



Declaration of Condominium
of
PORT ROYAL
Pensacola, Florida

669.

**DECLARATION OF CONDOMINIUM
OF
PORT ROYAL, A CONDOMINIUM**

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PORT ROYAL, DECLARATION OF CONDOMINIUM

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EXHIBITS

- A. Legal description of condominium
- B. Survey, plot plan, floor plans and graphic description
- C. Articles of incorporation of Port Royal Owners Association, Inc.
- D. By-laws of Port Royal Owners Association, Inc.
- E. Ground lease and amendments
- F. Declaration of Covenants, Conditions & Restrictions
- G. Articles of Incorporation of Port Royal Community Association, Inc.
- H. By-laws of Port Royal Community Association, Inc.

**DECLARATION OF CONDOMINIUM
PORT ROYAL, A CONDOMINIUM**

I. SUBMISSION STATEMENT

Port Royal of Pensacola, Inc., a Florida corporation, herein called "Developer", the owner and holder of the real property as hereinafter described in Article III hereof entitled "Land", hereby submits the land described in said Article III to condominium ownership pursuant to Chapter 718, Florida Statutes, the Condominium Act, upon the terms, conditions, restrictions and limitations hereinafter set forth. Except where variances permitted by law appear in the Declaration and its attached By-Laws or Articles of Incorporation or in lawful amendments to either of them, the provisions of the Condominium Act as presently constituted, including the definitions therein contained are adopted and included herein by express reference.

II. NAME

The name by which the condominium is to be known and identified is PORT ROYAL, A CONDOMINIUM.

III. LAND

The legal description of the real property of the condominium, the leasehold interest of which is submitted herewith to condominium as Port Royal, a Condominium is attached hereto as Exhibit "A".

The property submitted to condominium is leased from the City of Pensacola, a municipal corporation, under a 99-year lease agreement between the City of Pensacola and Port Royal of Pensacola, Inc., effective November 15, 1982 and recorded in Official Record Book 1743 at page 764 of the Public Records of Escambia County, Florida, as amended by Amendment to Lease Agreement dated the 28th day of March, 1983, and recorded in Official Record Book 1749 at page 251, of the Public Records of Escambia County, Florida, as further amended by Second Amendment to Lease Agreement dated March 22, 1984, recorded in Official Record Book 1889 at page 656 of the Public Records of Escambia County, Florida, and as further amended by third amendment to Lease Agreement dated May 11, 1984, recorded in Official Record Book 1913 at page 227 of the Public Records of Escambia County, Florida. Developer's interest in the property submitted to condominium ownership hereby is its interest in the said lease, as amended, and as it relates to the property described. Copies of said lease and amendment are attached hereto as Exhibit "E". Notwithstanding any provision in this declaration to the contrary, all rights, privileges and obligations of any persons arising out of or in connection with the Condominium Property or this declaration or any other instrument affecting the condominium shall be subject to and limited by the rights of the City of Pensacola, as owner of the real property of the condominium, as set forth in said lease and any amendments thereto. Without limiting the generality of the foregoing statement, no mortgage or other security interest shall exist in the fee estate and any mortgage or security interest in the Condominium Property shall be subordinate to said lease. Said Lease may be amended only in the manner set forth therein and neither this instrument nor any other instrument shall be deemed to be an amendment to said Lease unless an intention to amend the Lease is expressly stated in such instrument.

IV. IDENTIFICATION OF UNITS

A. The condominium property consists of a leasehold interest in the land described in Section III hereof, and all easements and rights appurtenant thereto, together with the buildings and other improvements constructed thereon, which include the units, common elements and limited common elements. The principal improvements on the real property submitted herewith consist of one building known as Hargood Court, containing seven (7) townhouse type units, one building, known as Mentor Court, containing nine (9) townhouse-type units, one building, known as Kingston Court, containing five (5) townhouse-type units, and one seven-story (7) tower, known as Galvez Tower, containing thirty-nine (39)

units, along with paved accessways and parking, approximately forty (40) covered parking spaces, a bulk-head and landscaping. A total of sixty (60) condominium units will be constructed.

B. The number, location and floor plan of each unit is shown on the survey exhibit attached hereto as Exhibit "B".

C. The balconies abutting each apartment unit are limited common elements appurtenant to those units which they abut, the use of which is restricted to the units to which they are appurtenant. Maintenance and upkeep of each balcony shall be the exclusive responsibility of the Association. The areas, rooms and spaces which are not within the boundaries of a condominium unit are common elements or limited common elements and shall be used, occupied, dealt with and managed as provided for in the Condominium Act, and hereafter in this Declaration of Condominium.

