

ISLANDER BEACH RESORT PHASE I THROUGH VI



1601 S. Atlantic Ave. • New Smyrna Beach, FL 32169

PUBLIC OFFERING STATEMENT

GEORGIA ADDENDUM TO THE PUBLIC OFFERING STATEMENT

FOR

ISLANDER BEACH CLUB RESORTS

I. General Information.

1. Registration. Islander Beach Club Resorts, has registered with the Georgia Real Estate Commission. The Georgia Real Estate Commission, by accepting registration, does not in any way endorse or recommend the purchase of these timeshare intervals. The Georgia Timeshare Act requires that the following information on this timeshare project be disclosed to all Purchasers.

YOU MAY CANCEL WITHOUT PENALTY OR OBLIGATION ANY SALES AGREEMENT WHICH YOU HAVE SIGNED FOR THE PURCHASE OR LEASE OF A TIMESHARE INTERVAL WITHIN SEVEN (7) DAYS, SUNDAYS AND HOLIDAYS EXCEPTED, AFTER SIGNING ANY SALES AGREEMENT AND RECEIVE A REFUND. IF THIS PUBLIC OFFERING STATEMENT WAS NOT GIVEN TO YOU BEFORE YOU SIGNED ANY SALES AGREEMENT, YOU MAY CANCEL THE SALES AGREEMENT WITHIN SEVEN (7) DAYS, SUNDAYS AND HOLIDAYS EXCEPTED, AFTER YOUR RECEIPT OF THIS PUBLIC OFFERING STATEMENT AND RECEIVE A REFUND. YOU MAY NOT GIVE UP OR WAIVE THIS RIGHT TO CANCEL. IF YOU DECIDE TO CANCEL A SALES AGREEMENT, YOU MUST NOTIFY THE DEVELOPER IN WRITING WITHIN THE CANCELLATION PERIOD OF YOUR INTENT TO CANCEL BY SENDING NOTICE BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO JAY HUTCHINGS, ISLANDER RESORT, A FLORIDA JOINT VENTURE, 1601 SOUTH ATLANTIC AVENUE, NEW SMYRNA BEACH, FLORIDA 32069.

ANY QUESTIONS ABOUT THE LEGAL ASPECTS OF THE PURCHASE OR LEASE OF A TIMESHARE INTEREST SHOULD BE REFERRED TO AN ATTORNEY.

2. Developer. The developer of Islander Beach Club Resorts, is Islander Resort, a joint venture. The principal address of Islander Resort, a Florida joint venture is 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069.

3. Development. The timeshare development is Islander Beach Club Resorts, and its address is 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069 (hereinafter called "Resort" or "Project"). The Developer is the fee simple title owner of the real property underlying the timeshare plan. Further reference to title is contained on page POS-8 of the Islander Beach Club Resorts Prospectus (Florida Public Offering Statement) which is attached hereto and incorporated herein by this reference.

4. Nature of Timeshare Interests. The timeshare interests offered will consist of what has been called "interval ownership." Interval ownership at Islander Beach Club Resort is the method whereby timeshare units and the share of the common elements assigned to that unit are conveyed by warranty deed to the Purchaser, by which the Purchaser receives a stated time period of ownership for each year subsequent to the date of purchase. The timeshare owners will enjoy the benefits of real property ownership. The timeshare plan is designed to be perpetual unless voted otherwise by the timeshare owners. Further reference to the nature of timeshare interests and use periods is contained on pages POS-16, 17 and 18 of the Islander Beach Club Resort Prospectus (Florida). The percentage ownership interest per Owner for each unit week owned is set forth and further explained in Exhibit 1-C to the Declaration of Condominium, and the percentage ownership interest in the common elements, surplus, and common expenses of each unit is set forth in Exhibit 1-B to the Declaration of Condominium. Additional reference to apportionment of common expenses and percentage ownership of Common Elements and Limited Common Elements is on page POS-5 of the Islander Beach Club Resorts Prospectus. The Developer of the timeshare plan will be offering use periods that are either guaranteed or flexible. What this means is that some of the timeshare unit weeks to be

sold will have a definite fixed period of time wherein the purchaser will use the timeshare unit week purchased at the same time each and every year unless, of course, the purchaser exchanges the use of that period through an exchange company as contracted by the Developer. By contrast, if a purchaser buys a use period which is flexible, the purchaser will receive a deed and ownership of a definite timeshare unit week within the plan, but the purchaser may not use that specific week purchased and must reserve a week(s) to use during the flexible use time periods. The use of timeshare use periods is further explained on pages POS-16, 17 and 18 of the Islander Beach Club Resort Prospectus.

5. The Development and the Units. A general description of the development and units is contained on pages POS-5 through POS-18 of the Islander Beach Club Resorts Prospectus. Moreover, all phases of these 55 units and the common elements are at this time complete. While the developer has the option to sell the units as whole units, there is no intent at this time by the developer to sell whole units in the condominium. As to all units offered by the developer in the timeshare project, information relating to the types and numbers of units, identification of units that are subject to timeshare intervals, and the estimated number of units that may become subject to timeshare intervals is contained on pages POS-6 and POS-7 of the Prospectus (Description of Accommodations and Facilities). The project is further described on pages POS-6 through POS-18 of the Prospectus.

6. No Special Fees for Use of Unit or Amenities Payable at Closing. There are no initial or special fees for the use of the unit or amenity due from the Purchaser at closing. However, Purchaser understands and agrees that Purchaser is responsible for payment of the Unit Week Owner's share of common expenses, assessments, maintenance fees, and any other expenses incurred in the operation of the project. The annual maintenance fee is presently \$184.00 per Unit Week, which includes a management fee paid to the management entity, such amounts being subject to increase or decrease in the future. The estimated real estate taxes are \$42.11. The Purchaser is responsible for the closing expenses as specified on page POS-13 of the Prospectus. Title insurance for the purchase of a timeshare interest may be furnished to each Purchaser at the Purchaser's expense.

7. Liens, Defects, or Encumbrances. There are no liens, defects, judgments, or other encumbrances affecting title to the property, except for two (2) mortgages which are further described in paragraph 1 on page POS-8 of the Islander Beach Club Resorts Prospectus. Upon execution of a contract for sale and purchase, the mortgages will be released prior to recording of a Unit Week Owner's deed.

8. Financing Offered by the Developer. The developer will offer to accept purchase money mortgages from qualified Purchasers. Such purchase money mortgages shall provide for monthly principal and interest payments amortized over not more than ten (10) years, with an interest rate not to exceed the maximum interest rate permitted by law. The purchase money mortgage will not be assumable without the mortgage holder's prior written consent. This description of the financing offered to Purchaser may be withdrawn or changed by the developer, and such change shall not be deemed a material change.

9. Pending Actions. There are no pending actions material to the timeshare Interval program of which the developer has actual notice.

10. Restraints on Alienation. A statement concerning restraints on alienation concerning a timeshare interval or any portion of any timeshare interval is contained on page POS-11 of the Islander Beach Club Resorts Prospectus. Furthermore, the Prospectus for Islander Beach Club Resorts on page POS-12, contains restrictions concerning use and occupancy which should be referred to for greater detail regarding restrictions on use of units.

11. Insurance. The association/developer has secured insurance in the amounts as described below to cover all sums which the condominium shall become legally obligated to pay as damages for bodily injury or property damage arising out of the ownership, maintenance, or the use of the condominium premises and all operations necessary or incident thereto. Insurance in place covers the resort, personal property, and liability as follows:

Buildings and permanent structure containing the units:	\$6,810,300.00
Personal Property:	\$ 800,000.00
Liability:	\$10,000,000.00

Liability and property insurance is written with the CIGNA Corporation.

12. Current or Expected Fees for Use of the Facilities. There are no fees or charges to be paid by the Owners for use of any facility related to the property other than those which comprise the annual maintenance fee which is discussed on page P05-14 and further broken down in Exhibit 2 to the Islander Beach Club Prospectus.

13. Financial Arrangements. No financial arrangements have been made for completion of all promised improvements. All such improvements were to have been paid in full by the developer. However, all promised improvements have been completed.

14. Tax Liens or Other Liens Arising Against Other Owners. A lien against a timeshare interval should be limited only to a particular timeshare interval owned by the person against whom the lien has arisen and for which the lien has been filed. According to Internal Revenue Ruling 79-75, a federal tax lien should not encumber a property interest of any other Owner of a timeshare interval other than the Owner against whom the lien arose. Real estate taxes against each timeshare interval will be billed as assessed each year. For the purpose of ad valorem assessment, taxation, and special assessments, pursuant to Florida law, the managing entity may be considered the timeshare Owner's agent.

15. Refunds for Cancellation. Payments made by the Purchaser to the developer at the time of purchase are held in escrow until the periods for cancellation by means of statutory rescission have expired. In the event the Purchaser cancels the agreement within the rescission period allowed by statute, the developer will refund to the Purchaser the total amount of the payments made by Purchaser under the contract. If you decide to cancel the contract, you must notify the developer in writing of your intent to cancel within the statutory rescission period. Your notice of cancellation shall be effective upon the date sent and shall be sent to Islander Resort, a Florida joint venture, 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069. Refunds are made in accordance with the Georgia Timeshare Act.

16. Escrow Agent. The name and address of the escrow agent for sales consummated in Georgia to Georgia purchasers, is Ted Smith, P.O. Box 640, Hartwell, Georgia 30643. The name and address of the escrow agent for sales consummated in Florida is as provided in Exhibit 5 to the Islander Beach Club Resorts Prospectus.

17. Operating Budget. The estimated operating budget is attached to the Islander Beach Club Resorts Prospectus as Exhibit 2, which is incorporated herein by this reference.

18. Preparer. This Georgia Addendum to the Prospectus for Islander Beach Club Resorts was prepared by James J. Scavo of Weinstock, Scavo & Montalto, P.C., 448 East Paces Ferry Road, N.E., Atlanta, Georgia 30305.

II. Exchange Program Information.

The Resort is affiliated with the exchange company Resort Condominiums International, Inc. (RCI), whose address is 9333 North Meridian Street, P.O. Box 80229, Indianapolis, Indiana, 46280, telephone number (317) 846-4724. Pursuant to a Developer Agreement with Resort Condominiums International, Inc., purchaser at Islander Beach Club Resorts are eligible to participate in the exchange program operated by RCI. Developer reserves the right to add, delete, and amend contracts with exchange companies without prejudice to the Purchaser or Purchaser approval. Each Purchaser will be provided with a copy of the current RCI Annual Directory, The Endless Vacation, and supplements thereto as available, which set out in full the terms and conditions of membership in RCI and which by this reference is made a part of the public offering statement.

ISLANDER BEACH CLUB RESORTS, A PHASE
CONDOMINIUM

ISLANDER BEACH CLUB RESORTS, A PHASE
CONDOMINIUM

P R O S P E C T U S

(Public Offering Statement)

Revised - July 25, 1986

THIS PUBLIC OFFERING STATEMENT CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A TIME SHARE PERIOD. THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, EXHIBITS HERETO, CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY UPON ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS DOCUMENT AND ACCOMPANYING EXHIBITS FOR CORRECT REPRESENTATIONS. THE SELLER IS PROHIBITED FROM MAKING ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE CONTRACT AND THIS PUBLIC OFFERING STATEMENT.

SUMMARY OF DISCLOSURE STATEMENTS

THIS PUBLIC OFFERING STATEMENT CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A TIME SHARE PERIOD. THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, EXHIBITS HERETO, CONTRACT DOCUMENTS, AND SALES MATERIALS. YOU SHOULD NOT RELY UPON ORAL REPRESENTATIONS AS BEING CORRECT. REFER TO THIS DOCUMENT AND ACCOMPANYING EXHIBITS FOR CORRECT REPRESENTATIONS. THE SELLER IS PROHIBITED FROM MAKING ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THE CONTRACT AND THIS PUBLIC OFFERING STATEMENT.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF THE PURCHASERS OR THE ASSOCIATION. See Public Offering Statement, Page 6.

