control or disburse the funds of the Association in such amount as may be determined by the Board of Directors, or, in the event insurance proceeds are payable to the Association as provided in Section 15 of this Declaration, then such fidelity bonding shall be increased by the amount of the insurance proceeds and maintained at such amount until such proceeds have been disbursed in the manner elsewhere stated in this instrument at which time the Board of Directors may again determine the amount.

G. Other Insurance. Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable may be obtained.

H. Insurance Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Association. Such insurance policies shall contain a provision that the proceeds covering property losses shall be paid over to the Association only after the Association has provided proof that the fidelity bonding of the officers and directors of the Association has been increased by the amount of such proceeds. The duty of the Association shall be to receive and hold the insurance proceeds and other funds that are paid to it in trust for the purpose of reconstruction and/or repair and for the benefit of the unit owners and their mortgagees. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the manner hereafter provided in the section entitled "Reconstruction and Repair".

15. Reconstruction and repair.

A. Determination whether to reconstruct and repair. Whether or not condominium property damaged by casualty shall be reconstructed and repaired shall be determined in the following matter:

(1) Lesser damage. If units to which 50% of the common elements are appurtenant are found by the Board of Directors of the Association after receiving the opinion of the mortgagees with the greatest number of mortgages in the condominium and receiving the opinion of an architect licensed to practice in this State, to be tenable after the casualty, the damaged property shall be reconstructed and repaired.

(2) Major damage. If units to which more than 50% of the common elements are appurtenant are found by the Board of Directors of the Association after receiving the opinion of the mortgagee with the greatest number of mortgages in the condominium and receiving the opinion of an architect licensed to practice in this State, to be not tenantable after the casualty, whether the damaged property will be reconstructed and repaired or the condominium terminated shall be determined in the following manner:

(a) Immediately after the determination of the amount of insurance proceeds, the Association shall give notice to all unit owners of the casualty, the extent of the damage, the estimated cost to rebuild and repair, the amount of the insurance proceeds and the estimated amount of assessments required to pay the excess of the cost of reconstruction and repair over the amount of insurance proceeds.

(b) The notice shall call a meeting of unit owners to be held within thirty (30) days from the mailing of the notice.

(c) If the reconstruction and repair is approved at the meeting by the owners of 75% of the common elements, the damaged property will be reconstructed and repaired; but if not so approved, the condominium shall be terminated without requirement of agreement as elsewhere provided. Mortgagees holding mortgages on any of the units may appear at such meeting in person or by a representative and express their views.

(d) The approval of a unit owner may be expressed by vote or in writing filed with the Association at or prior to the meeting.

(e) The expense of this determination shall be assessed against all unit owners as a common expense.

(3) Certificate. The unit owners 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 and repaired.

B. Report of damage. If any part of the condominium property shall be damaged and insurance proceeds or other funds are paid to the Association on account of the damage, a report of the damage shall be submitted by the Association to the unit owners and mortgagees as shown by the records of the Association. The report shall include the following information:

(1) Date and cause of damage.

(2) Whether the damaged property will be recon-

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structed and repaired or the condominium terminated.

If the damaged property will be reconstructed and repaired, the report shall include the following information:

(3) Schedule of damage for which the Association has responsibility for reconstruction and repair and the estimated costs of reconstruction and repair.

(4) Whether damaged property for which the Association has responsibility for reconstruction and repair includes structural parts of a building.

(5) Schedule of damage for which unit owners have the responsibility for reconstruction and repair and the estimated costs of each owner for reconstruction and repair.

(6) The report of damage shall be substantiated by an attached report of an architect qualified to practice in this State.

C. Responsibility for reconstruction and repair. The responsibility for reconstruction and repair after casualty shall be the same as for maintenance and repair of the condominium property as provided in the section entitled "Maintenance, alteration and improvement".

D. Plans and specifications. Any reconstruction and repair must be substantially in accordance with the plans and specifications for the original improvements, portions of which are attached as exhibits; or, if not, then according to plans and specifications approved by the Board of Directors of the Association, and, if the damaged property is the building, by the owners of not less than 75% of the common elements, including the owners of all units the plans for which are to be altered.

E. Assessments; determination of sufficiency of funds.

(1) Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair for which the Association is responsible, or if at any time during that work or upon completion of the work the funds available for the payment of the costs are insufficient, assessments shall be made by the Association against all unit owners in sufficient amounts to provide funds for the payment of these costs. The assessments shall be made by the Association against all unit owners in sufficient amounts to provide funds for the payment of those costs. The assessments shall be made as for a common expense, except that the cost of construction, reconstruction and repair occasioned by special improvement made at the request

of the owner and not common to other units shall be assessed to the owner of the unit.

(2) Determination of sufficiency of funds. If the estimated costs of reconstruction and repair for which the Association is responsible do not exceed \$20,000, the sufficiency of funds to pay the costs shall be determined by the Board of Directors of the Association and the sums paid upon the assessments shall be held by the Association. If the estimated costs exceed \$20,000, the sufficiency of funds to pay the costs shall be determined by an architect qualified to practice in this State and employed by the Association to supervise the work, and the sums paid upon the assessments shall be held by the Association.

F. Disbursement of funds. The funds held by the Association after a casualty, which will consist of proceeds of insurance and the sums collected from assessments against unit owners on account of the casualty, shall be disbursed in the following manner and order:

(1) Termination of the condominium. If the condominium is terminated, either by agreement after lesser damage or by failure of the unit owners to approve reconstruction and repair after major damage, the remaining funds shall be deemed to be condominium property and shall be owned by the unit owners as tenants in common in the undivided shares in which they own the common elements prior to the termination. The balance of the funds shall be distributed to the beneficial owners as deemed appropriate by the Association in the amounts certified by the Association, remittances to unit owners and their mortgagees being made payable jointly to them.

(2) Reconstruction and repair of damage. If the damaged property is reconstructed and repaired, the funds shall be disbursed in the following manner:

(a) By Association - damages of \$20,000 or less. If the estimated costs of a reconstruction and repair that is the responsibility of the Association do not exceed \$20,000, the funds shall be disbursed in payment of these costs upon the order of the Association; provided however, the funds shall be disbursed in the manner hereafter provided for the reconstruction and repair of damage of more than \$20,000 if the damaged property includes structural parts of a building, or if requested by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the funds.

(b) By Association - damage of more than \$20,000. If the estimated costs of reconstruction and repair that is the responsibility of the Association exceed \$20,000, the funds shall be disbursed in payment of these costs in the manner required by the Board of Directors of the Association; provided,

however, that an architect qualified to practice in Florida and employed by the Association to supervise the work shall approve all disbursements as being due and properly payable.

(c) By Unit Owners. If there is a balance of insurance proceeds after payment of costs of reconstruction and repair that is the responsibility of the Association, this balance shall be distributed to owners of damaged units who have responsibility for reconstruction and repair of their units. The distribution shall be in the shares that the estimated cost of reconstruction and repair of this damage in each damaged unit bears to the total of these costs of his unit. If there is a mortgage upon a unit, the distribution shall be paid to the unit owner and the mortgagee jointly and they may use the proceeds as they may determine.