D. Each numbered unit shall have as its boundary lines the interior unpainted finished surfaces of the ceiling, floor and perimeter walls. All bearing walls and floor slabs located within an apartment constitute part of the common elements up to the unpainted finished surface of said walls. All conduits and wires up to their outlets and all other utility lines and pipes up to their outlets, regardless of location, constitute parts of the common elements. The boundary lines of each apartment balcony are the interior vertical surfaces thereof and the exterior unpainted unfinished surface of the perimeter balustrade or railing abutting the balcony and the finished surfaces of the floor and ceiling.

E. Each condominium parcel includes the condominium unit, together with the undivided share in and to the common elements which is appurtenant to that unit and the interest of each unit in any limited common elements appurtenant to that unit such as balconies.

V.

SURVEY, PLOT PLAN AND GRAPHIC DESCRIPTION OF IMPROVEMENTS

A. There are attached hereto as exhibits and made a part hereof and recorded simultaneously herewith, a survey, plot plan and graphic description of improvements mentioned above, showing the units, common elements and limited common elements, their location and approximate dimensions in sufficient detail to identify them, and said survey, plot plan and graphic description of improvements and the notes and legends appearing thereon are made a part hereof and shall be deemed and identified as Exhibit "B" to this Declaration. Upon final completion of the condominium, said Exhibit "B" will be certified to in the manner required by Florida Statute 718.104(4)(e), the Condominium Act. Conveyances of a unit shall be by partial assignment of lease, conveying a leasehold interest in the unit and its appurtenances.

B. If the improvements described in this Declaration are not completed at the time of the filing of this Declaration in the Public Records of Escambia County, Florida, Developer shall, prior to closing a sale of any unit, file an amendment to Exhibit "B" showing the completion of construction of all improvements on the land described in section III and complying with Florida Statute 718.104(4)(e).

C. Limited common elements shall include a balcony on each unit.

D. Common elements constructed as shown on the plot plan, and survey exhibit attached hereto as Exhibit "B", include an asphalt parking area containing 31 uncovered parking spaces of which 29 will be unassigned and one each will be assigned to units 105 and 106, 40 covered parking spaces, a bulk-head, landscaping, and two (2) elevators, forty (40) storage rooms on the first floor of

the tower building to be assigned by the Association to the owners of units in the tower or for use by the Association, various mechanical, electrical, utility and storage rooms, stairwells, a vestibule, a recreation room, the entrance and access road and various easements affording access to the property.

E. Developer reserves the right to change the interior design and arrangement of all units and to alter the boundaries between units, provided Developer owns the units so altered and provided further, that prior written consent is obtained from all mortgagees holding a mortgage affecting the units being so altered. An amendment to this Declaration reflecting such alterations by the Developer need be signed and acknowledged only by the Developer after such written consent and need not be signed or approved by the Association, unit owners, lienors or mortgagees. No such change shall, however, increase the number of units nor substantially alter the boundaries of the common elements without an amendment to this Declaration in the manner hereinafter provided.

VI.

UNDIVIDED SHARE IN THE COMMON ELEMENTS AND SHARE IN THE COMMON EXPENSES AND COMMON SURPLUS APPURTENANT TO EACH UNIT

A. Appurtenant to each unit in this condominium shall be a membership in Port Royal Owners Association, Inc., for purposes of ownership interest in the common elements, units shall be divided into four (4) classes of units:

There are twenty-two (22) "Class I" units, appurtenant to each of which shall be an undivided 1.62% ownership interest in the common area. The "Class I" units are type "A", "B", "N", "O", "P", and "Q" units. The "Class I" units are numbers 3, 7, 6, 12, 13, 17, 21, 23, 105, 106, 201, 202, 301, 302, 401, 402, 501, 502, 601, 602, 701, and 702.

There are two (2) "Class II" units, appurtenant to each of which shall be an undivided 1.66% ownership interest in the common area. The "Class II" units are type "C" and "D" units. The "Class II" units are numbers 9 and 18.

There are thirty-two (32) "Class III" units, appurtenant to each of which shall be an undivided 1.69% ownership interest in the common area. The "Class III" units are type "E", "F", "G", "H", "I", "J", "J1", "K", "K1", "L", and "M" units. The "Class III" units are numbers 2, 4, 5, 8, 10, 11, 14, 15, 16, 19, 103, 104, 203, 204, 205, 206, 303, 304, 305, 306, 403, 404, 405, 506, 503, 504, 505, 506, 603, 604, 605, and 606.