THE DEVELOPER (OR OTHER PERSON) HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD. Please see Public Offering Statement, Page 8.

FOR THE PURPOSE OF AD VALOREM ASSESSMENT, TAXATION AND SPECIAL ASSESSMENT, THE MANAGING ENTITY WILL BE CONSIDERED THE TAXPAYER AS YOUR AGENT PURSUANT TO SECTION 192.037, FLORIDA STATUTES. See Public Offering Statement, Exhibit 4.

YOU MAY CANCEL THIS CONTRACT WITHOUT PENALTY OR OBLIGATION WITHIN 10 DAYS FROM THE DATE YOU SIGN THIS CONTRACT AND UNTIL 10 DAYS AFTER YOU RECEIVE THE PUBLIC OFFERING STATEMENT - WHICHEVER IS LATER.

IF YOU DECIDE TO CANCEL THIS CONTRACT, YOU MUST NOTIFY THE DEVELOPER IN WRITING OF YOUR INTENT TO CANCEL. YOUR NOTICE OF CANCELLATION SHALL BE EFFECTIVE UPON THE DATE SENT AND SHALL BE SENT TO CONTINENTAL INTERNATIONAL RESORTS, LTD., 1601 S. ATLANTIC AVE., NEW SMYRNA BEACH, FLORIDA 32069. ANY ATTEMPT TO OBTAIN A WAIVER OF YOUR CANCELLATION RIGHTS IS UNLAWFUL. WHILE YOU MAY EXECUTE ALL CLOSING DOCUMENTS IN ADVANCE, THE CLOSING AS EVIDENCED BY DELIVERY OF THE DEED OR OTHER DOCUMENT BEFORE EXPIRATION OF THE 10 DAY PERIOD IS PROHIBITED. See Public Offering Statement, Exhibit 4.

PURCHASERS OF FLEXIBLE USE PERIODS SHOULD CAREFULLY NOTE THE DATES AND "FIRST COME--FIRST SERVE" WITHIN THE SEASON PURCHASED FOR MAKING RESERVATION REQUESTS. PURCHASERS SHOULD CAREFULLY READ THE PROSPECTUS FOR DETAILS IN MAKING TIMELY AND DESIRABLE RESERVATION REQUEST.

FURTHERMORE, PURCHASERS WHO DO NOT MAKE THEIR RESERVATIONS IN A TIMELY MANNER WILL BE OBLIGATED TO TAKE WHATEVER REMAINING USE PERIODS ARE AVAILABLE. IF THE AVAILABLE USE PERIODS ARE NOT CONVENIENT TO THE PURCHASER'S PLAN OR SCHEDULE, THE PURCHASER MAY LOSE HIS USE OF THE PROJECT FOR THAT YEAR IF THE PURCHASER DOES NOT ACCEPT WHAT IS AVAILABLE.

FINALLY, THERE WILL BE NO ACCRUAL OR CARRY-OVER OF UNUSED TIME FROM ONE YEAR TO SUBSEQUENT YEARS. IF A PURCHASER IS UNABLE TO MAKE SATISFACTORY RESERVATIONS, HE IS NOT RELIEVED OF THE OBLIGATION TO PAY ALL ASSESSMENTS AND TAXES ASSOCIATED WITH THE OWNERSHIP OF THE FLOATING USE PERIODS. See Public Offering Statement, Page 18.

"THE PURCHASE OF A TIME-SHARE PERIOD SHOULD BE BASED UPON ITS VALUE AS A VACATION EXPERIENCE OR FOR SPENDING LEISURE TIME, AND NOT CONSIDERED FOR PURPOSES OF ACQUIRING AN APPRECIATING INVESTMENT OR WITH AN EXPECTATION THAT THE TIME-SHARE PERIOD MAY BE RESOLD."

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TO
PUBLIC OFFERING STATEMENT

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III. Exhibits

- 1 Declaration of Condominium and Amendments
- 1-A Copy of floor plan of each type of accommodation and plot plan with locations of all accommodations and facilities
- 1-B Percentage of Ownership
- 1-C Percentage interest in Units committed to Interval Ownership
- 1-D By-Laws
- 1-E Articles of Incorporation
- 1-F Renewable Management Agreement
- 1-G Flexible Use Agreement
- 2 Estimated Operating Budget
- 3 Statement of existing condition of building and Statement of inspection for termite damage and treatment of existing improvements
- 4 Forms of contract for sale and purchase
- 5 Escrow Agreement
- 6 Rules and Regulations
- 7 Receipt for Condominium Documents
- 8 Form of Warranty Deed

ISLANDER BEACH CLUB RESORTS, A PHASE CONDOMINIUM PUBLIC OFFERING STATEMENT

I. DESCRIPTION:

A. Name, Location and Size: This condominium is primarily designed to be a vacation ownership or time share condominium wherein individual owners own their purchased vacation weeks within a given whole time unit in the condominium. The condominium unit weeks offered for sale pursuant to this Public Offering Statement are located in the condominium known as ISLANDER BEACH CLUB RESORTS, a phase condominium (hereinafter referred to as the Condominium). The Condominium is located directly on the Atlantic Ocean at 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069. It consists of one building. There will be 114 whole time units in the entire building if all phases are built. There are thirteen (13) phases proposed in this project.

B. Form of Ownership: The Developer will sell fee simple ownership in and by individual Unit Weeks for each Unit. Each Unit Week will include a percentage interest in the Common Elements and Limited Common Elements, which percentage interest is set forth in Exhibit 1-B and 1-C attached hereto. The Common Elements include the underlying real property. The plan is not being created or sold on a leasehold.

C. Common Expenses and Common Elements: The apportionment of common expenses and percentage ownership of the Common Elements and Limited Common Elements has been made by dividing the number of days (7) in each Unit Week by the total number of days in 52 Unit Weeks (364). The result equals the percentage attributable for each Unit Week. The difference represents the extra day(s) remaining in one year and designated by Unit Week 53. Every sixth (6th) year a 53rd week will be created. It is to be noted, however that for purposes of the time share plan there shall only be 51 weeks per whole time unit.

Each Unit Week to be created by the Developer will have the same percentage interest in the Common Elements and Limited Common Elements regardless of size or price of the Unit week. As additional phases are added those percentages will decrease.

It is the Developer's intention to add each half floor as a separate phase condominium under an identical timeshare plan. It is intended, therefore, that each phase will consist of nine (9) Units, (except for the first phase which will have ten (10) units and last phase which will have five (5) Units).

The pro-rata share of Common Expenses for each Unit will be identical with the percentage interest of the Common Elements and Common Surplus. Accordingly, as each time-share phase is added there should be no material or adverse effect upon existing phases and Units.

II. ACCOMMODATIONS AND FACILITIES:

A. Size: ISLANDER BEACH CLUB RESORTS, a phase condominium, is in one building, which building will contain, in total, 114 whole time units. Fifty-one (51) Unit Weeks in each whole time unit will be sold by the Developer. One Unit Week in each Unit will be deeded to the Condominium Association for purposes of maintenance and repairs. Any excess days in a given year(s) may also be deeded to the association for maintenance or sold by the developer to unit owners if the Board of the Association so determines. Although the Developer is not obligated to develop all phases of the entire building, if all floors are developed and sold, there will be 5,814 Unit Weeks sold by the Developer and 114 Unit weeks transferred to the Condominium Association for maintenance and repair.

B. Date of Completion: The estimated latest date of completion of construction, finishing and equipping the Unit Weeks in all Phases is (7) seven years from the date the Declaration of Condominium is recorded for the first phase. The first phase was recorded in 1985. The Developer is under no obligation to build all phases.

C. Maximum Number and Use: All of the Unit Weeks sold by the Developer will be able to use all accommodations and facilities deemed as Common Elements. If all phases are built, (13) thirteen in all, the maximum number of whole units will be 114 and the maximum number of time share unit weeks sold to the public will be 5,814, and the maximum number of time share units in all of the whole units including maintenance weeks will be 5,928.

Pending further development of the phases, the remainder of the building may be operated as a motel. Motel guests will be entitled to share recreational facilities and Common Elements with Unit Week Owners, however, this will not result in a material increase of a purchaser's maintenance expense.

D. Whole Units: The Developer reserves the right to offer whole units in addition to time-share units in the building. At the present

POS-6

time, however, the Developer intends to develop the entire building as a time-share plan. Should the Developer decide to sell whole time units, these documents may be amended accordingly.

E. Duration: The time-share plan shall be in perpetuity unless terminated by affirmative vote of the Owners as set forth in the Declaration of Condominium.

F. Share of Recreational Facilities: There are no recreational and other commonly used facilities that will be used only by purchasers of the time-share plan. However, Unit Week Owners of ISLANDER BEACH CLUB RESORTS, a phase condominium, will be entitled to share certain recreational and other commonly used facilities with others (non-purchasers of the time-share plan), which require the payment of a proportionate share of maintenance and expenses of such facilities by the purchaser. This proportionate share is included in the annual maintenance fee. These recreational and other commonly used facilities include the swimming pool, wading pool, whirlpool and shuffleboard court.

These areas can be located by reference to Exhibit A to the Declaration of Condominium, which is Exhibit 1-A to this Public Offering Statement.

G. Description of Recreational Facilities: A description of the recreational and other commonly used facilities mentioned in Paragraph F above is as follows:

- | | |
|-----------------------------|---|
| 1. Swimming Pool - (Heated) | 90 feet by 30 feet (2700 square feet); can accommodate approximately 75 people; depths range from 3-1/2 feet to 8-1/2 feet; |
| 2. Wading Pool - | 6 feet x 5 feet (approximately 30 square feet); can accommodate approximately 8 children; depth is approximately 15 inches; |
| 3. Whirlpool - (heated) | 8 feet in diameter; can accommodate approximately 7 people; depth is approximately 3 feet; |
| 4. Shuffleboard Court - | 4 feet x 30 feet (approximately 120 square feet); |

*All recreational facilities are located between the main building housing the condominium and the Atlantic Ocean.

POS-7

All of the foregoing recreational and other commonly used facilities will be immediately available to purchasers. However, the Developer has retained the right to occupy an area after the turnover to the Association for the purpose of conducting sales and resales of Unit Weeks. Reference should be made to Pages 28 and 29 of the Declaration of Condominium, Exhibit 1 to this Public Offering Statement. The Developer has committed a minimum amount of \$2,500.00 for the purchase of personal property to be placed in the lobby/first floor area. There are no leases for any recreational or other facilities.

H. Rights of Developer to Add: The Developer shall have the right to increase or add to the recreational facilities at any time after the establishment of the time-share plan, without the consent of purchasers or the Association. RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF THE PURCHASERS OR THE ASSOCIATION. The developer, however, has no plans at this time to build further facilities nor their locations, size or expense. Reference should be made to Page 29 of the Declaration of Condominium, Exhibit 1 hereto.

I. Real Property Ownership and Mortgages: The Developer is the fee simple title owner of the real property underlying the time-share plan. The real property is not subject to any defects, judgments, liens or other encumbrances except two mortgages. The first mortgage is held by Interwest Savings Bank, 1259 W. Pioneer Way, Oak Harbor, WA 98277. The second mortgage is held by Staed & Associates, P. O. Box 1470, Daytona Beach, FL 32015. Upon execution of a contract for sale and purchase, the mortgages will be released prior to recording of a Unit Week Owner's deed. Pending the expiration of the ten (10) day rescission period, all transactions, contracts and monies will be placed in escrow and no monies will be disbursed to the Developer. All monies received and held in escrow may accrue interest to the Developer pursuant to Florida Statutes Section 721.08.

J. Judgments and Lawsuits: There are no judgments or pending suits against the Developer or the managing entity which are material to the time-share plan.

K. Unusual Circumstances: There are no unusual and material circumstances, features or characteristics of the real property underlying the time-share plan.

L. Financing: The Developer will offer to accept purchase money mortgages from qualified purchasers. Such purchase money mortgages shall

provide for monthly principal and interest payments amortized over a maximum of 10 years, with an interest rate not to exceed the maximum interest rate permitted by law. The purchase money mortgage will not be assumable without the mortgage holder's prior written consent. This description of such financing offered to purchasers may be withdrawn or changed by the Developer and such shall not be deemed to be a material change.