(d) Surplus. It shall be presumed that the first money disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance remaining after payment of the costs for which the funds are collected, the balance shall be distributed to the beneficial owners of the funds, remittances to unit owners and their mortgagees being made payable jointly to them; provided however, that the part of a distribution to a unit owner that is not in excess of assessments paid by that owner into the funds shall not be made payable to any mortgagee.

(3) Reliance upon certificates. The Board of Directors of the Association shall make a determination as to the existence of certain facts upon which the distribution of funds is conditioned and a certificate of the Association executed by its president and secretary, copies of which shall be provided to each unit owner and their mortgagees, stating:

(a) Whether the damaged property will be reconstructed and repaired or the condominium terminated.

(b) Whether or not assessments will be made against unit owners.

(c) That sums to be paid are due and properly payable, the name of the payee and the amount to be paid.

(d) The names of unit owners to receive distribution of funds and the amounts to be distributed to them; provided, however, that when a mortgagee is required by this instrument to be named as payee of a distribution to a unit owner, the Association also shall name the mortgagee as payee of any distribution of insurance proceeds to a unit owner.

(4) Provisio. Provided, however, that under the following circumstances the approval of the architect elsewhere required shall be first obtained by the Association upon disbursements in payment of costs of reconstruction and repair:

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(a) When the report of damage shows that the damaged property includes structural parts of a building.

(b) When the report of damage shows that the estimated costs of reconstruction and repair that is the responsibility of the Association exceed \$20,000.

(c) If required by the Association or by a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the funds to be disbursed.

G. Benefit of mortgagees. Certain provisions in the section entitled "Reconstruction or repair after casualty" are for the benefit of mortgagees of condominium parcels. All of these provisions are covenants for the benefit of any mortgagee of a unit and may be enforced by the mortgagee

16. Use Restrictions. The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the units are in useful condition.

A. Units. The owner of a unit shall occupy and use his unit as a single family private dwelling for himself and the members of his family, his social guests, lessees, licensees and invitees.

B. Facilities. Any person who is the owner of a Condominium Parcel, together with members of his family, social guests, lessees, invitees and licensees, may use the facilities. Where a corporation is a parcel owner, the use of said facilities shall be limited at any one time to such officer, director or employee of said corporation who is in actual residence, and such individual shall be deemed to be the condominium parcel owner for the purposes of this paragraph. Where a party owns one condominium unit and leases same, the lessee shall be entitled to the use of the facilities and said lessee's rights thereto shall be the same as though said lessee were the unit owner, and during the term of said lease the unit owner and his family shall not be entitled to the use of the facilities unless using same as a legitimate guest.

C. Common Elements. The common elements shall be used only for the purpose for which they are intended in the furnishing of services and facilities for the enjoyment of the units by their occupants.

D. Nuisances. No nuisances shall be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents, tenants or guests. All parts of the condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No

unit owner shall permit any use of his unit or make any use of the common elements that will increase the cost of insurance upon the condominium property above that required when the unit is used for the approved purposes.

E. Lawful use. No immoral, improper, offensive, or unlawful use shall be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification or repair of the condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned. All residents, tenants and guests shall abide by the Condominium Documents, including By-Laws and nondiscriminating rules and regulations which rules may be adopted from time to time in writing by the Association.

F. Additional use restrictions. The owner of a unit shall not cause anything to be affixed or attached to, hung, displayed or placed, on the exterior walls, doors or windows of the units nor the limited common elements or the common elements nor shall they cause any type of ground coverage to be installed nor shall they grow any type of plant, shrubbery, flower, vine or grass outside their unit, nor shall they cause awnings or storm shutters, screens, enclosures and the like to be affixed or attached to any units, limited common elements or common elements; nor shall they place any furniture or equipment outside their unit except with the prior written consent of the Board of Directors, and further, when approved, subject to the rules and regulations adopted by the Board of Directors. No clothes line or similar device shall be allowed on any portion of the condominium property, nor shall clothes be hung on any outside wall or railing.

G. Further Agreements. All unit owners agree as follows:

(1) To allow the Association Board of Directors, or their agents or employees to enter into any unit for the purpose of maintenance, inspection, repair, replacement of the improvements within the units, limited common elements, or the common elements, or to determine in case of emergency, circumstances threatening units or persons therein, limited common elements or the common elements.

(2) To show no signs, advertisements or notices of any type on the common elements, limited common elements, or his unit, and to erect no exterior antenna or aerials, except as consented to by the Board of Directors of the Association.

H. Enforcement. In the event the owner of a unit

fails to maintain the said unit and limited common elements, as required herein, or makes any alterations or additions without the required written consent, or otherwise violates or threatens to violate the provisions hereof, the Association, shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof and in addition thereto, the Association shall have the right to proceed in a court of competent jurisdiction against the Owner of a unit, for such necessary sums to remove any unauthorized addition or alteration and to restore the property to good condition and repair.

I. No Waiver of Use: No Owner of a condominium parcel may exempt himself from liability for his contribution toward the common expenses or, in the case of an owner of unit weeks in a condominium unit committed to interval ownership, the maintenance fee, by waiver of the use of and enjoyment of any of the common elements or the recreation facilities, or by the abandonment of his condominium unit.

J. Leasing. Entire units may be rented or leased, provided the occupancy is by only one family, its servants and guests. No rooms may be rented, except as a part of a unit. A lease agreement between a unit owner and his tenant shall not partition the unit from the common element amenities. If a unit is leased to a tenant, the tenant, to the exclusion of the unit owner, shall have the possessory right to use all common property. This provision shall not prohibit a unit owner who is renting his unit from being a legitimate guest of either his tenant or another unit owner. The Association, or its management designee, must approve all tenants or lessees.

K. Regulations.

(1) After turnover of control from Developer to Owner. Reasonable regulations concerning the appearance and the use of condominium property may be made and amended from time to time by the Association in a manner provided by its Articles of Incorporation and By-Laws. Copies of those regulations and amendments shall be furnished by the Association to all unit owners and residents of the condominium upon request.

(2) Original rules and regulations. The Developer has promulgated an original set of rules and regulations attached as Exhibit 3. These rules have been adopted by the Condominium

Association. Notwithstanding the provision in subsection F(1) above, the original rules and regulations attached as Exhibit 3 shall be amended only by a vote of 51% or more of all unit owners; provided, however, that the rules regarding pets may not be amended unless paragraph 24 of this Declaration is likewise amended as provided in paragraph 19 hereof.

L. Provisio. Provided, however, that until Developer has closed the sales of all of the units and of the condominium, neither the unit owners nor the Association nor the use of the condominium property shall interfere with the sale of the units. Developer may make such use of the unsold units and common areas without charge as may facilitate the sale, including but not limited to maintenance of a sales office, the showing of the property and the display of signs.