There are four (4) "Class IV" units, appurtenant to each of which shall be an undivided 1.74% ownership interest in the common area. The "Class IV" units are type "I", "R", "S", and "T" type units. The "Class IV" units are number 1, 703, 704, and 705.

The apportionment of the ownership of the common elements is based on the approximate square footage thereof, after taking into account additional expenses which will be incurred in maintaining the tower units.

A schedule of the units, the unit numbers, types, ownership interest in the common elements, the approximate square footage and the number of bedrooms and baths follows:

TOWNHOUSES - KINGSTON COURT (BAYFRONT)

Unit No.	Unit Type	Assessment Class	Ownership Interest	Square Footage	No. of Bedrooms	No. of Baths
1	I	IV	1.74%	2710	3	2-1/2
3	B	I	1.62%	1490	3	2
5	E	III	1.69%	2160	3	2-1/2
7	B	I	1.62%	1490	3	2
9	D	II	1.66%	1655	3	2

TOWNHOUSES - MENTOR COURT (BAYLEN SLIP)

2	H	III	1.69%	2390	3	2-1/2
4	F	III	1.69%	2160	3	2-1/2
6	A	I	1.62%	1490	3	2
8	F	III	1.69%	2160	3	2-1/2
10	E	III	1.69%	2160	3	2-1/2
12	A	I	1.62%	1490	3	2
14	F	III	1.69%	2160	3	2-1/2
16	E	III	1.69%	2160	3	2-1/2
18	C	II	1.66%	1655	3	2

TOWNHOUSES - HARGOOD COURT (WESTERN SLIP)

11	G	III	1.69%	2390	3	2-1/2
13	B	I	1.62%	1490	3	2
15	E	III	1.69%	2160	3	2-1/2
17	B	I	1.62%	1490	3	2
19	E	III	1.69%	2160	3	2-1/2
21	B	I	1.62%	1490	3	2
23	A	I	1.62%	1490	3	2

GALVEZ TOWER

103	J1	III	1.69%	2140	3	2
104	K1	III	1.69%	2140	3	2
105	P	I	1.62%	1290	1	1
106	Q	I	1.62%	1290	1	1
201	N	I	1.62%	1235	2	2
202	O	I	1.62%	1235	2	2
203	J	III	1.69%	2190	3	2
204	K	III	1.69%	2190	3	2
205	L	III	1.69%	2110	3	2
206	M	III	1.69%	2110	3	2
301	N	I	1.62%	1235	2	2
302	O	I	1.62%	1235	2	2
303	J	III	1.69%	2190	3	2
304	K	III	1.69%	2190	3	2
305	L	III	1.69%	2110	3	2
306	M	III	1.69%	2110	3	2
401	N	I	1.62%	1235	2	2
402	O	I	1.62%	1235	2	2
403	J	III	1.69%	2190	3	2
404	K	III	1.69%	2190	3	2
405	L	III	1.69%	2110	3	2
406	M	III	1.69%	2110	3	2
501	N	I	1.62%	1235	2	2
502	O	I	1.62%	1235	2	2
503	J	III	1.69%	2190	3	2
504	K	III	1.69%	2190	3	2
505	L	III	1.69%	2110	3	2
506	M	III	1.69%	2110	3	2
601	N	I	1.62%	1235	2	2
602	O	I	1.62%	1235	2	2
603	J	III	1.69%	2190	3	2

604	K	III	1.69%	2190	3	2
605	L	III	1.69%	2110	3	2
606	M	III	1.69%	2110	3	2
701	N	I	1.62%	1235	2	2
702	O	I	1.62%	1235	2	2
703	R	IV	1.74%	2610	3	2-1/2
704	S	IV	1.74%	2610	3	2-1/2
705	T	IV	1.74%	3405	3	2-1/2

B. Each unit owner shall be liable for a proportionate share of the common expenses and entitled to a proportionate share of the common surplus, such share being the same as the undivided share in the common elements appurtenant to each owner's unit.

C. In the event of the termination of the condominium or of any portion of the condominium, the condominium property shall be owned in common by the unit owners in accordance with the provisions contained in Section XXV entitled TERMINATION.