M. Financial Arrangements for Improvements: No financial arrangements have been made or are required for completion of all promised improvements. All such improvements, if any, shall be paid in full by the Developer.

N. Leasing Plan: The Developer's plan does not include a program of leasing Unit Weeks rather than selling them or leasing or selling them subject to leases, however, the Developer reserves that right.

O. Management Firm: The Management Firm for ISLANDER BEACH CLUB RESORTS, a phase condominium, will be Continental International Resort Management, a Florida corporation, which is located at 1601 South Atlantic Avenue, New Smyrna Beach, Florida. The Developer has executed a three year management agreement which may be renewed thereafter for three year intervals. The Association is entitled to terminate the Management Firm at any time with the appropriate vote. Also the Developer may effectively change the managing entity inasmuch as the Management Agreement is between the Developer and a company controlled by the Developer. The Condominium Association is The Islander Beach Club Condominium Association of Volusia County, Inc., located at 1601 South Atlantic Avenue, New Smyrna Beach, FL 32069.

Continental International Resort Management will have virtually full control over the management, maintenance and operation of all of ISLANDER BEACH CLUB RESORTS, a condominium. The Management Firm will employ and assume responsibility for all personnel, will receive and disburse all maintenance fees on behalf of the Association and will be able to contract in the Association's name and will assist the Board of Directors in establishing budgets, calling meetings and providing suggestions for the daily operation and maintenance of the project. Continental International Resort Management may receive, as compensation for its services, the amount of \$ 24.43 per year per Unit Week for the first 3 year term of the agreement. Thereafter if the agreement is renewed, the fee may be increased if approved by the Association's Board of Directors. Additionally, the ultimate amount per month and year charged will

increase proportionately to the number of units (phases) added to the phase condominium. The maximum compensation computed monthly which may be received for ISLANDER BEACH CLUB RESORTS, a Phase condominium, during the initial term is \$_____ and the maximum annual compensation which can be received for ISLANDER BEACH CLUB RESORTS, a Phase condominium, during the initial term is \$_____ through phase _____.

A copy of the Renewable Management Agreement is attached hereto as Exhibit 1-F to this Public Offering Statement.

The Management firm will provide essentially the following services:

- A. Hire, pay and supervise all personnel;
- B. Maintain and repair the condominium property;
- C. Cause compliance with laws, statutes, ordinances and rules all appropriate governmental authorities;
- D. Enter into agreements for providing garbage removal, pest extermination, laundry and other services;
- E. Purchase equipment, tools, etc.;
- F. Cause to be placed or kept in effect all insurance required necessary to preserve and protect the condominium;
- G. Maintain the Association's financial record books, accounts, etc.;
- H. Maintain records to describe the services rendered and to identify the source of all funds collected by the Association;
- I. Prepare a proposed annual budget to be approved by the Association;
- J. Collect common expenses and charges from members and their occupants;
- K. Maintain and replace personal property within each unit;
- L. Deposit funds in the bank accounts;
- M. Attend meetings of the Association and its Board of Directors;
- N. Promulgate and enforce reasonable rules and regulations relative to occupancy;
- O. Perform or cause to be performed such alterations and/or additions to the condominium as may be required or authorized; and
- P. Employ and retain such professionals and other experts whose services may be reasonably required to effectively perform duties.

P. Developer's Control: THE DEVELOPER (OR OTHER PERSON) HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS

HAVE BEEN SOLD. Reference should be made to page 27 of the Declaration of Condominium, Exhibit 1 hereto, where the right to control is described in detail.

Q. Restrictions on Transfer: There are no restrictions upon the sale, transfer, conveyance or leasing of a time-share period.

R. Phase Condominium: As previously stated in the prospectus, this time-share plan is part of a phase project. If the Developer submits and creates additional phases, then it will do so on a floor by floor basis or on a half of a floor by floor basis, with each development constituting a separate and distinct phase. Anticipated Phases II thru XII will contain nine (9) units, with the first phase containing ten (10) units and the last phase, Phase XIII, containing five (5) Units.

Each Unit in every phase will contain at least one bedroom and one bathroom and will be approximately 450 square feet of interior space with one 2 bedroom 2 bath unit in Phase II through XII of approximately 823.25 square feet. If each additional phase is sold as a time-share plan, the time-share plan will be identical with the time-share plan and provisions of the first Phase. That is, each Unit in each and every future phase will be sold on the basis of 52 Unit Weeks, consisting of seven (7) days each, with one Unit Week being held by the Condominium Association for the purpose of maintenance and repair.

All recreational and other facilities described in Paragraph G above have been installed and are completed. No additional recreational or other facilities are planned to be built by the Developer for future phases, although Unit Week Owners in future phases will have access to and use of these recreational and other facilities, if future phases are added.

S. Completion of Phases: The approximate completion dates of each phase, if developed and sold are as follows: Phase I (South half - 3rd floor) - completed; Phase II (North half - 3rd floor) - completed; Phase III (North half - 4th floor) - completed; Phase IV (North half - 5th floor) - completed; Phase V (North half - 6th floor) - completed; Phase VI (North half - 7th floor) - completed; Phase VII (South half - 2nd floor) - March, 1987; Phase VIII (South half - 3rd floor) - June 1987; Phase IX (South half - 4th floor) - December 1987; Phase X (South half - 5th floor) March, 1988; Phase XI (South half - 6th floor) - June, 1988; Phase XII (South half - 7th floor) - December 1988; Phase XIII (North half - 1st floor) - December 1989.

T. Restrictions: A summary of restrictions to be imposed initially for ISLANDER BEACH CLUB RESORTS, a Phase condominium, are as follows:

1. No obstruction of Common Elements or Limited Common Elements.
2. Storage of all personal property inside Condominium Units.
3. No trash, laundry or articles of clothing to be placed on balconies, decks or patios.
4. No articles to fall from balconies.
5. Deposit of garbage only in proper areas.
6. Parking and storage of boats, trailers or recreational vehicles only in designated areas.
7. No interference with managing entity's employees.
8. No disturbances or interference with other Unit Week Owners.
9. No pets.
10. Children are allowed.
11. No dangerous or obnoxious matter on property.
12. No signs or advertisements except that of the Developer.
13. No change to Condominium Unit without prior written consent of the Association.
14. Leasing of units is allowed.

Reference should be to Rules and Regulations of ISLANDER BEACH CLUB RESORTS attached as Exhibit 6 to this Public Offering Statement.

U. Areas Not Owned by Association: Ownership of the restaurant and lounge (and attached kitchen), will be retained by the Developer and will not be considered as any part of the condominium property. Also, the Developer has retained ownership of those areas in the northwest area of the first floor, which are presently offices and a gift shop, however the Developer reserves the right to change the use of this area as it deems

appropriate. Additionally, the Developer reserves full rights of ingress and egress and undesignated parking areas in and over the paved parking areas located on the condominium property for the public and employees using the restaurant and lounge. The restaurant and lounge are located on the south end of the first floor of the building. Unit Week Owners will also be entitled to purchase food and beverages at the restaurant and lounge with other members of the public. The Developer retains the right to lease, sell or otherwise convey all of these retained areas to any third-party or the Developers successors or assigns. Reference should be made to page 28 of the Declaration of Condominium of ISLANDER BEACH CLUB RESORTS, Phase I, which is attached as Exhibit 1 to this Public Offering Statement for all terms and nature of the rights of the Developer. The developer will also own Parcel A and Parcel B as designated on the survey attached hereto as Exhibit 1 to the Public Offering Statement wherein said parcels will be for future expansion of the restaurant, lounge and kitchen area.

V. Utilities: Utility services, including sewage and waste disposal, and water supply will be supplied to the time-share plan by the City of New Smyrna Beach, Florida. Storm drainage will be as suggested under paragraph FF.9. of the Public Offering Statement.

W. Estimated Operating Budget: The estimated operating budget and a schedule of a purchaser's expenses is attached hereto as Exhibit 2 to this Public Offering Statement.

X. Closing Expenses: A purchaser will be obligated to pay as closing expenses the cost of recording the deed, documentary stamps, recording the mortgage, if any, intangible taxes on the mortgage, if any, documentary stamps on the promissory note, if any, attorneys' closing fees and owner's title insurance policy premiums.

Y. Developer: The Developer is ISLANDER RESORT, a Joint Venture, which is authorized to do business and has been doing business in Florida since 1984. It is located at 1601 S. Atlantic Avenue, New Smyrna Beach, Florida. The Managing Joint Venturer is Island Beach, Inc., a Washington corporation a wholly owned subsidiary of Interwest Savings Bank. This is the first venture in timesharing as a managing joint venturer for Island Beach, Inc., a Washington corporation.

Z. Service Agreements: Other than the Renewable Management Agreement referred to above, there are no other services, maintenance or recreation contracts greater than one year.

AA. Financial Obligations of Purchaser: The total financial obligation of the purchaser will be the purchase price of the Unit Week(s) purchased, plus closing costs, together with an annual maintenance fee which is presently established at \$133.00 per Unit Week (this figure may change as additional phases are added to the condominium). There are no other financial obligations of the purchaser other than property taxes, additional charges as determined by the Association, exchange company fees, purchaser mortgage obligations, and Florida Statutory obligations under Chapter 718 F.S. and Chapter 721 F.S.

BB. No Additional Charges: No person will have the right to alter, amend, or add to the charges to which the purchaser may be subject, notwithstanding the condominium association which may from time to time assess unit owners or a governmental agency. See Exhibit 1-D to the Public Offering Statement concerning association by-laws.

CC. Rescission: The purchaser will have the right to rescind the transaction within ten (10) days from the date of execution of the contract or the date when the purchaser receives the last of all documents required to be provided to him, whichever event is later.

DD. Insurance: Insurance coverage will be provided by the Association on behalf of purchasers/Unit Week Owners for liability, fire, and extended coverage. Policies for the various coverages will be on file at the Association's office for review by any Unit Week Owner. Owners shall be responsible for their own personal possessions within a unit, however the association will be responsible for replacement of furnishings and interior of a unit.

EE. Exchange Program: Pursuant to a Developer Agreement with Resort Condominiums International, Inc. ("RCI"), an Indiana corporation with its principal place of business at 9333 N. Meridian Street, Indianapolis, Indiana, purchasers at ISLANDER BEACH CLUB RESORTS are eligible to participate in the exchange program operated by RCI. Developer reserves the right to add, delete, or amend contracts with exchange companies as it sees fit without prejudice to the purchaser or purchaser approval.

FF. Conversion Conditions: The building where ISLANDER BEACH CLUB RESORTS, a Phase condominium, is located is a converted motel. It was built in 1973 and is built of reinforced concrete caisson, poured-in-place beams, floor slabs and roof slabs. Exterior panels are concrete block. Exterior wall finishes are stucco and rock. It consists of a total of

seven floors, including the first floor, where the lobby, entranceway and ground floor for the elevators are located. The building was previously operated exclusively as a motel and notwithstanding condominium Phases, the remainder of the building may continue operation as a motel.

There is no termite damage or infestation, as evidenced by Exhibit 3 to this Public Offering Statement. The condition of the applicable components is as follows:

1. Roof: Approximately 11 years old, with an estimated remaining useful life of 5 years. The estimated current replacement cost is \$18,625.00 with a per Unit Week cost of \$.39. The structural soundness is good.

2. Elevators: Approximately 11 years old, with an estimated remaining useful life of 30 years. The estimated current replacement cost is \$160,000.00 with a per Unit Week cost of \$.35. The structural soundness is good.

3. Heating and Cooling System: Approximately 11 years old with an estimated remaining useful life of 3 years. The total estimated current replacement cost is \$112,500.00, with a per Unit Week cost of \$10.64. The structural soundness of the different components varies from fair to good.