17. Maintenance of community interests. In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the units, the transfer of units by an owner shall be subject to the following provisions as long as the condominium exists and the building in useful condition exists upon the land, which provisions each unit owner covenants to observe:

A. Transfers subject to approval.

(1) Sale. No unit owner of a unit may dispose of a unit or any interest in a unit by sale without approval of the Association except to the owner of another unit. The Developer is exempt from this restriction.

(2) Lease. No unit owner may dispose of a unit or any interest in a unit by lease without approval of the Association except to the owner of another unit. A lease agreement for a term in excess of one year must be written and must, in addition to the tenant or lessee, be approved by the Association or its management designee. Lease may be orally approved if for less than one year. The Developer is not exempt from this restriction.

(3) Gift. If any unit owner shall acquire his title by gift, the continuance of his ownership of his unit shall be subject to the approval of the Association. This section shall not apply to gifts by a unit owner to a member of his immediate family (viz. spouse, children or parents). The Developer is exempt from this restriction.

(4) Other transfers. If any unit owner shall acquire his title by any manner not considered in the foregoing subsections, other than by devise or inheritance, the continuance of his ownership of his unit shall be subject to the approval of the Association. The Developer is exempt from this restriction.

B. Approval by the Association. The approval of the Association that is required by the transfer of ownership of units shall be obtained in the following manner:

(1) Notice to Association.

(a) Sale. A unit owner intending to make a bona fide sale of a unit or any interest in it shall give to the Association notice of that 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. The notice at the unit owner's option may include a demand by the unit owner that the Association furnish a purchaser of the unit if the proposed purchaser is not approved, and if that demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell.

(b) Lease. A unit owner intending to make a bona fide lease of a unit for a period in excess of a year shall give to the Association notice of that intention, together with the name and address of the intended lessee, such other information concerning the intended lessee as the Association may reasonably require and an executed copy of the proposed lease.

(c) Gifts and other transfers. A unit owner intending to make a gift of a unit or any interest in a unit, and a unit owner who has obtained his title by gift, or by any other manner not previously approved by the Association shall give to the Association information that the Association may reasonably require, and a certified copy of the instrument evidencing a transferee's title.

(d) Failure to give notice. If the above-required notice to the Association 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 on the date of that disapproval.

(e) Costs. A unit owner who is required to give notice to the Association of a transfer of ownership shall pay a reasonable fee to the Association in an amount determined by the regulations, but not to exceed \$50.00 to cover the costs incident to the determination by the Association. The fee shall be paid with the giving of the notice, and the notice shall not be complete unless the fee is paid; and if the notice is not given, the fee shall be assessed against the party owning the unit at the time of assessment.

(2) Certificate of approval.

(a) Sale. If the proposed transaction is a sale, then within fifteen (15) days after receipt of the notice

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and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the president and secretary of the Association in recordable form. The certificate shall be recorded in the Public Records of Volusia County, Florida at the expense of the purchaser.

(b) Lease. If the proposed transaction is a lease, in excess of one year, then within fifteen (15) days after receipt of the 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 the president and secretary of the Association in recordable form, which, at the election of the Association, shall be delivered to the lessee or shall be recorded in the Public Records of Volusia County, Florida at the expense of the lessee.

(c) Gifts and other transfers. If the notice is of an intended gift or the unit owner giving notice has acquired his title by gift, or in any other manner not previously approved by the Association, then within fifteen (15) days after receipt of the notice and information the Association must either approve or disapprove the donee or the continuance of the transferee's ownership of his unit. If approved, the approval shall be stated in a certificate executed by the president and secretary of the Association in recordable form. The certificate shall be recorded in the Public Records of Volusia County, Florida at the expense of the unit owner.

(3) Approval of corporate owner or purchaser. Since the condominium may be used only for residential purposes and a corporation cannot occupy a unit for that use, the approval of ownership of a unit by a corporation may be conditioned by requiring that all persons occupying the unit be approved by the Association.

C. Disapproval by the Association. If the Association shall disapprove a transfer or ownership of a unit, the matter shall be treated in the following manner:

(1) Sale. If the proposed transaction is a sale and if the notice of sale given by the unit owner shall so demand, then within fifteen (15) days after receipt of the notice and information the Association shall deliver or mail by certified mail to the unit owner an agreement signed by a purchaser approved by the Association and obligating the purchaser to buy the unit upon the terms hereafter stated. The seller shall be obligated to sell the unit to the purchaser upon the following terms:

(a) At the option of the purchaser to be stated in the agreement, the price to be paid shall be that stated in the disapproved contract to sell or shall be the fair market value determined by arbitration in accordance with the

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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 decision rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(b) The purchase price shall be paid in cash, or upon terms approved by the seller.

(c) The sale shall be closed within thirty (30) days after the delivery or mailing of the agreement to purchase, or within ten (10) days after the determination of the sale price if it is by arbitration, whichever is the later.

(d) A certificate of the Association executed by its president and secretary and approving the purchaser shall be recorded in the Public Records of Volusia County, Florida, at the expense of the purchaser.

(e) If the Association shall fail to provide a purchaser upon the demand of the unit owner in the manner provided, or if a purchaser furnished by the Association shall default in his agreement to purchase, then notwithstanding the disapproval the proposed transaction as contained in the unit owners original notice of intent to sell shall be deemed to have been approved and the Association shall furnish a certificate of approval as elsewhere provided. The certificate shall be recorded in the Public Records of Volusia County, Florida, at the expense of the purchaser.

(2) Lease. If the proposed transaction is a lease, the unit owner shall be advised in writing of the disapproval and the lease shall not be made.

(3) Gifts and other transfers. If the notice is of a proposed gift, the unit owner shall be advised in writing of the disapproval and the gift shall not be made. Any attempted gift to a party who is not approved by the Association shall be void. If the unit owner giving notice has acquired his title by gift, or in any other manner, then within thirty (30) 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 an agreement signed by a purchaser approved by the Association and obligating the purchaser to buy the unit upon the terms hereafter stated. The unit owner shall be obligated to sell the unit to the purchaser upon the following terms:

(a) The sale price shall be the fair market value determined by agreement between the unit owner and purchaser

within thirty (30) days from the delivery or mailing of the agreement. In the absence of agreement as to price, the price shall be determined by arbitration in accordance with the ten 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 of specific performance of the sale upon the decision rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser.

(b) The purchase price shall be paid in cash or upon terms approved by the unit owner.

(c) The sale shall be closed within ten (10) days following the determination of the sale price.

(d) A certificate of the Association executed by its president and secretary and approving the purchaser shall be recorded in the Public Records of Volusia County, Florida, at the expense of the purchaser.

(e) If the Association shall fail to provide a purchaser in the manner provided, or if a purchaser furnished by the Association shall default in his agreement to purchase, then notwithstanding the disapproval the ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided. The certificate shall be recorded in the Public Records of Volusia County, Florida at the expense of the unit owner.