VII

CONDOMINIUM ASSOCIATION

The Association responsible for the operation of this condominium is PORT ROYAL OWNERS ASSOCIATION, INC., a Florida corporation not for profit. The Association shall have all the powers, rights and duties set forth in this Declaration, the Articles of Incorporation, the By-Laws and Florida Statutes. The Association is sometimes hereinafter referred to as "the Association". A copy of the Articles of Incorporation of the Association are affixed hereto as Exhibit "C". Amendments to the Articles of Incorporation shall be valid when adopted in accordance with their provisions and filed with the Secretary of State or as otherwise required by chapter 617, Florida Statutes, as amended from time to time. No amendment to the Articles of Incorporation shall change any condominium parcel or the share of common elements, common expenses or common surplus attributable to a parcel nor the voting rights appurtenant to a parcel unless the record owner or owners thereof and all record owners of liens upon such parcel or parcels shall join in the execution of such amendment.

VIII.

BY-LAWS

The operation of the condominium property shall be governed by the By-Laws of the Association which are annexed to this Declaration as Exhibit "D" and made a part hereof. Said By-Laws may be amended in the manner therein provided.

IX.

MEMBERSHIP IN THE CONDOMINIUM ASSOCIATION AND VOTING RIGHTS OF UNIT OWNERS

Every owner of a condominium unit whether he has acquired title by purchase from the Developer, the Developer's grantee, successor or assigns, or by gift, conveyance or by operation of law, is bound to and hereby agrees that he shall accept membership in the Association described in Section VII hereinabove, and does hereby agree to be bound by this Declaration, the Articles of Incorporation and the By-Laws of the Association and the rules and regulations enacted pursuant thereto and the provisions and requirements of the Condominium Act. Membership is automatic upon acquisition of ownership of a condominium unit and may not be hypothecated or transferred apart and separate from a transfer of the ownership of the unit. Membership shall likewise automatically terminate upon sale or transfer of the unit, whether voluntary or involuntary.

Subject to the provisions and restrictions set forth in the By-Laws of the Association, each condominium unit owner is entitled to one vote in the Association for each condominium unit owned by him. Voting rights and qualifications of voters and membership in the Association are more fully stated, qualified and determined by the provisions of the Charter of the Association and by its By-Laws. Whenever a particular numerical or percentage vote is called for as provided for in this Declaration or in the By-Laws (such as "2/3 of the unit owners" or "a majority of the members"), unless the particular provision describing the vote required shall be the percentage or fraction of the total number of votes of the condominium unit, it shall refer to the owners present and voting. Unless a particular provision shall require otherwise, a majority vote of the number of votes of unit owners present and voting on any matter shall be controlling, providing a quorum is present.

X.

AMENDMENT TO DECLARATION

A. Except as elsewhere provided in this declaration, this declaration may be amended from time to time by resolution adopted at any regular or special meeting of the unit owners of the Condominium, called after proper notice, in accordance with the By-Laws, at which a quorum is present, such adoption to be by the affirmative vote of 2/3 of all unit owners entitled to vote whether present or not. Such amendment shall be duly recorded in compliance with requirements of the Condominium Act. No amendment shall change any condominium parcel nor the share of the common elements, common expenses or common surplus attributable to any parcel, nor the voting rights appurtenant to any parcel, unless the record owners of all mortgages or liens upon such parcel or parcels shall join in the execution of such amendment.

B. The provisions of Paragraph A above notwithstanding, no provisions of this Declaration or of the By-Laws of the Association which require, to be effective, operational or enacted, a vote of the unit owners greater than required in Paragraph A above, shall be amended or changed by any amendment to this Declaration or to the By-Laws of the Association insofar as they appertain to said provision or provisions, unless in addition to all other requirements of Paragraph A above being met, said amendment or change shall be approved by a vote of the membership not less than that required by this Declaration or the By-Laws, whichever shall be applicable, to effect such provision or provisions. Furthermore, no amendment or change to this Declaration or to the By-Laws shall be effective to affect or impair the validity or priority of any mortgage encumbering a condominium parcel or parcels without the written consent thereto by all of the mortgagees owning and holding the mortgage or mortgages encumbering the said parcel or parcels, which consent shall be executed with the formalities required for deeds and recorded with the aforesaid amendment.

C. Notice of any meeting of the unit owners at which an amendment to this declaration is to be voted upon shall contain a copy of the proposed amendment, state that the amendment requires an affirmative vote of 2/3 of all unit owners, whether present or absent, or any other applicable approval requirements, and state whether the amendment requires approval of any particular unit owner or mortgagee.

D. Notwithstanding all other provisions of this Declaration, the Articles of Incorporation attached hereto, or the By-Laws attached hereto, any unit owner may, even though he is not present at the meeting considering an amendment to this Declaration, vote by proxy in accordance with the requirements of the by-Laws or vote for or against the proposed amendment by delivering

a written statement, signed by the unit owner and stating that he is either for or against the amendment, to the Secretary of the Association prior to or at the meeting.