4. Plumbing: Approximately 11 years old, with an estimated remaining useful life of 30 years. The total estimated current replacement cost is \$216,518.00, with a per Unit Week cost of \$1.21. The structural soundness is good.

5. Electrical Systems: Approximately 11 years old, with an estimated remaining useful life of 30 years. The estimated current replacement cost is \$152,375.00 with a per Unit Week cost of \$.85. The structural soundness is good.

6. Swimming Pool: Approximately 11 years old, with an estimated remaining useful life of 15 years. The estimated current replacement cost is \$57,600.00 with a per Unit Week cost of \$.74. The structural soundness is good.

7. Seawall: Approximately 11 years old, with an estimated remaining useful life of 30 years. The estimated current replacement cost is \$22,880.00, with a per Unit Week cost of \$.74. The structural soundness is good.

8. Pavement and Parking Areas: Approximately 11 years old, with an estimated remaining useful life of 10 years. The estimated current replacement cost of \$43,350.00 with a per Unit Week cost of \$.78. The structural soundness is fair.

9. Drainage Systems: The real property has a natural drainage system flowing from street to beach which does not flow into the municipal sewer system and at this time does not increase cost to the condominium.

10. Painting: The estimated current replacement cost is \$55,000.00 with a usefulness of 10 years, hence a per unit week cost of \$.78. The paint on the building is good.

NOTE: The estimated reserve figure per unit was based on all phases. Obviously, until all phases are built the reserve replacement cost may be higher. Also as the components become older the replacement cost may become higher. All replacement cost are estimates and based on conditions when the project began sales, hence as time progresses the age of the component will obviously progress.

GG. Post-Purchase Assurances: Pursuant to Florida Statutes Section 718.618(7) (1981), the Developer has elected to provide an implied warrant of fitness and merchantability for the purposes or uses intended, as to the roof and structural components of the improvements and as to mechanical, electrical and plumbing elements serving the improvements, except for mechanical elements serving only one Unit. The warranty shall be for a period beginning three (3) years thereafter or one (1) year after owners other than the Developer obtains control of the Association, whichever occurs last, but in no event more than five (5) years.

HH. Use periods of time-share plan: The developer of the time-share plan will be offering use periods that are either guaranteed or flexible. What this means is that some of the time share unit weeks to be sold will have a definite fixed period of time wherein the purchaser will use the time share unit week purchased at the same time each and every year unless, of course, the purchaser exchanges the use of that period through an exchange company as contracted by the developer. By contrast, if a purchaser buys a use period which is flexible, the purchaser will receive a deed and ownership of a definite time share unit week within the plan, but the purchaser may not use that specific week purchased and must reserve a week(s) to use during the flexible use time periods. The use of time share use periods is further explained as follows:

USE PERIODS: THE UNIT WEEKS IN EVERY CONDOMINIUM UNIT ARE HEREBY SEGREGATED INTO THE FOLLOWING TWO DIFFERENT KINDS OF USE PERIODS:

GUARANTEED USE PERIODS: UNIT WEEKS 6 AND 7.

FLEXIBLE USE PERIODS: UNIT WEEKS 1 THRU 5, INCLUSIVE AND 8 THRU 52, INCLUSIVE INCLUDING THE 53RD WEEK.

GUARANTEED USE PERIODS: Owners purchasing Unit Weeks designated herein as Guaranteed Use Periods shall be entitled to the exclusive use, possession and occupancy of a Unit during the specific Unit weeks identified in the Purchase Agreement.

FLEXIBLE USE PERIODS: Owners purchasing Unit Weeks designated herein as Flexible Use Periods shall only be entitled to the exclusive use, possession and occupancy of a Unit in accordance with the terms of the Condominium Declaration, Rules and Regulations, flexible use plan season purchased, and a reservation executed by the Plan Participant and administered by the Developer or its assigns.

EFFECT OF PREVIOUS PARAGRAPH: Regardless of the Use Period(s) owned by any Flexible Use Period Owner, and regardless of the particular Unit with which such Use Period(s) may be associated, in the Purchase Agreement or otherwise, no person shall have any right whatsoever to occupy a particular Unit at any time, except pursuant to a reservation executed by Plan Participant. Said reservations, and other rights associated with Flexible Use Periods, shall be in accordance with the following:

(1) Each Owner of a Unit Week designated a Flexible Use Period shall be entitled to use and occupy an available Unit comparable to the Unit purchased and the common furnishings contained therein, together with the non-exclusive right to use the common facilities and recreational facilities, for one seven-day (7-day) Flexible Use Period per year within season purchased, subject to any maintenance weeks as defined in the Declaration of Condominium.

(2) Reservation requests from Flexible Use Period Owners will be honored by the Developer or its assigns in the order in which they are received, however reservations are controlled via the Declaration of Condominium and Exhibit 1-G to the Declaration of Condominium as well as Flexible Use Plan Rules and Regulations as attached thereto and to that extent the purchaser should review those exhibits for reservation

procedures and any modification from time to time made in the reservation system.

(3) There shall be no accrual or carryover of unused time from one calendar year to the next.

(4) Reservations and cancellations, check-in and check-out times, and other ministerial functions shall be in accordance with the terms of this Declaration and exhibits including rules and regulations adopted by the Developer or its assign.

(5) Each Owner of a Unit Week designated a Flexible Use Period shall be liable for payment of all assessments and charges as provided by the Declaration, regardless of use or non-use by the Owner of any Flexible Use period in any given year.

(6) Bonus Use. Notwithstanding the above, any day or days within a Flexible Use Period which is available may be reserved by any Flexible Use Period Owner, who may thereby increase his use and occupancy rights beyond the basic entitlement of seven (7) days per Unit Week, but in no event shall any said Flexible Use Period Owner obtain use and occupancy rights to more than seven (7) additional days for each Unit Week owned. There shall be no minimum stay required for such Bonus Use, and there shall be a per diem charge associated with such Bonus Use as may be established by the Developer or assigns.

PURCHASERS OF FLEXIBLE USE PERIODS SHOULD CAREFULLY NOTE THE DATES AND "FIRST COME--FIRST SERVE" WITHIN THE SEASON PURCHASED FOR MAKING RESERVATION REQUESTS. PURCHASERS SHOULD CAREFULLY READ THE PROSPECTUS FOR DETAILS IN MAKING TIMELY AND DESIRABLE RESERVATION REQUEST.

FURTHERMORE, PURCHASERS WHO DO NOT MAKE THEIR RESERVATIONS IN A TIMELY MANNER WILL BE OBLIGATED TO TAKE WHATEVER REMAINING USE PERIODS ARE AVAILABLE. IF THE AVAILABLE USE PERIODS ARE NOT CONVENIENT TO THE PURCHASER'S PLAN OR SCHEDULE, THE PURCHASER MAY LOSE HIS USE OF THE PROJECT FOR THAT YEAR IF THE PURCHASER DOES NOT ACCEPT WHAT IS AVAILABLE.

FINALLY, THERE WILL BE NO ACCRUAL OR CARRY-OVER OF UNUSED TIME FROM ONE YEAR TO SUBSEQUENT YEARS. IF A PURCHASER IS UNABLE TO MAKE SATISFACTORY RESERVATIONS, HE IS NOT RELIEVED OF THE OBLIGATION TO PAY ALL ASSESSMENTS AND TAXES ASSOCIATED WITH THE OWNERSHIP OF THE FLOATING USE PERIODS. See Public Offering Statement, Page 18.

DECLARATION OF CONDOMINIUM
FOR
ISLANDER BEACH CLUB RESORTS, PHASE I, A CONDOMINIUM

Exhibit 1
To Prospectus

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TO
DECLARATION OF CONDOMINIUM
OF
ISLANDER BEACH CLUB RESORTS, PHASE I

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DECLARATION OF CONDOMINIUM
FOR
ISLANDER BEACH CLUB RESORTS, PHASE I, A CONDOMINIUM

I.
SUBMISSION STATEMENT

ISLANDER RESORT, a Florida Joint Venture, being the owner of record of the fee simple title to the real property situate, lying and being in Volusia County, Florida, as more particularly described and set forth as the Condominium property in the Exhibits attached hereto as "Exhibit A," which are made a part hereof as though fully set forth herein (together with equipment, furnishings and fixtures therein contained not personally owned by the Unit Owners), hereby states and declares that said real property, together with improvements thereon, together with riparian and littoral rights as may be applicable and appurtenant thereto, together with non-exclusive easements over the property described and as set forth to this Declaration of Condominium, is submitted to condominium ownership pursuant to the Condominium Act of the State of Florida, and the provisions of said Act are hereby incorporated by reference herein and does hereby file for record this Declaration of Condominium. It is intended to create time share estates in the units in the Condominium.

Definitions: As used in this Declaration of Condominium, By-Laws and Exhibits attached hereto, and all amendments thereof, unless the context otherwise requires, the following definitions shall prevail:

A. ASSOCIATION means ISLANDER BEACH CLUB CONDOMINIUM ASSOCIATION OF VOLUSIA COUNTY, INC., a Florida corporation not for profit, which entity is responsible for the operation of the condominium. During any period when a Management Agreement is in effect, any rights or responsibilities of the Association shall also be the rights and responsibilities of the Management Firm under any Management Agreement.

B. BY-LAWS means the By-Laws of the Association, as they exist from time to time.

C. COMMON ELEMENTS means the portions of the condominium property not included in the Units, including but not limited to conduits for water, sewage disposal, electricity, electrical lines and other utility services serving more than one unit. Common Elements shall also include the tangible personal property required for maintenance and operation of the condominium, even though owned by the Association.

D. LIMITED COMMON ELEMENTS means and includes those common elements which are reserved for the use of a certain Unit or Units, to the exclusion of all other Units.

E. CONDOMINIUM means that form of ownership of condominium property under which Units of improvements are subject to ownership by one or more owners, and there is appurtenant to each Unit, as part thereof, an undivided share in the Common Elements.

F. COMMON EXPENSES means the excess of all receipts of the Association including, but not limited to, assessments, rents, profits and revenues with respect to the Common Elements, over and above the amount of common expenses.

G. COMMON SURPLUS means the excess of all receipts of the Association including, but not limited to, assessments, rents,

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profits and revenues with respect to the Common Elements, over and above the amount of common expenses.

H. CONDOMINIUM PROPERTY means and includes the land in the condominium, whether or not contiguous, and all improvements thereon, together with all easements and rights appurtenant thereto, intended for use in connection with the condominium.

I. ASSESSMENT means a share of the funds required for the payment of common expenses which, from time to time, are assessed against the Unit Owners.

J. CONDOMINIUM PARCEL or PARCEL means a Unit, together with the undivided share in the Common Elements which are appurtenant to the Unit.

K. CONDOMINIUM UNIT or UNIT is a unit as defined in the Condominium Act, referring therein to each of the separate and identified units delineated in the survey attached to the Declaration of Condominium as Exhibit #A, and when the context permits, the Condominium Parcel includes such Unit, including its share of the Common Elements appurtenant thereto.

L. UNIT OWNER means the owner of a condominium parcel.

M. DEVELOPER means ISLANDER RESORT, a Florida Joint Venture, its successors and assigns.

N. INSTITUTIONAL MORTGAGEE means a Bank, Savings and Loan Association, Insurance Company or Union Pension Fund authorized to do business in the United States, an agency of the United States Government, a real estate or mortgage investment trust or a lender generally recognized in the community as an institutional type lender. INSTITUTIONAL MORTGAGEE shall also include the Developer and its assigns.

O. OCCUPANT means the person or persons, other than the Unit Owner, in possession of a Unit.

P. CONDOMINIUM DOCUMENTS mean this Declaration, the By-Laws and all Exhibits annexed hereto, as the same may be amended from time to time.

Q. BOARD OF ADMINISTRATION or BOARD OF DIRECTORS means the representative body responsible for administration of the Association.

R. MANAGEMENT AGREEMENT means and refers to that certain Management Agreement attached to this Declaration and made a part hereof, which provides for management of the condominium property.

S. MANAGEMENT FIRM means and refers to the entity identified as the Management Firm in the Management Agreement attached to this Declaration and made a part hereof.