D. Exceptions. The foregoing provisions of the section entitled "Maintenance of community interests" shall not apply to:

(1) a transfer to or purchase by an institutional lender that acquires its title as the result of owning a mortgage upon the unit concerned, whether the title is acquired by deed from the mortgagor, his successor or assigns, or through foreclosure proceedings;

(2) a transfer, sale or lease by an institutional lender that so acquires its title;

(3) a transfer to a purchaser who acquires the title to a unit at a duly advertised public sale with open bidding that is provided by law, such as but not limited to execution sale, foreclosure sale, judicial sale or tax sale;

(4) a mortgage or transfer to Developer, a purchase or other acquisition by Developer, a sale or transfer by Developer to a third party (excepting leases)

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(5) a gift by a unit owner to a member of his immediate family (viz. spouse, children or parents).

(6) title acquired by devise or inheritance.

E. Unauthorized transactions. Any sale, lease, or assignment of lease that is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

F. Lessees or Tenants residing less than one (1) year. The Association shall promulgate uniform rules for approving tenants or lessees residing less than one year.

18. Compliance and default. Each unit owner and the Association shall be governed by and shall comply with the terms of the Declaration of Condominium, Articles of Incorporation of the Association and the By-Laws and Regulations adopted pursuant to those documents, and all of those documents and regulations as they may be amended from time to time. The Board of Directors of the Association is hereby granted the authority to appoint a committee or committees of unit owners for the purpose of implementing and enforcing the terms of these documents and regulations under the rules of procedure contained in the By-Laws. The Association and unit owners shall be entitled 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 made necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that the expense is not met by the proceeds of insurance carried by the Association.

B. Costs and attorneys' fees. In any proceeding arising because of an alleged failure of a unit owner or the Association to comply with the requirements of The Condominium Act, this Declaration, the Articles of Incorporation of the Association, the By-Laws, or the Regulations, and those items as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees.

C. No waiver of rights. The failure of the Association or any unit owner to enforce any covenant, restriction or other provision of The Condominium Act, this Declaration, the Articles of Incorporation of the Association, the By-Laws or the Regulations shall not constitute a waiver of the right to do so thereafter.

19. Amendments. Except as elsewhere provided, this Declaration of Condominium may be amended in the following manner:

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

B. Adoption. A resolution for the adoption of a proposed amendment may be proposed at any regular or special meeting of the Association called in accordance with the By-Laws at which a quorum is present. Such amendment may be proposed by either the Board of Directors of the Association or by the members at a meeting of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing that approval is delivered to the secretary at or prior to the meeting.

(1) Except as elsewhere provided, the approvals must be either by:

(a) not less than 75% of the entire membership of the Board of Directors and by not less than 75% of the unit owners;

(b) not less than 85% of the votes of the entire membership of the Association; or

(c) not less than 75% of the entire membership of the Board of Directors in the case of amendments that are only for one or more of the following purposes:

(i) To correct misstatements of fact, typographical or clerical errors in the Declaration and its exhibits.

(ii) To change the boundaries between units in the manner elsewhere stated provided the amendment is signed and acknowledged by the owners, lienors and mortgagees of the unit or units concerned.

(iii) To adopt amendments of Sections 14 and 15 entitled "Insurance" and "Reconstruction and repair" that are reasonably required by insurers or mortgagees of condominium property.

(2) Until such time as the unit owners other than the Developer are entitled to elect a majority of the directors, Developer reserves the right with the consent of the record owner of all mortgages, to amend, modify, alter or annul any of the covenants, restrictions or conditions of this Declaration.

C. Provisio. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units, unless the unit owners so affected shall

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consent; and no amendment shall change the configuration of size of any condominium unit in any material fashion, materially alter or modify the appurtenances to the unit, or change the proportion or percentage by which the owner of the unit shares the common expenses and owns the common surplus unless the record owner of the unit and the record owners of all mortgages on the unit join in the execution of the amendment and unless the record owners of seventy five (75%) of all of the other units approve the amendment. Neither shall an amendment make any change in the sections entitled "Insurance", "Reconstruction and Repair", "Maintenance of Community Interests" and "Amendments" unless the record owners of all mortgages upon the condominium shall join in the execution of the amendment.

D. Execution and recording. An amendment adopted in any manner shall be evidenced by attaching a copy of the amendment to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with the formalities of a deed. The amendment shall be effective when the certificate and copy of the amendment are recorded in the Public Records of Volusia County, Florida.

20. Termination. The condominium may be terminated in the following ways in addition to the manner provided by The Condominium Act.

A. Destruction. If it is determined in the manner elsewhere provided that the condominium shall not be reconstructed because of major damage, the condominium plan of ownership thereby will be terminated without agreement.

B. Agreement. The condominium may be terminated by approval in writing of all record owners of mortgages on units.

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 Volusia County, Florida.

D. Shares of owners after termination. After termination of the condominium, 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. The undivided shares of the unit owners shall be the same as the undivided shares of the common elements appurtenant to the owners' units prior to the termination.

E. Amendment. This section concerning termination

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cannot be amended without consent of all unit owners and of all record owners of mortgages upon the units.

21. Turnover of Association control to unit owners other than the Developer.

A. Turnover of control. Control of the Condominium Association shall remain with the Developer until turned over to the unit owners. The turnover to the unit owners shall take place under the following schedule.

When unit owners other than the Developer own 15% or more of the units in the Condominium, the unit owners other than the Developer shall be entitled to elect no less than one-third of the members of the Board of Administration of the Association. Unit owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Administration:

(1) Three years after 50% of the units that will be operated ultimately by the Association have been conveyed to purchasers;

(2) Three months after 90% of the units that will be operated ultimately by the Association have been conveyed to purchasers;

(3) When all units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business; or

(4) When some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, which ever occurs first.

The Developer is entitled to elect at least one member of the Board of Administration of the Association as long as the Developer holds for sale in the ordinary course of business at least 5% of the units in the Condominium.

No part of the Condominium property that will be used by the unit owners is or will be in control of any person other than the Developer and will all be turned over to the unit owners and the Association at the time the unit owners, other than the Developer, elect a majority of the Board of Directors of the Association.

B. Manager's Unit. There is no manager's unit provided in this Condominium.

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22. Limitation on Acts of Condominium Association. Except where statutory provisions provide otherwise, or this Declaration or the Articles or By-Laws provide for stricter restraints; unless at least two-thirds (2/3) of the first mortgagees, or two-thirds (2/3) of the unit owners (other than Developer) have given their prior written approval, the Condominium Association shall not be entitled to:

A. by act or omission, seek to abandon or terminate the condominium project;

B. change the pro rata interest or obligations of any individual condominium unit for the purpose of: (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each condominium unit in the common elements except as necessary to allow the phasing in accordance with this Declaration and the Prospectus.

C. partition or subdivide any condominium unit;

D. by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public utilities or for other public purposes consistent with the intended use of the common elements by the condominium project shall not be deemed a transfer within the meaning of this clause) except as necessary to allow the phasing in accordance with this Declaration and Prospectus.