E. No amendment to this Declaration which affects rights reserved or granted to Developer or any other person or entity, which rights are different from the rights of a single unit owner, shall be made without the written consent of the affected Developer, person or entity.

XI.

PURPOSE AND USE RESTRICTIONS

In order to provide for a congenial occupation of the Condominium, and to provide for the protection of the value of the individual units, the use of the Condominium Property shall be restricted in accordance with the following provisions:

A. Each condominium unit shall be used and occupied by the respective owner, his tenants, family or special guests as a private single-family residence or vacation home, and for no other purpose, except where specific exceptions are made in this Declaration.

B. The common elements and any property in which the Association owns an interest, shall be used for the furnishing of services and facilities for which they are reasonably intended, for the use and enjoyment of the unit owners, their tenants and guests, subject to such regulations as the Association may lawfully adopt in the Association by-Laws or Rules and Regulations.

C. Except as hereinbefore reserved to Developer, no unit may be divided or subdivided into a smaller unit, nor may any portion thereof be sold or otherwise transferred, without first amending this Declaration as hereinabove provided to show the changes to be made in the units.

D. Nothing contained in this Section XI shall preclude ownership of a unit by a corporation, partnership or association, so long as occupation by these entities is residential in nature and not for the purpose of operating a business.

E. Until the Developer has completed all of the contemplated improvements and closed the sales of all units of the Condominium, neither the unit owners, contract purchasers nor the Association, nor their use of the Condominium Property, shall interfere with the completion of the contemplated improvements or the sale of the units. Developer may make such use of any unsold units and all common areas as may facilitate such completion and sale, including but not limited to, maintenance of a sales office, advertising, showing of the property, display of signs, and storage of materials.

F. Except as hereinabove reserved to Developer, no nuisance shall be allowed upon the Condominium Property, nor shall any practice be allowed which is a source of annoyance to residents or which will interfere with the peaceful possession and proper use of the Condominium Property by residents.

G. No unit owner shall permit nor suffer anything to be done or kept in his apartment which will increase the rate of insurance on the Condominium Property or on the common elements.

H. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property nor of any condominium unit or any part thereof.

I. No "For Sale" or "For Rent" signs or other signs shall be displayed or in any manner be visible from the exterior of a unit by any individual unit owner on his condominium parcel

or any part of the Condominium Property except for Mortgagees of record who are not bound by this provision.

J. Reasonable regulations concerning use of the Condominium Property and especially the common elements and limited common elements may be promulgated by the Association, in accordance with the procedure set forth in the Association By-Laws.

K. Exterminator service shall be provided through the Association in order to assure uniform procedures and the use of appropriate chemicals. No owner may contract for individual exterminator service without the approval of the Association. Any services desired, over and above the normal exterminator service being furnished through the Association, shall be requested by the owner, through the Association, and provided by the Association at the expense of the owner.

L. No owner may obligate the Association for repairs without prior written approval of the Association.

M. Units may be leased by a unit owner, but to no more than one family, at a time, and leases shall be for a term of at least six (6) months. A unit owner shall be strictly responsible for the actions of his tenants. Any special services provided by the Association for unit owners or tenants, such as opening units for an owner or tenant shall be at the expense of the person requesting the service. All leases shall be submitted to the Association at least ten (10) days prior to the effective date of the lease and shall be subject to Association approval, which shall not be unreasonably withheld.

delete or change
N. The use of charcoal grills by other than the owner of the the unit is strictly prohibited. All rental agreements and leases from owners to tenants shall specifically exclude the use of charcoal grills.

O. Any floor surfacing installed in the tower must be pre-approved by the Association and must comply with sound-proofing specifications to be established by the Association. The Association shall have the authority by rule to regulate the manner of installation, type and color of floor coverings on the balconies. There shall be no awnings of any nature installed and no towels or other objects on the balcony shall be visible from the exterior of the building. All draperies shall be lined with white opaque material or with such other color material as may be approved by the Association.

P. Balconies shall not be closed in, nor shall any change whatsoever be made in the exterior of the units without the written approval of the Association.

Q. In order to protect the integrity of the Condominium, designated agents of the Association shall have the right to enter any unit at any reasonable time for a valid purpose. Each unit owner shall have on file with the Association, a key, providing access to the unit, and no unit owner may install any lock or locking system which would impair access by the Association. No unit owner will have any lock changed on his unit without specific Association approval, and all such changes shall be at the owner's total expense. The Developer or the Association may provide for a grand master key and may change same, from time to time, for good and sufficient reasons.