T. Unless the context otherwise requires, all other terms used in this Declaration shall be assumed to have the meaning attributed to said term by Florida Statutes Chapters 718 and 721 as of the date of this Declaration, and as may be amended from time to time.

U. The following definitions shall refer only to those Units committed to and sold under a plan of "Interval Ownership";

1. "Interval Ownership" is a concept whereby timeshare units and the share of the common elements assigned to that Unit are conveyed to

the purchaser and the purchaser receives a stated time period of ownership for each year subsequent to the date of purchase.

2. "Unit Week" or "Time Share Estate" means a period of ownership in a unit committed to Interval Ownership.

"Unit Weeks" are computed as follows:

Unit Week No. 1 is the seven (7) days commencing on the first Saturday in each year. Unit Week No. 2 is the seven (7) days succeeding. Additional weeks up to and including Unit Week No. 52 are computed in a like manner. Unit Week No. 52 contains the seven (7) days succeeding the end of Unit Week No. 51 without regard to the month or year. Unit Week No. 53 contains any excess days not otherwise assigned. Unit Weeks run from Noon on the first Saturday of the period to Noon on the last Saturday of the period.

3. A "Unit Committed to Interval Ownership" or a "Time Share Unit" shall be any unit sold under a plan of Interval Ownership.

4. Guaranteed Use Periods means unit weeks 6 and 7.

5. Flexible Use Periods means unit weeks 1 through 5 inclusive and 8 through 52 inclusive.

II. NAME

The name by which this condominium is to be identified shall be ISLANDER BEACH CLUB RESORTS, Phase I, a condominium.

III. COMMITTING A UNIT TO INTERVAL OWNERSHIP

TIME SHARE ESTATES OR INTERVAL OWNERSHIP WILL OR MAY BE CREATED WITH RESPECT TO UNITS IN THE CONDOMINIUM. THE MINIMUM DURATION OF A TIME SHARE ESTATE OR INTERVAL OWNERSHIP WHICH MAY BE CREATED WITH RESPECT TO ANY UNIT IN THE CONDOMINIUM SHALL BE ONE WEEK (SEVEN (7) DAYS). IF A UNIT IS NOT PLACED IN INTERVAL OWNERSHIP IT SHALL BE A WHOLE TIME CONDOMINIUM UNIT.

A Unit shall become a Unit committed to Interval Ownership upon the recording of the first deed in said unit, conveying Unit Weeks, by the Developer. No Unit may be committed to Interval Ownership by any person or other entity other than the Developer. A Unit will no longer be committed to Interval Ownership any time all Unit Weeks are owned by the same legal entity. Notwithstanding the above, the Developer may assign its right to commit Units to Interval Ownership to any other entity to which it conveys substantially all Units which it owns in the condominium property.

IV. IDENTIFICATION OF UNITS

The condominium property consists essentially of all Units and other improvements as set forth in Exhibit A, attached hereto. For purposes of identification, all Units located on the condominium property have been given identifying numbers and are delineated on Exhibit A hereto. No Unit bears the same identifying number as any other Unit. The aforesaid identifying number as to the Unit is also the identifying Unit as to the condominium parcel. Exhibit A also contains a survey of the land, graphic description of the improvements, a plot plan and, together with this Declaration, they

are in sufficient detail to identify the location, dimensions and size of the Common Elements and of each Unit, as evidenced by the Certificate of the Registered Land Surveyor attached hereto. The legend and notes contained with Exhibit A are incorporated herein and made a part hereof.

The aforesaid Units, building(s) and improvements were constructed substantially in accordance with the Plans and Specifications and any modification thereof on file with the Building and Zoning Department of the applicable governmental authority.

V.
IDENTIFICATION AND USE OF UNITS
COMMITTED TO INTERVAL OWNERSHIP

Wherever the term "Unit Owner" or "Unit Owners" is used in this Declaration, as amended, it shall be construed to include all owners of Unit Weeks within any Unit committed to Interval Ownership as one Unit Owner. The respective interests of each owner of Unit Weeks within the Unit committed to Interval Ownership with respect to each other shall be delineated on Exhibit C attached hereto and incorporated by reference herein.

The use of time share unit weeks under the time share plan will be by guaranteed use periods or flexible use periods. These use periods designated to be guaranteed or flexible and how these periods are to be used is indicated as follows:

USE PERIODS. The Unit Weeks in every Condominium Unit are hereby segregated into the following two different kinds of use periods:

Guaranteed Use Periods: Unit Weeks 6 and 7.

Flexible Use Periods: Unit Weeks 1 thru 5, inclusive and 5 thru 52, inclusive, including the 53rd week.

GUARANTEED USE PERIODS: Owners purchasing Unit Weeks designated herein as Guaranteed Use Periods shall be entitled to the exclusive use, possession and occupancy of a Unit during the specific Unit Weeks identified in the Purchase Agreement.

RESERVATION OF FLEXIBLE USE PERIODS: Owners purchasing Unit Weeks designated herein as Flexible Use Periods shall only be entitled to the exclusive use, possession and occupancy of a Unit in accordance with the terms of the Condominium Rules and Regulations and pursuant to a reservation executed by or on behalf of the Management Firm.

PURCHASERS OF FLEXIBLE USE PERIODS SHOULD CAREFULLY NOTE THE DATES AND "FIRST COME-FIRST SERVE" BASIS FOR HONORING RESERVATION REQUESTS DESCRIBED IN THE RULES AND REGULATIONS. IF REQUESTS ARE DELAYED UNTIL ONLY TEN (10) DAYS BEFORE THE REQUESTED UNIT WEEK(S), THEY MIGHT NOT BE AVAILABLE. PURCHASERS WHO DO NOT MAKE THEIR RESERVATIONS IN A TIMELY MANNER WILL BE OBLIGATED TO TAKE WHATEVER REMAINING FLEXIBLE USE PERIODS ARE AVAILABLE. IF THE AVAILABLE FLEXIBLE USE PERIODS ARE NOT CONVENIENT TO THE PURCHASER'S PLAN OR SCHEDULE, THE PURCHASER MAY LOSE HIS USE OF THE PROJECT FOR THAT YEAR. IN SUCH EVENT, THE MANAGEMENT IS NOT OBLIGATED TO MAKE ALTERNATIVE ARRANGEMENTS OR TO EXCUSE PAYMENT OF APPROPRIATE MAINTENANCE FEES OR TO REFUND ANY OF THE PURCHASER'S PAYMENTS.

Regardless of the Use Period(s) owned by any Flexible Use Period Owner, and regardless of the particular Unit with which such Use Period(s) may be associated, in the particular Unit with which such

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Use Period(s) may be associated, in the Purchase Agreement or otherwise, no person shall have any right whatsoever to occupy a particular Unit at any time, except pursuant to a reservation executed by or on behalf of the Management Firm. Said reservations, and other rights associated with Flexible Use Periods, shall be in accordance with the following:

(1) Each Owner of a Unit Week designated a Flexible Use Period shall be entitled to use and occupy any available Unit comparable to the Unit purchased and the common furnishings contained therein, together with the non-exclusive right to use the common facilities and recreational facilities, for one seven-day (7-day) Flexible Use Period per year, subject to any maintenance weeks as defined in Article X.

(2) Reservation requests from Flexible Use period Owners will be honored by the Management Firm in the order in which they are received. Provided, however, reservations may not be made more than three hundred sixty-five (365) days, nor less than ten (10) days, in advance of the first day of the period to be reserved.

(3) There shall be no accrual or carryover of unused time from one calendar year to the next.

(4) Reservations and cancellations, check-in and check-out times, and other ministerial functions shall be in accordance with the terms of this Declaration or with supplemental rules and regulations adopted by the Association or the Management Firm.

(5) Any owner who is delinquent in the payment of assessments or any part thereof may be subject to all remedies available to the appropriate managing entity.

(6) Each Owner of a Unit Week designated a Flexible Use Period shall be liable for payment of all assessments and charges as provided by this Declaration, regardless of use or non-use by the Owner of any Flexible Use Period in any given year.

(7) Bonus Use. Notwithstanding the above, any day or days within a Flexible Use Period which is not reserved prior to the seven (7) days immediately before said day or days, in accordance with the reservation procedures set forth above, may be reserved by any Flexible Use Period Owner, who may thereby increase his use and occupancy rights beyond the basic entitlement of seven (7) days per Unit Week, but in no event shall any said Flexible Use Period Owner obtain use and occupancy rights to more than seven (7) additional days for each Unit Week owned. There shall be no minimum stay required for such Bonus Use, and there shall be a per diem charge associated with such Bonus Use as may be established by the Management Firm.

VI.
OWNERSHIP OF COMMON ELEMENTS

Each of the Unit Owners of the Condominium shall own an undivided interest in the Common Elements and Limited Common Elements, and the undivided interest is stated as a percentage of such ownership in said Common Elements and Limited Common Elements, as set forth in Exhibit B attached hereto and incorporated by reference herein.

The fee simple title to each Condominium Parcel shall include both the Condominium Unit and the respective undivided interest in the Common Elements, said undivided interest to be deemed to be automatically conveyed or encumbered with its respective Condominium

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Unit. Any attempt to separate the fee simple title to a Condominium Unit from the undivided interest appurtenant to each Unit shall be null and void.

VII.
VOTING RIGHTS

There shall be one person with respect to each Unit who shall be entitled to vote at any meeting of the Association and such person shall be known and is hereafter referred to as the "Voting Member." If a Unit is owned by more than one person, the owners of said Unit shall designate one of them as the Voting Member. If the Unit Owner is a corporation, an officer or employee thereof shall be designated the Voting Member. The designation of the Voting Member shall be made as provided by and subject to the By-Laws of the Association.

Each Owner or group of Owners shall be entitled to one vote for each Unit owned. The vote of a Condominium Unit is not divisible.

Notwithstanding the above, each Owner of Unit Weeks in a Unit committed to Interval Ownership shall be entitled to vote at meetings of the Association and shall be entitled to one fifty-first (1/51st) vote for each Unit Week owned.

VIII.
COMMON EXPENSE AND COMMON SURPLUS

The common expenses of the Condominium, including the obligation of each Unit Owner under the Management Agreement attached to this Declaration, shall be shared by the Unit Owners, as specified and set forth in Exhibit B. Any common surplus of the Association shall be owned by each of the Unit Owners in the same percentage specified for sharing common expenses.

IX.
MAINTENANCE FEE FOR UNITS
COMMITTED TO INTERVAL OWNERSHIP

All Owners of Unit Weeks in Units committed to Interval Ownership shall pay a "maintenance fee." The maintenance fee shall include the following:

- A. The particular Unit Week Owner's share of common expenses, as set forth above.
- B. Repair and upkeep of Units for normal wear and tear (example - repainting interior walls).
- C. Repair and replacement of furniture, fixtures, appliances, carpeting and utensils.
- D. Casualty and/or liability insurance.
- E. Utilities for the subject Unit.
- F. Personal property, real estate and other applicable taxes.
- G. Any other expenses incurred in the normal operation and maintenance of the Unit which cannot be attributed to a particular Unit Week Owner.

The maintenance fee shall be prorated among all Owners of Unit Weeks in a specific Unit by applying a fraction, the numerator of which is the number of Unit Weeks owned by a specific Owner, the denominator of which is fifty-one (51), to the total of all such

expenses. The foregoing shall not apply to any Unit Week conveyed to the Association.

X.

MAINTENANCE WEEK IN UNITS
COMMITTED TO INTERVAL OWNERSHIP

Upon conveying thirty (30) Unit Weeks in any Unit committed to Interval Ownership, or six (6) months from the date of the first conveyance under Interval Ownership in any Unit committed to Interval Ownership, whichever date comes first, the Developer agrees to convey and the Association agrees to accept one unit week to be used for maintenance purposes and Unit Week No. 53 to be used for maintenance purposes or any other purpose determined by the Board of Directors. The Developer shall have the right to choose the Unit Week to be so conveyed. In the event any one person or other legal entity becomes holder of record title to all Unit Weeks in any one Unit, that person or legal entity may cause the Association to convey said Unit Weeks previously conveyed to the Association to it by notifying the Association in writing of its desire that said Unit cease being a unit committed to Interval Ownership. The Association shall execute the necessary papers to complete said conveyance no later than sixty (60) days after the foregoing notice. All expenses of said conveyance, including documentary stamps and recording fees, shall be borne by the person or other legal entity desiring such conveyance.