E. Use hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such condominium property.

23. Cable Television. The Association by action of its Board of Directors, is authorized to enter into agreements to provide cable television service, to be given to the owners or occupants of units of the condominium, upon such terms and conditions as the Board of Directors shall approve, including but not limited to the authority of the Association to enter into a service contract in which the cost shall be treated as a common expense. This authority shall be liberally construed to allow the placement of cables, equipment and all necessary adjunctive mechanical, electro-mechanical, electrical and/or electronic devices upon the condominium property as the Board of Directors shall approve to effectuate the intentions of this paragraph. Unit owners shall have the right to have cable television service extended and provided within their units without action of the Board of Directors and such services may be brought to the unit owners requiring or desiring such services over the common elements of the condominium

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and as other utility services may be extended to the condominium units, providing that such installation shall not be unsightly and that such installation shall not interfere with the reasonable, lawful and peaceful use of the common elements and the limited common elements by the persons entitled to use them. Nothing in this paragraph shall be construed to impose upon the Developer or any other person, either real or corporate, the obligation to provide or install cable television facilities in this condominium, nor to prohibit such installation. Unit owner are prohibited from installing any type antenna on the roof or on any part of the exterior of the condominium.

24. Pets. There shall be no restriction as to pets; provided that no pet may be kept that causes an annoyance of any kind to other unit owners.

25. Management Agreement. The Association may hire a management company to assist in the supervision of the condominium to the extent provided by Florida Law.

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

27. Notices.

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

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

(c) Developer. Notices to the Developer shall be delivered by registered or certified mail at:

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Atlantic 22 Ltd.
2390 North Ocean Shore Blvd.
Ormond Beach, Florida 32074

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

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

28. Savings Accounts, Investments. The Association shall have the power to establish and maintain a national or state bank or a federal savings and loan association, interest bearing accounts for such purposes as it may see fit to establish from time to time. The Association shall have the power to invest money of the Association in any obligation guaranteed as to payment by the United States.

29. Enforcement.

(a) Review Committee. For the purposes of enforcing the terms and provisions of the Declaration of Condominium and the Articles of Incorporation of Atlantic 22 Condominium Association, Inc., the By-Laws and the rules and regulations adopted by the Board of Directors, is hereby created and established the Atlantic 22 Review Committee.

(b) Composition. The Atlantic 22 Review Committee shall consist of five (5) members, all of whom shall be unit owners and at least one (1) of whom shall be a member of the Board of Directors of the Association. The members of the committee shall be appointed by the Board of Directors and shall serve for a term of one (1) year and thereafter until their successor is appointed. The committee shall elect its own chairman and its own secretary who shall keep minutes of all proceedings of the committee.

(c) Duty to Investigate. It shall be the duty of the committee to investigate any alleged violation of the terms and provisions of the Declaration of Condominium, the Articles of Incorporation of Atlantic 22 Condominium Association, Inc., these By-Laws and the Rules and Regulations adopted by the Board of Directors of the Association. Alleged violations may be brought to the committee by a complaint in writing signed by a

unit owner and may be referred to the committee by the Board of Directors or the committee may act upon its own motion.

(d) Written Complaint. An action under this section may be initiated upon the filing of a written complaint by any member of the Association or by any officer or member of the Board of Directors with the Board. The complaint shall constitute a written statement of charges which shall set forth in ordinary and concise language the acts or omissions with which the respondent is charged, to the end that the respondent will be able to prepare his defense. The complaint shall specify the specific provisions of The Condominium Act, the Declaration of Condominium, Articles of Incorporation, By-Laws or Rules and Regulations which the respondent is alleged to have violated, but shall not consist merely of charges phrased in the language of such provisions without supporting facts.

(e) Service of Complaint. Upon the filing of the complaint, the Board shall serve a copy thereof on the respondent by any of the following means: (1) personal delivery or (2) by registered or certified mail, return receipt requested, and addressed to respondent, at the address appearing on the books of the Association. Service by mailing or posting shall be deemed delivered and effective two (2) days after such posting and mailing in a regular depository of the United States Mail. The complaint shall be accompanied with a postcard or other written form entitled "Notice of Defense" which, when signed by the respondent, or on behalf of respondent, will constitute a notice of defense hereunder. No order adversely affecting the rights of the respondent shall be made in any case, unless the respondent shall have been served as provided herein. The matter shall then be referred to the Review Committee for hearing.

(f) Notice of Hearing. Along with service of complaint, the committee shall serve a Notice of Hearing, as provided herein, on all parties at least fourteen (14) days prior to the hearing. The notice to the respondent shall be substantially in the following form but may include other information.

"You are hereby notified that a hearing will be held before the Atlantic 22 Review Committee at _____, on the _____ day of _____, 19____, at the hour of _____ upon the charges made in the complaint served upon you. You may be present at the hearing, may but need not be represented by counsel, may have a court reporter present at the hearing, may present any relevant evidence and you will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to compel the attendance of witnesses and the production of books, documents or other items by applying to the Board of Directors of the Association."

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If any of the parties can, within twenty-four (24) hours, show good cause as to why they cannot attend the hearing on the set date and indicate times and dates on which they would be available the committee may reset the time and date of hearing and promptly deliver notice of the new hearing date.

(g) Notice of Defense. Service of complaint and Notice of Hearing shall be accompanied by a Notice of Defense.

The Notice of Defense shall state the respondent may:

(1) Attend a hearing before the committee a hereinafter provided;

(2) Object to a complaint upon the grounds that it does not state acts or omissions upon which the committee may proceed;

(3) Object to the form of the complaint on the grounds that it is so indefinite or uncertain that the respondent cannot identify the violating behavior or prepare his defense; or

(4) Admit to the complaint in whole or in part. In such event the committee shall meet to determine appropriate action or penalty, if any. Any objections to the form or substance of the complaint shall be considered by the committee within ten (10) days of their receipt. The committee shall notify said parties within said ten (10) day period. If the complaint is insufficient, the complaining party shall have seven (7) days within which to amend the complaint to make it sufficient. The same procedure as set forth above shall be followed with respect to any amended or supplemental complaint. If it is determined by the committee that the complaint is still insufficient, then the matter shall be dismissed by the committee.

(h) Cease and Desist Orders. The committee may, at its own discretion, issue a cease and desist order, along with the complaint statement to respondent and Notice of Defense, such cease and desist order to be substantially in the following form:

"The Atlantic 22 Review Committee has received the attached complaint."

"The committee hereby requests that you CEASE AND DESIST such acts or actions until such time, if any, as a ruling of the committee or court of law permits."