R. The Association will periodically wash the windows in the tower building on a schedule to be established by the Association. If an owner desires more frequent washing, it will be at the owner's expense.

S. No modification of any unit will be made of any nature, interior or exterior without prior Association approval.

T. The Association will, by rule, designate times for moving in and out. Pads will be available for protecting the elevators, and they must be used. The Association must always be notified ahead of time, prior to any moving in or moving out, and the unit owner will be responsible for any damages caused to the common elements as a result of any move.

Q. PET RESTRICTIONS. No pets of any nature may be permitted on the premises which constitute an annoyance or disturbance to the other owners or occupants. In any event, no pets shall ever be permitted other than cats and dogs weighing less than ten (10) pounds each, and small birds. No more than two (2) pets may ever be permitted in a unit. In no event shall any pet of any kind be permitted in any common or recreational area unless on a leash or carried. the Association may, by rule duly adopted after proper notice as required by the Declaration, the Articles of Incorporation and the By-Laws, prohibit the replacement of or acquisition of any pets after the effective date of the rule. All pet owners shall clean up after their pets and shall not allow any pets in any area where they are prohibited by Association rule.

V. Developer may grant to individual unit owners the license to install and maintain a television receiver antenna or dish and/or a radio antenna on the tower roof provided the expense of installing and maintaining them is borne by the installing party and not by the Association, and the Association shall incur no liability as a result thereof.

XII.

INTER VIVOS TRANSFERS

This Declaration of Condominium does not preclude or impair the inter vivos transfer of a unit.

XIII.

RIGHTS OF HEIRS AND DEVISEES OF DECEASED UNIT OWNERS

These units may be freely devised or inherited just as other interests in real property and this Declaration of Condominium imposes no limitation thereon.

XIV.

ASSESSMENTS

A. The Association, through its Board of Directors, shall have the right and duty to make and collect assessments, special assessments and such other assessments as are provided for the condominium Act, this Declaration or the By-Laws.

B. Common expenses shall include, but not be limited to, costs and expenses of operation, maintenance and management, garbage collection, property taxes and assessments against the Condominium Property (until such time as any of such taxes and assessments are made against the condominium parcels individually and thereafter only as to such taxes or assessments, if any, as may be assessed against the Condominium as a whole), property taxes and assessments on Association property, insurance premiums, legal and accounting fees, management fees, garbage and trash container expense and collection fees, operating expenses of the Condominium Property and the Association, property repairs and replacements (but only as to the common elements and limited common elements, and Association Property, except for emergency repairs or replacements deemed necessary to protect the common elements and properly chargeable to the individual condominium unit concerned), charges for utility and water used in common for the benefit of the Condominium, cleaning and janitorial services for the common elements and limited common elements, expenses and liabilities incurred by the Association in and

about the enforcement of its rights and duties against the members or others, and the creation of reasonable contingency or reserve requirements for the protection of the members and the Condominium Property (i.e., reserve for replacements, maintenance, repair and operating reserve to cover deficiencies in collections), and all other sums due from the Association under any lease, mortgage, purchase contract, contract or for any undertaking for recreational facilities permitted by this Declaration. Common expenses shall also include fees payable to Port Royal Community Association, Inc. which is an underlying non-profit Florida corporation established for the purpose of maintaining and administering facilities to be shared by this Condominium and any subsequent condominium or condominiums established on land leased from the City of Pensacola in the general area of this Condominium, on property known as the "Baylen Street Property". The Port Royal Community Association is described more particularly in Article XVIII hereof.

C. The Association shall estimate from time to time the amount of common expenses it expects to incur and the period of time involved therein and may assess sufficient monies from unit owners to meet this estimate in accordance with this Declaration, the attached Articles of Incorporation and By-Laws, and the provisions of the Condominium Act. Assessments for common expenses shall be borne by unit owners in the proportions or shares set forth in Section VI hereof pertaining thereto. Assessments shall be payable monthly or in such other installments and at such times as may be fixed by the Board of directors. The Association shall have the authority to collect assessments in such manner as it deems appropriate, including requiring that they be paid annually, quarterly, or monthly, in advance.

D. Should the Association through its Board of Directors at any time determine that the assessments made are not sufficient to pay the common expenses or, in the event of emergency, the Board of Directors shall have authority to levy and collect additional assessments to meet such needs of the Association, in a manner provided in the By-Laws of the Association.