XI.
METHOD OF AMENDMENT TO DECLARATION

This Declaration may be amended at any regular or special meeting of the Unit Owners, called and convened in accordance with the By-Laws, by the affirmative vote of Voting Members casting not less than fifty-one (51%) percent of the total vote of the members of the Association.

All amendments shall be recorded and certified as required by the Condominium Act. No amendment shall change any Condominium Parcel or a Condominium Unit's proportionate share of common expenses or common surplus, or the voting rights appurtenant to any Unit, unless the record Owner thereof and all record Owners of mortgages or other voluntarily placed liens thereon, shall join in the execution of the amendment. No amendment shall be passed which would impair or prejudice the rights and priorities of any mortgages or change the provisions of this Declaration with respect to Institutional Mortgagees of record, and the provisions of Article XV of this Declaration shall not be changed without the written approval of all Institutional Mortgagees of record, and the provisions of Article XV of this Declaration shall not be changed without the written approval of all Institutional Mortgagees of record.

No amendment shall change the rights and privileges of the Developer without the Developer's written approval.

Notwithstanding the foregoing paragraphs of this Article:

- A. The Developer reserves the right to change the interior design and arrangement of all Units and to alter the boundaries between Units so long as the Developer owns the Unit so altered, however, no such change shall increase or decrease the number of Units or alter the boundaries of the Common Elements without amendment of this Declaration in the manner herein before set forth. If the Developer shall make any changes in Units as provided herein, such changes shall be reflected by amendment of this Declaration with a survey attached, reflecting such authorized

alterations of Units, and said amendment need only be executed and acknowledged by the Developer and any holders of Institutional Mortgages encumbering the said altered Units. The survey shall be certified in the manner required by the Condominium Act.

B. The Developer, so long as it owns more than twenty-five (25%) percent of the Condominium Units or Unit Weeks in the Condominium, reserves the right at any time to amend the Declaration, as may be required by any lending institution or public body, or in such manner as the Developer may determine to be necessary to carry out the purposes of the project, provided that such amendment shall not increase the proportion of common expenses or decrease the ownership of Common Elements of the Condominium Owners, except for the addition of additional phases, if any.

XII.

BY-LAWS

The operation of the condominium property shall be governed by the By-Laws of the Association which are set forth in a document annexed to this Declaration and marked Exhibit D and made a part hereof.

No modification of or amendment to the By-Laws of said Association shall be valid unless set forth in or attached to a duly recorded amendment to this Declaration. The By-Laws may be amended in the manner provided for therein but no amendment to said By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Condominium Parcel or which would change the provisions of the By-Laws with respect to institutional Mortgagees of Record. No amendment shall change the rights and privileges of the Developer without the Developer's written approval. Any amendment to the By-Laws, as provided herein, shall be executed by the parties as required in this Declaration and the Condominium Act and said amendment shall be recorded in the public records of Volusia County, Florida.

XIII.

THE OPERATING ENTITY

The operating entity of the condominium shall be the Association which has been organized pursuant to the Condominium Act. The Association shall have all of the powers and duties set forth in the Condominium Act together with all powers and duties granted by this Declaration, the By-Laws and the Articles of Incorporation, a copy of said Articles of Incorporation being attached hereto and marked Exhibit E.

Every owner of a Condominium Parcel, whether acquired by purchase, gift, conveyance or transfer by operation of law or otherwise, shall be bound by the By-Laws, Articles of Incorporation, this Declaration and the Management Agreement.

XIV.

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. The procedure for determination of all such other assessments shall be as set forth in the By-Laws and this Declaration.

The Common Expenses shall be assessed against each Condominium Parcel Owner as provided for in Article VIII of this Declaration.

Assessments, installments and maintenance fees that are unpaid for a period of ten (10) days after date due shall bear interest at the rate of ten (10%) percent per annum from the due date until paid. In addition, a late charge of Twenty-Five (\$25.00) Dollars shall be due and payable at the discretion of the Board of Directors. Regular assessments shall be due and payable monthly on the first of each month and monthly bills for same shall not be mailed or delivered to Unit Owners. Maintenance fees for Units committed to Interval Ownership shall be due and payable on January 1 of each year.

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, together with a lien on all tangible personal property located within said Unit, except that such lien upon the said tangible personal property shall be subordinate to prior bona fide liens of record. Reasonable attorneys' fees incurred by the Association incident to the collection of 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 shall be payable by the Unit Owner and secured by such lien. The Board of Directors may take such action 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 and covered by the lien enforced. In the event of such foreclosure, the Unit Owner shall be required to pay a reasonable rental for the Condominium Parcel for the period of time said Parcel is occupied by the Unit Owner or any one by, through or under said Unit Owner, and Plaintiff in such foreclosure shall be entitled to the appointment of a Receiver to collect same from the Unit Owner and/or occupant.

In the event of a lien against an Owner of Unit Weeks in a Unit committed to Interval Ownership, said lien shall be limited to the Unit Weeks owned by said Owner and shall not encumber the property, real or personal, of any other Owner of Unit Weeks in said Unit.

Where the Mortgagee of an Institutional First Mortgage of Record, or other purchaser of a Condominium Unit, obtains title to a Condominium Parcel as a result of foreclosure of the Institutional First Mortgage, or when an Institutional First Mortgagee of Record accepts a deed to a Condominium Parcel in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for the shares of common expenses or assessments by the Association pertaining to such Condominium Parcel, or chargeable to the former Unit Owner of such Parcel, which becomes due prior to the acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure, unless the share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Unit Owners, including such acquirer, his successors and assigns.

Any person who acquires an interest in a Unit except through foreclosure of an Institutional First Mortgage of Record, or by virtue of an Institutional First Mortgage accepting a deed in lieu of

foreclosure, as specifically provided hereinabove including, without limitation, persons acquiring title by operation of law, including purchasers at judicial sales, shall be governed by Florida law as to occupancy of the Unit or enjoyment of the Common Elements until such time as all unpaid assessments due and owing by the former Unit Owners have been paid. The Association, acting through its Board of Directors, shall have the right to assign its claim and lien rights for the recovery of any unpaid assessments to the Developer or to any Unit Owner or group of Unit Owners or to any third party.

XV.
INSURANCE PROVISIONS

I. INSURANCE:

A. Purchase of Insurance: The Association shall obtain fire and extended coverage insurance and vandalism and malicious mischief insurance insuring all of the insurable improvements within the condominium, together with such other insurance as the Association deems necessary in and for the interest of the Association, all Unit Owners and their Mortgagees, as their interests may appear, in an amount which shall be equal to the maximum insurable replacement value as determined annually. The premiums for such recovery shall be assessed against Unit Owners as part of the Common Expenses. The named insured shall be the Association, individually and as agent for the Unit Owners, without naming them, and as agent for their Mortgagees.

Provision shall be made for the issuance of Mortgagee endorsements and memoranda of insurance to the Mortgagees of Unit Owners. Such policies shall provide that payments for losses thereunder by the insurer shall be made to the insurance trustee hereinafter designated, and all policies and endorsements thereon shall be deposited with the insurance trustee. Unit Owners may obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense.

B. Coverage:

(1) Casualty. All buildings and improvements upon the condominium property shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and all personal property included in the Common Elements shall be insured for its value, all as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

- (a) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and
- (b) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the condominium Parcel, including but not limited to vandalism and malicious mischief.

(2) Public Liability in such amounts and with such coverage as shall be required by the Board of Directors, including but not limited to hired automobile and non-owned automobile coverages, and with cross liability and endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

(3) Insurance on Units Committed to Interval Ownership. The Board of Directors shall obtain casualty and liability insurance as

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needed, on all Units committed to Interval Ownership. Each such policy shall reflect the respective interests of the Association and all Owners of Unit Weeks in each such Unit. Casualty insurance shall be in an amount equal to the maximum insurable replacement value of the Unit and the personal property therein without deduction for depreciation as determined annually by the Board of Directors. The premiums shall be a part of the maintenance fee. All losses thereunder shall be payable to the Insurance Trustee hereinafter designated. All such proceeds shall be used for the purpose of repair or replacement of any loss, or in the event such loss is not to be repaired or replaced as determined elsewhere, to be divided among all Owners of Unit Weeks in such Unit in accordance with their percentage interest. Any deficit or coverage in such proceeds, after repair or replacement, shall be divided among all such Owners of Unit Weeks in that Unit in accordance with Exhibit C to this Declaration. Deficits shall be treated as part of the maintenance fee next due.

(4) Workmen's Compensation policy to meet the requirements of law.

(5) Such Other Insurance as the Board of Directors shall determine from time to time.

C. Premiums: Premiums upon insurance policies purchased by the Association shall be paid as a Common Expense.

D. Insurance Trustee, Shares of 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 insurance trustee which shall be designated by the Board of Directors and which shall be any bank or trust company in Florida with trust powers. The insurance trustee shall not be liable for payment of premiums or for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Unit Owners and their Mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee.

(1) Common Elements. Proceeds on account of damage to Common Elements - an undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

(2) Condominium Units. Proceeds on account of damage to Units shall be held in the following undivided shares:

(a) When the Building is to be Restored - For the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Association.

(b) When the Building is Not to be Restored - An undivided share for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

(3) Mortgagees. In the event a mortgage endorsement has been issued to a Unit, the share of the Unit Owner shall be held in trust for the Mortgagee and the Unit Owner as their interests may appear; provided, however, that no Mortgagee shall have any right to

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determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no Mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distribution thereof made to the Unit Owner and Mortgagee pursuant to the provisions of this Declaration.

E. Distribution of Proceeds: Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

(1) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.

(2) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Owners, remittance to Unit Owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

(3) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to unit owners and their Mortgagees being payable jointly to them. This is a covenant for the benefit of any Mortgagee of a Unit and may be enforced by such Mortgagee.

(4) Certificate In making distribution to Unit Owners and their Mortgagees, the insurance trustee may rely upon a certificate of the Association made by the President and Secretary as to the names of the Unit Owners and their respective shares of the distribution.

F. Association as Agent: The Association is hereby irrevocably appointed Agent for each Unit Owner and for each Mortgagee or other holder of lien upon a Unit and for each Owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon payment of the claims.

G. Notice of Insurance Coverage: In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association will give notice of the exposure within a reasonable time to all Unit Owners who may be exposed to liability and they shall have the right to intervene and defend.

H. Inspection of Insurance Policy: A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at reasonable times.

II. RECONSTRUCTION OR REPAIR AFTER CASUALTY:

A. Determination to Reconstruct or Repair: If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(1) Common Elements: If the damaged improvement is a Common Element, the damaged property shall be reconstructed or repaired unless it is determined in the manner elsewhere provided that the condominium shall be determined.

(2) Condominium Units:

(a) Lesser Damage - If the damaged improvement is a building containing Condominium Units, and if Units to which 50% of the Common Elements are appurtenant are found by the Board of Directors to be tenantable, the damaged property shall be reconstructed or repaired, unless within 60 days after the casualty it is determined by agreement that the condominium shall be terminated.

(b) Major Damage - If the damaged improvement is a building containing Condominium Units and if Units to which more than 50% of the Common Elements are appurtenant are found by the Board of Directors to be not tenantable, then the damaged property will not be reconstructed or repaired and the condominium will be terminated without agreement as elsewhere provided, unless within 60 days after the casualty, the Owners of 75% of the Common Elements agree in writing to such reconstruction or repair.

(3) Certificate: The insurance trustee may rely upon a certificate of the Association executed by the President and Secretary to determine whether or not the damaged property is to be reconstructed or repaired.

B. Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as Exhibits; or if not, then according to plans and specifications approved by the Board of Directors and, if the damaged property is a building containing Condominium Units, by the Owners of not less than 75% of the Common Elements, including the Owners of all damaged Units, which approval shall not be unreasonably withheld.

C. Responsibility: If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

D. Estimates of Costs: Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the costs to rebuild or repair.

E. Assessments: The amount by which an award of insurance proceeds to the insurance trustee is reduced on account of a deductible clause in an insurance policy shall be assessed against all Unit Owners and proportioned to their shares in the Common Elements. If the proceeds of such assessments and of the insurance are not sufficient to defray the estimated costs of reconstruction and repair, or if any time during reconstruction and repair or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, assessments shall be made against the Unit Owners, in the case of damage to Common Elements, in sufficient amounts to provide funds for the payments of such costs. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units. Such assessments on account of damage to Common Elements shall be in proportion to Owner's share in the Common Elements.

F. Construction Funds: The funds for payment of costs of reconstruction and repair after casualty, whether from proceeds of insurance or from assessments of both, shall be disbursed in payment of such costs in the following manner:

(1) **Association:** If the total assessments as set forth herein are more than \$5,000.00, then the sums paid upon such assessments shall be deposited with the insurance trustee. In all other cases, the Association shall hold the sums paid upon such assessments and disburse the same in payment of costs of reconstruction and repair.

(2) **Insurance Trustee:** The proceeds of insurance collected as a result of a casualty, and the sums deposited with the insurance trustee from assessments by the Association shall constitute a construction fund which shall be disbursed in payment of costs of reconstruction and repair in the following manner:

- (a) **Association - Lesser Damage** - If the amount of the estimated costs of reconstruction and repair which are the responsibility of the Association is less than \$5,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association, provided, however, that upon request to the insurance trustee by a Mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided for the reconstruction and repair of major damage.
- (b) **Association - Major Damage** - If the amount of the estimated costs of reconstruction and repair as aforesaid are more than \$5,000.00, then the construction fund shall be disbursed in the manner required by the Board of Directors and upon approval of an architect qualified to practice in Florida and employed by the Association to supervise the work.
- (c) **Unit Owner** - The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner shall be paid by the insurance trustee to the Unit Owner, or if there is a mortgage encumbrance as to such Unit, then to the Unit Owner and Mortgagee jointly, who may use such proceeds as they deem advisable.
- (d) **Surplus** - It shall be presumed that the first monies disbursed in payment of costs and reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of reconstruction and repair, such balance shall be distributed to the beneficial owners of the fund in the manner as elsewhere stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of assessments paid by such owner into the construction fund shall not be made payable to any Mortgagee.
- (e) **Certificate** - Notwithstanding the provisions herein, the insurance trustee shall not be required

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to determine whether or not sums paid by Unit Owners upon assessments shall be deposited by the Association with the insurance trustee, nor to determine whether the disbursement from the construction fund are to be upon the order of the Association or upon approval of an architect or otherwise, nor whether a disbursement is to be made from the construction fund, nor to determine whether surplus funds to be distributed are less than the assessments paid by Owners. Instead, the insurance trustee may rely upon a certificate of the Association signed by the President and Secretary, as to any and all of such matters and stating that the sums to be paid are due and properly payable, and stating the name of the payee and the amount to be paid; provided, that when a Mortgagee is herein required to be named as payee, the insurance trustee shall also name the Mortgagee as a payee of any distribution of insurance proceeds to a Unit Owner; and further provided that when the Association or a Mortgagee which is the beneficiary of an insurance policy, the proceeds of which are included in the construction fund, so requires, the approval of an architect named by the Association shall be first obtained by the Association upon disbursements in payment of costs of reconstruction and repair.

XVI. USE AND OCCUPANCY

A. Residential Use Restriction 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. Notwithstanding the foregoing, nothing herein shall be construed to restrict the Developer or any successor in interest from selling and/or conveying any Unit under a plan of Interval Ownership, or any person, group of persons, corporation, partnership or other entity from selling, reconveying or in any other way transferring same at any time under said plan of Interval Ownership.

B. Prohibited Acts: The Unit Owner shall not permit or suffer anything to be done or kept in his Unit which will increase the rate of insurance in the condominium property or which will obstruct or interfere with the rights of other Unit Owners or annoy them by unreasonable noises or otherwise. The Unit Owners shall not commit or permit any nuisance, immoral or illegal acts in or about the condominium property.

C. Restriction on Alterations: 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 or the Limited Common Elements or the Common Elements or shall cause any type of ground coverage to be installed or shall grow any type of plant, shrubbery, flower, vine or grass outside the Unit or shall cause awnings or storm shutters, screens, enclosures and the like to be affixed or attached to any Units, Limited Common Elements or Common Elements. A Unit Owner shall not place any furniture or equipment outside the Unit except with the prior written consent of the Board of Directors. No clothes line or similar device shall be allowed on any portion of the condominium property and clothes shall be hung only where designated by the Board of Directors.

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D. Common Elements: No person shall use the Common Elements and Limited Common Elements or any part thereof, a Condominium Unit or the condominium property, or any part thereof, in any manner contrary to the Rules and Regulations promulgated by the Board of Directors.

E. Holdover Interval Owners: In the event any Owner of a Unit Week committed to Interval Ownership fails to vacate his Unit at the expiration of his period of ownership each year, or at such earlier time as may be fixed by the Association, he shall be deemed a "holdover owner." It shall be the responsibility of the Association to take such steps as may be necessary to remove such holdover owner and to assist the owner of any subsequent Unit Week who may be affected by the holdover owner's failure to vacate, to find alternate accommodations during such holdover period.

In addition to such other remedies as may be available, the Association shall secure, at its expense, alternate accommodations for any Owner who may not occupy his Unit due to the failure to vacate of any holdover owner. Such accommodations shall be as near in value as to the Owner's own Unit as possible. The holdover owner shall be charged for the cost of such alternate accommodations, any other costs incurred due to the failure to vacate and an administrative fee of \$50.00 per day for his period of holding over. In the event it is necessary that the Association contract for a period greater than the actual period of holding over, in order to secure alternate accommodations as set forth, the entire period shall be the responsibility of the holdover owner, although the \$50.00 per day administrative fee shall cease upon actual vacating by the holdover owner.

The Association shall submit a bill to the holdover owner in accordance with this paragraph. In the event the holdover owner fails to pay within ten (10) days of the date of same, a lien may be filed against said holdover owner's Unit Weeks in accordance with the provisions of this Declaration.

The above provisions shall not abridge the Association's right to take such other action as is permitted by law, including but not limited to any eviction proceedings.

XVII. MAINTENANCE AND ALTERATIONS

A. The Board of Directors may enter into a contract with any firm, person or corporation or may join with any other condominium associations and entities in contracting for the maintenance and repair of the condominium property. The Board of Directors may contract for or join with other condominium associations in contracting for the management of the condominium property and may delegate to the contractor or manager all of the power and duties of the Association, except as are specifically required by this Declaration or By-Laws to have the approval of the Board of Directors or membership of the Association. The contractor or manager may be authorized to determine the budget, make assessments for common expenses and collect assessments, as provided by this Declaration, By-Laws and Exhibits to the Declaration. The Association has entered into a Management Agreement attached hereto as Exhibit F which encompasses the provisions of this paragraph.

B. Each Owner of a Unit not committed to Interval Ownership agrees as follows:

- (1) To maintain in good condition and repair his Unit and

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all interior surfaces within or surrounding his Unit (such as the surfaces of the walls, ceilings and floors) whether or not a part of the Unit or Common Elements, and maintain and repair the fixtures therein and pay for any utilities which are separately metered to his Unit.

(2) Not to make or cause to be made any structural addition, alteration, decoration, repair, replacement or change of the Common Elements or to any outside or exterior portion of the building whether within a Unit or part of the Limited Common Elements without the prior written consent of the Board of Directors.

C. Each Owner of Unit Weeks in a Unit committed to Interval Ownership agrees:

(1) To pay his proportionate share of the cost of the maintenance and repair of all interior and exterior components of said Unit, the cost of maintenance, repair and replacement of all appliances, furniture, carpeting, fixtures, equipment, utensils, and other personal property within said Unit, and such other costs of repair, maintenance, upkeep and operation of the Unit as is necessary to the continued enjoyment of said Unit by all Owners of Unit Weeks therein.

(2) Not to make, cause or allow to be made any repairs, modifications, alterations or replacements to the Common Elements, Limited Common Elements, outside or exterior portions of the buildings whether within a Unit or part of the Limited Common Elements or Common Elements, exterior or interior of his Unit, or of the furnishings, appliances, personal property or decor thereof, without the prior written consent of the Board of Directors and all other Owners of Unit Weeks therein.

(3) Expenses of repairs or replacements to the Units or its components, furnishings, carpeting, appliances or other property, real or personal, occasioned by the specific use or abuse of any Owner of Unit Weeks or any licensee or tenant of said Owner, shall be borne in their entirety by said Owner.

(4) The Association shall determine the interior color scheme, decor and furnishings, of each such Unit, as well as the proper time for redecorating and replacements thereof.

D. All Owners of Units, including Owners of Unit Weeks in Units committed to Interval Ownership, agree as follows:

(1) To allow the Board of Directors or the agents of any Management Firm 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, Limited Common Elements or the Common Elements or to determine compliance with provisions of this Declaration and the By-Laws.

(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 arials, except as consented to by the Board of Directors.

E. In the event the Owner of a Unit fails to maintain the 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 for an injunction to seek compliance with the provisions hereof. In lieu thereof and in

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addition thereto, the Association shall have the right to levy an assessment 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. Where said failure, alterations, addition or other violation is attributable to an Owner of Unit Weeks in a Unit committed to Interval Ownership, any such levy of an assessment shall be limited to the Unit Weeks owned by said Owner of Unit Weeks and shall be of no force and effect as to any other Owner of Unit Weeks in said Unit.

Said assessment shall have the same force and effect as all other special assessments. The Association shall have the further right to have its employees or agents or any subcontractors appointed by it to enter a Unit at all reasonable time to do such work as is deemed necessary by the Board of Directors to enforce compliance with the provisions hereof.

F. The Association shall determine the exterior color scheme of the building and all exterior and interior color schemes of the Common Elements and shall be responsible for the maintenance thereof. No Owner shall paint an exterior wall, door, window or any exterior surface or replace anything thereon or affixed thereto without the written consent of the Board of Directors.

G. The Association shall be responsible for the maintenance, repair and replacement of the Common Elements, including, but not limited to all recreation facilities, and all property not required to be maintained, repaired or replaced by the unit Owners. Notwithstanding the Unit Owner's duty of maintenance, repair, replacement and the other responsibilities as to his Unit, the Association may enter into an agreement with such firms or companies as it may determine to provide services and/or maintenance for and on behalf of the Unit Owners for such services and maintenance as the Association deems advisable and for such period of time and on such basis as it determines. These agreements shall be on behalf of all Unit Owners and the assessment due from each Unit Owner for common expenses shall be increased by such sums as the Association deems fair and equitable under the circumstances in relation to the charges for said maintenance and services. Each Unit Owner shall be deemed a party to said agreement with the same force and effect as though said Unit Owner had executed the agreement and it is understood and agreed that the Association shall execute such agreements as the agent for the Unit Owners. The aforesaid assessment shall be deemed to be an assessment under the provisions hereinabove of this Declaration.

Y. Each Owner shall keep his Unit and all furnishings in good condition and repair during his Unit Week, vacate the Unit at the expiration of his unit Weeks, remove all persons and property therefrom excluding only furnishings, leave the Unit in good and sanitary condition and repair, and otherwise comply with such reasonable checkout and other procedures as may from time to time be contained in rules promulgated by the Association.

XVIII. LIMITED COMMON ELEMENTS

Those areas reserved for the use of certain unit owners or a certain unit owner, to the exclusion of other Unit owners, are designated as limited Common Elements and are shown and located on the Exhibits attached hereto as "Exhibit A." Any expense or the maintenance, repair or replacement relating to Limited Common Elements shall be treated as and paid for as part of the common expenses of the Association unless otherwise specifically provided in this Declaration and Exhibits attached hereto. The Limited Common Elements are comprised of the private balconies appurtenant to the

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Units.