"Failure to comply with this request may result in penalty greater than that which would be imposed

for a single violation."

i. Amended or Supplemental Complaints. At any time prior to the hearing date, the committee may file or permit the filing of an amended or supplemental complaint. All parties shall be notified thereof in the manner herein provided. If the amended or supplemental complaint presents new charges, the committee shall afford the respondent a reasonable opportunity to prepare his defense thereto.

j. Discovery. Upon written request to the other party, made prior to the hearing and within fifteen (15) days after service of the complaint by the committee or within ten (10) days after service of any amended or supplemental complaint, either party is entitled to (1) obtain the names and addresses of witnesses to the extent known to the other party, and (2) inspect and make a copy of any statements, writing and investigate reports relevant to the subject matter of the hearing. Nothing in this section, however, shall authorize the inspection or copying of any writing or thing which is privileged from disclosure by law or otherwise made confidential or protected as the attorney's work product. Any party claiming his request of discovery has not been complied with shall submit a petition to compel discovery with the committee. The committee shall make a determination and issue a written order setting forth the matters or parts thereof which the petitioner is entitled to discover.

k. Notarized Statements. At any time ten (10) or more days prior to a hearing or a continued hearing, any party shall mail or deliver to the opposing party a copy of any sworn statement which that party proposes to introduce in evidence together with a notice as provided below. Unless the opposing party, within seven (7) days after such mailing or delivery, mails or delivers to the proponent a request to cross-examine such author is not afforded after request is made as herein provided, the statement may be introduced in evidence; but shall be given only the same effect as hearsay evidence.

l. Constraints on the Committee. It shall be incumbent upon each member of the committee to make a determination as to whether he is able to function in a disinterested and objective manner in consideration of the case before it. Any member incapable of such objective consideration of the case shall disclose such to the committee and remove himself from the proceedings and have it so recorded in the minutes.

In any event, the respondent may challenge any member of the committee for cause, where a fair and impartial hearing cannot be afforded, at any time prior to the taking of evidence and testimony at the hearing. In the event of such a challenge, the committee shall meet to determine the sufficiency of the challenge. If a majority of the committee sustains the challenge,

the president shall appoint a member to replace the challenged member of the committee.

m. Hearing.

(1) Whenever the committee has commenced to hear the matter and a member of the committee is forced to withdraw prior to a final determination, the remaining members shall continue to hear the case and the President shall replace the withdrawing member. Oral evidence shall be taken only on oath or affirmation administered by an officer of the Association.

(2) Each party shall have these rights: to call and examine witnesses; to introduce exhibits; to cross-examine opposing witnesses; and to rebut the evidence against him. Even if the respondent does not testify on his own behalf, he may still be called and examined as if under cross-examination.

(3) The hearing need not be conducted according to technical rules relating to evidence and witnesses. Generally, any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule which might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding.

(4) The chairman of the committee shall serve as hearing officer and preside over the hearing. At the beginning of the hearing, the hearing officer shall explain the rules and procedures by which the hearing is to be conducted. Generally, each principal is entitled to make an opening statement, starting with the complaint. Then each party is entitled to produce evidence, witnesses and testimony and to cross-examine the witnesses and opposing party. Then each party is entitled to make a closing statement. Any party may waive the rights to exercise any part of this process, and the committee is entitled to exercise its discretion as to the specific manner in which the hearing will be conducted, so long as the above rights are protected.

n. Authorized Action. At the conclusion of testimony, the committee shall deliberate the evidence. By a vote of its members the committee shall determine whether the allegations as presented constitute a violation. If the committee concludes that a violation has taken place, it may have the following elections.

(1) Reprimand.

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(2) Levying a fine in such amount as may be reasonable under the circumstances, and consistent with Florida Law.

(3) Authorize the initiation of appropriate action.

0. Fines. Fines levied by the committee pursuant to this Article VIII shall be collectible in any manner allowed by Florida Law.

p. Appeals. In the event either party is aggrieved by the decision or actions of the committee, procedural or final, the aggrieved party may appeal the decision or action within ten (10) days of the action to the Board of Directors who shall review the matter on the record and render a decision within thirty (30) days from the receipt of the record of the hearing.

30. Miscellaneous Provisions.

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

b. Dividing or Combining Units. The Association may from time to time authorize the removal or addition of a wall or portion of a wall between units in order that said units may be used as one integral unit or in order that said units might be used together as one integral unit or in order to add to or subtract from space in any unit, provided, that no such alteration shall be made without the consent of all unit owners whose units are directly affected thereby. If the joinder or division of units is permitted, the share of the common elements and common expenses and surplus appurtenant to the altered units may be reapportioned by the unit owners owning such altered units, provided, no such reapportionment shall affect the share of common elements, common expenses or surplus appurtenant to units not so altered. If a joinder or division of units is permitted and the share of common elements, common surplus or common expenses appurtenant to such units reapportioned, such changes shall be reflected by an amendment to this Declaration. Said amendment shall be signed by the president and secretary of the Association, each affected unit owner, and their respective mortgagees.

c. Attorneys' Fees. In addition to the remedies provided in Section 718, The Florida Condominium Act, should the Association find it necessary to employ an attorney at law to enforce any obligation of a unit owner under the condominium

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documents, the offending unit owner shall reimburse the association for reasonable attorneys' fees incurred by it in connection with such default.

d. Agreement for Recreational Facilities. Subsequent to the filing of this Declaration, the Association may, either alone or in concert with other Condominium Associations, purchase and/or acquire and enter into agreements, from time to time, whereby it acquires leaseholds, memberships and other possessory or use interest inland or facilities, including, but not limited to, country clubs, golf courses, marinas and other recreational facilities, whether or not contiguous to the condominium property intended to provide for the enjoyment, recreation and other use or benefit of the unit owners. The expense of ownership, rental membership fees, operations, replacements, and other undertakings in connection therewith shall be common expenses together with all other expenses and costs herein or by law defined as common expenses.

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

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

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

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

i. Warranties. Subject to the provisions of Section 718.203, F.S., and 718.618, F.S., of the Florida Condominium Act, the Developer specifically disclaims any intent to have made any warranty or representation in connection with the property or the Condominium Documents, except as specifically set forth therein, and no person shall rely upon any warranty or representation not specifically made therein unless otherwise stated. Maintenance fees, common expenses, taxes or other charges are estimates only

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and no warranty, guaranty or representation is made or intended, nor may one be relied upon.

j. Acceptance by Association. The Association, by its execution of this Declaration of Condominium, approves the foregoing and all of the covenants, terms and conditions, duties and obligations of this Declaration and Exhibits attached hereto. Each unit owner, by virtue of its acceptance of a deed of conveyance to a condominium parcel, and other parties, by virtue of their occupancy of units, hereby approve the Declaration and all of the terms and conditions, duties and obligations set forth in Condominium Documents.

k. Partition. No unit owner shall bring, or have any right to bring, any action for partition or division of the condominium property.