E. All notices of any assessments from the Association to the unit owners shall be due and payable ten (10) days from the delivery of the notice of such assessment. Assessments and installments thereof not paid within ten (10) days from the date due shall bear interest from due date at eighteen percent (18%) per annum. A late charge of Ten Dollars (\$10.00) shall be made on all assessments not paid within ten (10) days from the date such assessment is due. All payments on account shall be applied first to late charges, then to interest, and then to the assessment payment first due. No usurious interest may be charged or collected.

F. When any mortgagee of record or other purchaser obtains title to a unit as a result of foreclosure of any mortgage on that unit, or as a result of a deed given in lieu of foreclosure, such acquirer of title shall not be liable for any share of condominium expenses or assessments of any kind made by the Association on that unit or unit owner prior to the acquisition of title, unless that unit's share of assessments and expenses is secured by a claim of lien which was recorded prior to the recording of the aforesaid mortgage. Such unpaid share of assessments and common expenses are common expenses which are collectible from all unit owners including such acquirer.

G. A working capital fund is required for the initial months of the operation of the condominium equal to at least two months' assessments for each unit. Each unit's share of the working capital fund must be collected and transferred to the Association at the time of the sale of each unit and maintained in an account for the use and benefit of the Association. Such amounts paid into the fund are not to be considered as advance payments of regular assessments.

XV.

LIEN OF THE ASSOCIATION

A. The Association shall have a lien on each condominium unit for any unpaid assessment and interest thereon and against the unit owner of each condominium as provided in the Condominium Act. In the event such lien is asserted or claimed, the delinquent unit owner agrees to pay reasonable attorneys' fees sustained by the Association incident to the collection of such unpaid assessment or the enforcement of such lien and the said lien shall also secure the payment of such attorneys' fees. Said lien shall be effective from and after its recording in accordance with the provisions of the Condominium Act, and shall otherwise be enforceable as provided in the Condominium Act.

B. In the event any legal proceedings are instituted to foreclose a lien for assessments, the Association, upon bringing such proceedings, shall be entitled as a matter of right to the appointment of a receiver, who shall be entitled immediately to take possession of said unit under the supervision of the court conducting the foreclosure proceedings, and in the event the receiver allows the owner of the unit to remain on the subject property, the owner shall pay a reasonable rental for the unit to the receiver for the benefit of the Association and the owner, said rental to be applied first to the payment of delinquent assessments, court costs, receiver's and attorneys' fees and any other valid fees, and then to the mortgagee to the extent of any delinquency, and then to the owner.

XVI.

MAINTENANCE AND REPAIRS

A. The owner of each condominium unit, at his own expense, shall see to and be responsible for the maintenance of his unit and all equipment and fixtures therein, including but not limited to all air-conditioning equipment (including compressors and other equipment for his unit located within a unit or on the common elements), and must promptly correct any conditions which would, if left uncorrected, cause any damage to another unit. The owner of each unit shall be responsible for any damages caused by his actions or by his willful, careless or negligent failure to act, or by the willful action or negligence of his family, or his or their guests, lessees, employees or agents, to the extent that such expense is not defrayed by the proceeds of insurance carried by the Association. Furthermore, the owner of each unit shall, at his own expense, be responsible for the upkeep and maintenance, including but not limited to, painting, replastering, sealing and polishing, of the interior finished surface of the perimeter walls, ceiling and floor which constitute the boundary lines of the unit, exterior doors including glass doors, and all screens, all window and plate glass in windows, and plate glass or screens in the perimeter walls of the unit. The Association, in the exercise of its discretion, may require established levels of maintenance and upkeep of the various apartment unit owners with respect to their exterior doors and windows, and may reasonably regulate control and make rules relating to the appearance, painting and decorating and utilization of the exterior doors and windows. The Association may likewise undertake the painting, maintenance and/or repair of all exterior walls and doors of the Condominium, or railing, as part of any overall program of maintenance. Maintenance of the electrical system and electrical distribution systems, including burglar alarms, within their own units from and including the fuse box applicable and servicing the unit inward; that is to say, in respect of all distribution lines servicing only the apartment and outlets within the apartment, shall be the undivided unit owner's responsibility. It shall be the responsibility of the Association to maintain and repair the electrical system and distribution lines up to the individual unit fuse boxes.

B. Except as provided in Paragraph A above and elsewhere in this Declaration, the Association shall be responsible for and see to the maintenance, repair and operation of the common elements and limited common elements of the condominium. The Association shall have all the power necessary to discharge this responsibility and may exercise these powers exclusively if it so desires, or may delegate them to the individual unit owners as elsewhere provided for in this Declaration or in the By-Laws of the Association. Each unit owner shall promptly report to the Association any defect or need for repairs for which the Association is responsible.