XIX. TERMINATION

A. If the Unit Owners and holders of all liens and mortgages affecting any of the Condominium Parcels execute and duly record an instrument terminating the condominium property, as set forth hereinafter, or if "major damage" occurs as defined in the insurance clauses hereinabove, said property shall be deemed to be subject to termination and thereafter owned in common by the Unit Owners. The undivided interest in the property owned in common by each Unit Owner shall then become the percentage of the undivided interest previously owned by such Owner in the Common Elements upon termination of the condominium.

B. The Board of Directors shall have the authority to call a meeting of all Owners of Unit Weeks in Units committed to Interval Ownership, for the purpose of consideration of termination of this condominium. At such meeting, a vote shall be taken to decide the disposition of the Units committed to Interval Ownership. A quorum at such meeting shall be a majority of the total outstanding votes of all Owners of Unit Weeks in Units committed to Interval Ownership. Said Ownership present at such meeting, in person or by proxy, may vote, by a vote of not less than seventy-five (75%) percent, to terminate Interval Ownership and/or this condominium. In the event Interval Ownership or this condominium is continued, the restrictive covenants set forth herein will be adopted as covenants running with the land for a period of ten (10) years. The Board of Directors shall, no less than thirty (30) days nor more than sixty (60) days prior to the actual expiration of said ten (10) year period, call a meeting of all Owners of Unit Weeks in Units committed to Interval Ownership. A quorum at such meeting shall be a majority of the total outstanding votes of all Owners of Unit Weeks in Units committed to Interval Ownership. The Owners may vote to continue the Interval Ownership in this condominium for an additional ten (10) year period. This process shall be repeated at the end of each successive ten (10) year period.

In the event the Owners vote to continue their Unit Weeks as provided above, then each owner shall have the exclusive right to occupy his Unit, and as between Owners to use and enjoy the Common Elements of the condominium, and the rights and easements appurtenant to his Unit during his Unit Weeks and to maintain and repair the units during maintenance weeks. No owner shall occupy his Unit or exercise any other rights of ownership in respect to his Unit other than the rights herein provided to him during any other Unit Weeks unless expressly so authorized by the owner entitled to occupy the unit during such Unit Weeks or during any maintenance week when acting through the Association.

No owner or other person or entity acquiring any right, title or interest in a unit shall seek or obtain through any legal procedures, judicial partition of the unit or sale of the Unit in lieu of partition at any date prior to the expiration of each successive ten (10) year period, if any, voted by the owners as set forth above. If, however, any Unit Weeks shall be owned by two or more persons as tenants in common or as joint tenants, nothing herein contained shall prohibit a judicial sale of the Unit Weeks in lieu of partition as between such co-tenants or joint tenants.

XX. USE OF COMMON ELEMENTS AND FACILITIES

The Association, its members, the Developer and its successors

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and assigns and all parties who own an interest in and to the aforesaid facilities agree that they shall not have any right to bring any action for partition or division of said facilities. The initial Rules and Regulations and any amendments thereto, pertaining to use of the Common Elements and other facilities shall be posted in a conspicuous place on the Common Elements or facilities. The Unit Owner hereby covenant and agree to be bound by all of such Rules and Regulations and said parties shall obey same and be responsible for their being obeyed by the said Unit Owners, their family, guests, invitees, lessees and servants. Should a Unit Owner fail to pay an assessment for common expenses, as required herein, the Association may, as provided by Florida law, deny the Unit Owner and/or the authorized user of the facilities the use and enjoyment of same until such time as all assessments are paid. The Association shall further have the right in its sole discretion, as provided by Florida law, to suspend any Unit owner and/or authorized user of said facilities from the use of same for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations, and in the case of a Unit committed to Interval Ownership for a period not to exceed seven (7) days. Should the Unit Owner or the authorized user of said facilities rights to use same be suspended, there shall be no reduction in the assessments due and payable by said Unit Owner or authorized user, as provided by Florida law. In the case of a unit committed to Interval Ownership, all sanctions, as outlined above, shall be limited to the delinquent Unit Week Owner and shall be of no force and effect against non-delinquent Owners of Unit Weeks in such Condominium Unit committed to Interval Ownership.

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 an 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 it, 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. Use of the facilities by Owners of Unit Weeks in Units committed to Interval Ownership, or any one using the facilities through said Owner, shall be limited to the period of ownership each year of said Owner of Unit Weeks in such Unit.

The Developer reserves, at no charge, the right of ingress and egress for itself, its invitees and the general public over the paved parking area and through the first floor lobby for the purpose of access to the restaurant and lounge area and the restroom facilities on the first floor. The Developer further reserves the right unto itself, its invitees and the general public for the use of undesignated parking spaces for customers of the restaurant and lounge as well as for the advertising, sale and reception of its customers and invitees.

The Developer reserves the right to occupy, at no charge, a portion of the Common Elements for the purposes of conducting sales and/or resales of Condominium Units or Unit Weeks, even after turn-over to the Association.

The Developer reserves the right to add to the Common Elements and common recreational facilities, but shall not be obligated to do so, without the prior consent of the Board of Directors or the Association.

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XXI.
MANAGEMENT AGREEMENT

A. The Association has entered into a Management Agreement, a copy of which is attached hereto as Exhibit F and made a part hereof.

The Association has delegated to the Management Firm the powers of the Association, to determine the budget, make assessments for common expenses and collect assessments. Each Unit Owner, his heirs, successors and assigns, shall be bound by said Management Agreement for the purposes therein expressed, including but not limited to:

(1) Adopting, ratifying, confirming and consenting to the execution of said Management Agreement by the Association.

(2) Covenanting and promising to perform each and every one of the covenants, promises and undertakings to be performed by Unit Owners in the cases provided therefor in said Management Agreement.

(3) Ratifying, confirming and approving each and every provision of said Management Agreement, and acknowledging that all of the terms and provisions thereof are reasonable.

(4) Agreeing that the persons acting as Directors and Officers of the Association entering into such an agreement have not breached any of their duties or obligations to the Association.

(5) It is specifically recognized that some or all of the persons comprising the original Board of Directors are or may be stockholders, officers and directors of the Management Firm, and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, or as possible grounds to invalidate such Management Agreement, in whole or in part.

(6) The acts of the Board of Directors and officers of the Association in entering into the Management Agreement be and the same are hereby ratified, approved, confirmed and adopted.

XXII.
MISCELLANEOUS PROVISIONS

A. The Owners of the respective Condominium Units shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floor and ceilings surrounding their respective Condominium Units. The Unit Owner shall not be deemed to own pipes, wires, conduits or other public utility lines running through the Condominium Units which are utilized for or serve more than one Condominium Unit and which items are hereby made a part of the Common Elements. The Unit Owner, however, shall be deemed to own the walls and partitions which are contained in his Condominium Unit and shall also be deemed to own the inner-decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint, wallpaper, etc; however, all load bearing walls and, where applicable, the floor between the first ground floor and second ground floor located within a Condominium Unit and, where applicable, the floor between any subsequent higher floors located within a Condominium Unit, and the floor of the first ground floor within a Condominium Unit, are a part of the Common Elements to the unfinished surface of said walls and floors.

B. The Owners of the Condominium Units agree that if any portion of a Condominium Unit or Common Element or Limited Common Element encroaches upon another, a valid easement for the encroachment and maintenance of same, so long as it stands, shall and

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does exist. In the event the condominium building is partially or totally destroyed and then rebuilt, the Owners of the Condominium Parcels agree that encroachments on parts of the Common Elements or Limited Common Elements or Condominium Units, as described, due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist.

C. 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 Unit committed to Interval Ownership, the maintenance fee, by waiver of the use and enjoyment of any of the Common Elements or the recreation facilities, or by abandonment of his Condominium Unit.

D. The Owners of each and every Condominium Parcel shall return the same for the purposes of ad valorem taxes with the Tax Assessor of Volusia County, or for such other future legally authorized government officer or authority having jurisdiction. Nothing herein shall be construed, however, as giving to any Unit Owner the right of contribution or any right of adjustment against any other Unit Owner on account of any deviation by the taxing authority from the valuation herein prescribed, each Unit Owner to pay ad valorem taxes and special assessments as are separately assessed against the Condominium Unit. Ad valorem taxes on a Unit committed to Interval Ownership shall be paid by the Association and said taxes shall be collected as part of the maintenance fee.

For this purpose of ad valorem taxation, the interest of the Owner of a "Condominium Parcel" in his "Condominium Unit" and in the "Common Elements," shall be considered a Unit. The value of said Unit shall be equal to the percentage of the value of the entire condominium, including land and improvements, as has been assigned to said Unit in this Declaration. The total of all of said percentages shall equal 100% of the value of all of the land and improvements thereon.

E. All provisions of this Declaration and Exhibits attached hereto, shall be construed as covenants running with the land, and of every part thereof and interest therein, including but not limited to every Unit and the appurtenances thereto, and every Unit Owner and occupant 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 of the provisions of this Declaration and the Exhibits.

F. If any of the provisions of this Declaration, the By-Laws, the Articles of Incorporation, the Management Agreement, or of the Condominium Act, in any circumstance, is held invalid, the validity of the remainder of the Declaration, By-Laws, Articles of Incorporation, Management Agreement or the Condominium Act shall not be affected thereby.

Whenever notices are required to be sent hereunder, they may be sent to Unit Owners either personally or by mail, addressed to such Owners at their places of residence on file with the Association. Proof of such mailing or personal delivery by the Association or the Management Firm shall be given by affidavit of the person mailing or personally delivering said notices. Notices to the Association shall be delivered by mail to the Secretary of the Association or to any member of the Board of Directors. The change of the mailing address of any party as specified herein shall not require an amendment to this Declaration.

Notices to the Developer shall be delivered by mail to 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069.

Notices to the Management Firm shall be delivered by mail to 1601 South Atlantic Avenue, New Smyrna Beach, Florida 32069.

All notices shall be deemed considered sent when mailed. Any party may change his mailing address by written notice with receipt therefor. Notices required to be given to the personal representatives of a deceased Owner or devisee may be delivered either personally or by mail to such party at his address appearing in the records of the Court wherein the Estate of such deceased Owner is being administered. The change of the mailing address of any party shall not require an amendment to this Declaration.

H. As set forth above, the Developer shall have the right to use a portion of the Common Elements for the purpose of aiding in the sale of Condominium Units including the right to use portions of the condominium property for parking for prospective purchasers and such other parties as Developer determines. The foregoing right shall mean and include the right to display and erect signs, billboards and placards and store, keep and exhibit same and distribute audio and visual promotional materials upon the Common Elements.

I. Each Unit Owner and the Association shall be governed by and shall comply with this Declaration, the By-Laws and the Condominium Act of the State of Florida. Failure to do so shall entitle the Association or any Unit Owner to recover sums due for damages or injunctive relief or both. Such actions may be maintained by or against a Unit Owner or the Association in a proper case by or against one or more Unit Owners and the prevailing party shall be entitled to receive reasonable attorneys' fees. Such relief shall not be exclusive of other remedies provided by law.

J. Subsequent to the filing of this Declaration, the Association, upon a majority vote of the total vote of the members of the Association, and approved by the holders of Institutional First Mortgages encumbering Units who represent a majority of the dollar institutionally mortgages indebtedness against this condominium may, together with other Associations and others, purchase and/or acquire and enter into agreements, whereby it acquires leaseholds, memberships and other possessory or use interest in lands or facilities, including but not limited to country clubs, golf courses, marinas and other recreational facilities, whether or not contiguous to the lands of the condominium, intended to provide for the enjoyment, recreation 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.

K. 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 plural shall include the singular. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of the condominium.

L. The captions used in this Declaration 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 of this Declaration.

M. 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 for the purpose of this Declaration be deemed to be an Institutional First Mortgage.