l. Developer's Assessments. The Developer or other person owning condominium units and succeeding to the rights and duties of developer shall be excused from the payment of its share of the common expense with respect to units during such period of time that it shall have guaranteed that the assessment for common expenses of the condominium, imposed upon the unit owners other than the developer, shall not increase over a stated dollar amount; with the developer obligated to pay any amount of common expenses incurred during that period which are not produced by the assessments at the guaranteed level receivable from other unit owners. Developer guarantees that the assessments for common expenses will not increase above the dollar figures in the February 1, 1990 estimated operating budget of \$130.00 per month for a 2 bedroom unit; and for the budget year beginning February 1, 1991 of \$149.50 for a two bedroom unit. The Developer will fund any shortfall produced by the collection of assessments at the guaranteed levels for the budget years beginning February, 1990, and February, 1991. In exchange for this guarantee, developer will not pay assessments on unsold units. This composite guarantee begins February 1, 1990, and ends February 1, 1992.

m. Developer's Liability. Notwithstanding any other provision of this Declaration, no partner of Developer shall have any liability whatsoever on account of the Developer's obligation, except to the extent of his interest in the property which is submitted to condominium ownership hereby.

n. Other Restrictions. The real property submitted to condominium ownership herewith is subject to conditions, limitations, restrictions, reservations, all matters of record and the rights of the United States of America, the State of Florida, or any governmental authority or agency as to any submerged lands and as to any lands lying below the natural ordinary high-water line of the surrounding bodies of water, taxes, applicable zoning ordinances now existing or which may hereafter exist, easements for ingress and egress for pedestrian and vehicular purposes, easements for

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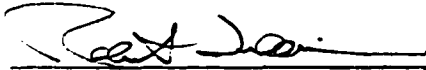
utility service and drainage now existing or hereafter granted by the Developer for the benefit of such persons as the Developer designates, and the said Developer shall have the right to grant such easements and designate the beneficiaries thereof for such time as it determines in its sole discretion, and thereafter, the Association shall be empowered to grant such easements on behalf of its members. During the period of time that the Developer has the right to grant the foregoing easements, the consent and approval of the Association and its members shall not be required. The right to grant the foregoing easements shall be subject to said easements not structurally weakening the buildings and improvements upon the condominium property, nor unreasonably interfering with the enjoyment of the condominium property by the Association's members.

o. Service Contracts. In order to insure the condominium and the complex with adequate and uniform water service and sewage disposal service, the Developer may and hereby reserves the exclusive right to contract or provide for the servicing of said condominium and the unit owners therein with said services unless relinquished in writing. Pursuant to the foregoing, the Developer has, will or may contract with a utility company, which may include a municipal or governmental agency or authority, for the furnishing of said services, and the Association and unit owners agree to pay the charges therefor pursuant to and to comply with all the terms and conditions of said utility agreement.

p. Condominium Act. Notwithstanding the fact that the present provisions of the Condominium Act of the State of Florida are incorporated by reference and included herein thereby, the provisions of this Declaration and Exhibits attached hereto shall be paramount to the Condominium Act as to those provisions where permissive variances are permitted; otherwise, the provisions of said Condominium Act shall prevail and shall be deemed incorporated therein.

WITNESS our hands and seals this 20th day of January,
A.D., 1989.

ATLANTIC 22, LTD.
A FLORIDA LIMITED PARTNERSHIP
By Its Corporate General Partner
ROBERT L. HILLMAN, INC., a Florida
corporation


ROBERT L. HILLMAN, President

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STATE OF FLORIDA

COUNTY OF VOLUSIA

The foregoing instrument was acknowledged before me this 20th day of January A.D., 1989, by Robert L. Hillman as President of Robert L. Hillman, Inc., the Corporate General Partner of Atlantic 22 Ltd., a Florida limited partnership.


Notary Public, State of Florida
at Large

My Commission Expires:

Notary Public, State of Florida

My Commission Expires March 19, 1991

Bonded thru Troy Fair - Insurance Co.

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SCHEDULES ATTACHED TO THE DECLARATION OF CONDOMINIUM

SURVEY, PLOT PLAN, FLOOR PLANS, LEGAL DESCRIPTION,
IDENTIFICATION OF UNITS, CERTIFICATE OF SURVEYOR,
PERCENTAGE OF OWNERSHIP OF COMMON EXPENSE AND COMMON
SURPLUS, AND ESTIMATED OPERATING BUDGET

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SCHEDULE A

LEGAL DESCRIPTION

LEGAL DESCRIPTION - ATLANTIC 22 CONDOMINIUM

LEGAL DESCRIPTIONS:

LOT 1, RAYMONDE SHORES, ACCORDING TO MAP OR PLAT THEREOF AS RECORDED IN MAP BOOK 19, PAGE 161, OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, TOGETHER WITH LAND LYING EASTERLY OF OCEAN SHORE BOULEVARD LYING BETWEEN THE NORTHERLY AND SOUTHERLY EXTENSIONS OF SAID LOT 1 TO THE HIGH WATER MARK OF THE ATLANTIC OCEAN, AND THE APPURTENANT RIPARIAN AND LITTORAL RIGHTS.

LOT 2, RAYMONDE SHORES, ACCORDING TO MAP OR PLAT THEREOF AS RECORDED IN MAP BOOK 19, PAGE 161, OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA.

A PORTION OF LOT 11 AND THE NORTH 60 FEET OF LOT 12, ORMOND BEACH ESTATES, ACCORDING TO MAP OR PLAT THEREOF AS RECORDED IN MAP BOOK 6, PAGE 170, OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE INTERSECTION OF THE SOUTH LINE OF LOT 10 OF SAID ORMOND BEACH ESTATES, WITH THE WESTERLY LINE OF OCEAN SHORE BOULEVARD, SAID SOUTH LINE OF LOT 10 BEING ALSO THE SOUTH LINE OF BERKLEY ROAD, A 50 FOOT STREET AS NOW LAID OUT, AND SAID POINT OF INTERSECTION BEING SOUTH 22°49'30" EAST, A DISTANCE OF 1097.59 FEET FROM THE NORTH LINE OF SECTION 27, TOWNSHIP 13 SOUTH, RANGE 32 EAST, AS MEASURED ALONG THE WESTERLY LINE OF SAID OCEAN SHORE BOULEVARD; THENCE GO SOUTH 22°49'30" EAST ALONG THE SAID WESTERLY LINE OF OCEAN SHORE BOULEVARD, A DISTANCE OF 61.08 FEET TO THE POINT OF BEGINNING OF THE PROPERTY HEREIN CONVEYED, FROM SAID POINT OF BEGINNING GO SOUTH 70°10'30" WEST, A DISTANCE OF 150 FEET TO A POINT; THENCE SOUTH 19°49'30" EAST, A DISTANCE OF 79.5 FEET TO A POINT IN THE SOUTH LINE OF SAID NORTH 60 FEET OF SAID LOT 12; THENCE NORTH 89°18'30" EAST ALONG SAID SOUTH LINE, A DISTANCE OF 176.3 FEET TO A POINT IN THE WESTERLY LINE OF OCEAN SHORE BOULEVARD; THENCE NORTH 22°49'30" WEST, ALONG SAID WESTERLY LINE OF OCEAN SHORE BOULEVARD, A DISTANCE OF 113.0 FEET TO THE POINT OF BEGINNING; TOGETHER WITH THE SOUTHERLY 113.0 FEET AS MEASURED ALONG OCEAN SHORE BOULEVARD OF THE FOLLOWING DESCRIBED PARCEL; ALL THAT PORTION OF LOT 11, NORTH 60 FEET OF LOT 12, ORMOND BEACH ESTATES, OF RECORD IN MAP BOOK 6, PAGE 170, OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, AS LIES EASTERLY OF OCEAN SHORE BOULEVARD, AN 80 FOOT STREET AS NOW LAID OUT, TOGETHER WITH ANY AND ALL RIPARIAN AND LITTORAL RIGHTS APPERTAINING THERETO.

A PORTION OF LOT 11, ORMOND BEACH ESTATES, AS RECORDED IN MAP BOOK 6, PAGE 170, PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF LOT 10 AND/OR THE NORTH LINE OF SAID LOT 11, BEING ALSO THE SOUTH LINE OF BERKELEY ROAD, A 50 FOOT STREET, WITH THE WEST LINE OF OCEAN SHORE BOULEVARD, AN 80 FOOT STREET, ALL AS NOW ESTABLISHED AND OCCUPIED; THE SAID POINT OF INTERSECTION BEING SOUTH 22°49'30" EAST, A DISTANCE OF 1097.59 FEET FROM THE NORTH LINE OF SECTION 27, TOWNSHIP 13 SOUTH, RANGE 32 EAST, AS MEASURED ALONG THE WESTERLY LINE OF SAID OCEAN SHORE BOULEVARD, FROM SAID POINT OF BEGINNING RUN SOUTH 22°49'30" EAST, ALONG THE WESTERLY LINE OF OCEAN SHORE BOULEVARD, A DISTANCE OF 61.08 FEET TO A POINT; THENCE SOUTH 79°10'30" WEST, A DISTANCE OF 150 FEET TO A POINT; THENCE NORTH 17°21'48" WEST, A DISTANCE OF 88.26 FEET TO A POINT IN THE AFORESAID SOUTH LINE OF BERKLEY ROAD; THENCE NORTH 89°07'30" EAST, A DISTANCE OF 150 FEET TO THE POINT OF BEGINNING, TOGETHER WITH ALL OF THAT PORTION OF LOT 11 AND THE NORTH 60 FEET OF LOT 12 AND THE SOUTH 20 FEET OF LOT 10, ORMOND BEACH ESTATES, OF RECORD IN MAP BOOK 6, PAGE 170, AS LIES EASTERLY OF OCEAN SHORE BOULEVARD, AN 80 FOOT STREET AS NOW LAID OUT, EXCEPTING THE SOUTHERLY 113 FEET THEREOF AS MEASURED ALONG OCEAN SHORE BOULEVARD, WITH ALL LITTORAL RIGHTS AND ACCRETIONS.

LESS AND EXCEPT THE FOLLOWING PROPERTY: SEE SECOND PAGE HEREOF

LESS AND EXCEPT

RIGHT-OF-WAY CONVEYANCE WESTERLY SIDE OF OCEAN SHORE BLVD.:

A PORTION OF LOTS 11 AND 12, ORMOND BEACH ESTATES, AS PER MAP OR PLAT OF RECORD IN MAP BOOK 6, AT PAGE 170 OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, TOGETHER WITH A PORTION OF LOT L, RAYMONDE SHORES, AS PER MAP OR PLAT OF RECORD IN MAP BOOK 19, AT PAGE 161 OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: AS A POINT OF BEGINNING COMMENCE AT THE SOUTHEASTERLY CORNER OF SAID LOT 1, RAYMONDE SHORES; THENCE SOUTH 89 DEGREES, 24 MINUTES 42 SECONDS WEST, ALONG THE SOUTHERLY LINE OF SAID LOT 1, RAYMONDE SHORES, 10.80 FEET; THENCE NORTH 22 DEGREES, 49 MINUTES, 30 SECONDS WEST, PARALLEL TO AND 10.00 FOOT WESTERLY OF THE WESTERLY RIGHT-OF-WAY LINE OF OCEAN SHORE BLVD. (AN 80 FOOT RIGHT-OF-WAY AS MONUMENTED AND OCCUPIED) 283.34 FEET; THENCE NORTH 89 DEGREES, 02 MINUTES, 45 SECONDS EAST ALONG THE NORTHERLY LINE OF SAID LOT 11 OF SAID ORMOND BEACH ESTATES AND/OR THE SOUTHERLY RIGHT-OF-WAY LINE OF BERKLEY ROAD AS MONUMENTED AND OCCUPIED, 10.78 FEET; THENCE SOUTH 22 DEGREES, 49 MINUTES, 30 SECONDS EAST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF SAID OCEAN SHORE BLVD. AS MONUMENTED AND OCCUPIED, 283.41 FEET TO THE POINT OF BEGINNING.

RIGHT-OF-WAY CONVEYANCE EASTERLY SIDE OF OCEAN SHORE BLVD.:

A PORTION OF LOTS 10, 11, 12 AND 13, ORMOND BEACH ESTATES, AS PER MAP OR PLAT OF RECORD IN MAP BOOK 6, AT PAGE 170 OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: AS A POINT OF REFERENCE COMMENCE AT THE SOUTHEASTERLY CORNER OF LOT 1, RAYMONDE SHORES, AS PER MAP OR PLAT OF RECORD IN MAP BOOK 19, AT PAGE 161 OF THE PUBLIC RECORDS OF VOLUSIA COUNTY, FLORIDA; THENCE NORTH 09 DEGREES 24 MINUTES, 42 SECONDS EAST ALONG THE EASTERLY PROJECTION OF THE SOUTHERLY LINE OF SAID LOT 1, RAYMONDE SHORES, 86.43 FEET TO THE POINT OF BEGINNING OF THE FOLLOWING DESCRIBED LANDS; THENCE NORTH 22 DEGREES, 49 MINUTES, 30 SECONDS WEST ALONG THE EASTERLY RIGHT-OF-WAY LINE OF OCEAN SHORE BLVD. (AN 80 FOOT RIGHT-OF-WAY AS MONUMENTED AND OCCUPIED) 305.57 FEET; THENCE NORTH 89 DEGREES, 02 MINUTES, 45 SECONDS EAST ALONG THE NORTHERLY LINE OF THE SOUTHERLY 20 FOOT OF SAID LOT 10, ORMOND BEACH ESTATES, 10.78 FEET; THENCE SOUTH 22 DEGREES 49, MINUTES, 30 SECONDS EAST, PARALLEL TO AND 10 FOOT EASTERLY OF THE EASTERLY RIGHT-OF-WAY LINE OF SAID OCEAN SHORE BLVD. AS MEASURED PERPENDICULAR THERETO. 305.64 FEET; THENCE SOUTH 89 DEGREES, 24 MINUTES, 42 SECONDS WEST ALONG THE EASTERLY PROJECTION OF THE SOUTHERLY LINE OF SAID LOT 1, RAYMONDE SHORES, 10.8 FEET TO THE POINT OF BEGINNING.

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