C. To facilitate and carry out the obligations of the Association for maintenance, repair and replacement as set forth in this Section XVI, there is reserved unto the Association the right to enter in and upon any unit at any reasonable time and to have a key to all units.

D. Notwithstanding the duties of the Association to maintain and repair parts of the Condominium Property, the Association shall not be liable to unit owners for injury or damage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by other unit owners or persons.

XVII.

ALTERATION OF UNITS

A. No owner of a condominium unit shall make or cause to be made any structural modifications or alterations in his unit, or in the water, gas, electrical, plumbing, air-conditioning equipment or utilities therein, without the consent of the Association, which consent may be withheld in the event the Board of Directors determines that such structural alteration or modification would in any manner endanger the building. If the modification or alteration desired by a unit owner involves the removal of any permanent interior partition, the Association may permit same if the same is not a load-bearing partition and if the same does not interfere with any common utility source. No unit owner shall cause any improvement or changes to be made to the exterior of the building, including but not limited to, painting, installation of electric wires, TV antennae or air-conditioning which may protrude through the walls or roof of the building, or in any other manner change the appearance of the exterior of the building or any portion of the building not totally within the unit, without consent of the Association. No unit owner nor any other persons shall install upon the roof or exterior of the Apartment Building upon the Condominium Property, or upon the common elements or limited common elements of the Condominium, any TV antennae, radio antennae, electric, electronic or electro-mechanical device, decorative item or affixed furnishing without the consent of the Association.

B. Provisions of Paragraph A to the contrary notwithstanding, with the permission of the Association or of the Developer, abutting condominium apartment units may be physically combined into a single dwelling, but they shall, nevertheless, for all other pertinent purposes including but not limited to, assessments, attribution of common elements and voting, be deemed separate units. Units which have been or are combined to form one dwelling may be severed into their component units (separate units) at any time the owner of the combined units so desires. Any construction or modification of the interior of such units as may be required to effectuate the severance of the combined units into separate units shall be subject to the approval of the Board of Directors of the Association or Developer, which approval shall not be unreasonably withheld. Such modification for the combining or severing of combined units shall in all events be accomplished at the sole expense of the unit owner or owners of the combined units and not at the expense of the Association. Nothing herein shall be deemed to require the Association or

the Developer to approve any structural modification which involves the weakening, movement or significant modification of any load-bearing element. Furthermore, nothing herein shall be deemed to require the Association or the Developer to approve any modification which will alter the exterior appearance of the Condominium Apartment Building in which the combined units being severed into their component units are located or in which the separate units being combined are located.

C. Any alteration in units owned by the Developer or a successor Developer, as hereinafter defined, shall not require the approval of the Association, but such approval may be given solely by the Developer herein named or by his designee or nominee specifically granted such authority. Provisions of this Paragraph C may not be amended without the approval in writing of the Developer.

XVIII.

ALTERATIONS, ADDITIONS AND IMPROVEMENTS TO COMMON ELEMENTS

The Association shall have the right to make or cause to be made substantial and material alterations, improvements and additions to the common elements, in accordance with the following provisions:

A. A special meeting of all of the unit owners may be called for the purpose of acting upon the proposal for such substantial alteration, improvement or addition, upon not less than fourteen (14) days nor more than sixty (60) days' notice.

B. A vote of two-thirds (2/3) of the total number of votes of all members in the Association, in person or by proxy, shall be required to approve and adopt the provisions allowing such alterations, improvements or additions.

C. The cost of such alteration, improvement or addition shall be assessed and collected as a common expense and each unit owner shall bear the same portion or share of such cost as is the share of the common elements appurtenant to his unit.

D. No such alteration or improvement shall interfere with the rights of any unit owner without his consent and consent of the mortgagees of record.

E. No assessment for the cost of any such work shall be levied against Developer or against any institutional investor which acquires title as a result of owning a mortgage upon a condominium parcel, regardless of whether title is acquired by deed from the mortgagor or through foreclosure proceedings, unless such owner shall approve the alteration or improvement in writing. The portion of any cost not so assessed shall be assessed to the other unit owners in the shares that their shares in the common elements bear to the total common elements less the part owned by the institutional investor or investors. There shall be no change in the share or rights of a unit owner in the common elements so altered or improved, whether or not the unit owner contributes to the cost of such alteration or improvements.

XIX.

PROVISIONS FOR CASUALTY INSURANCE, PAYMENT OF PROCEEDS, RECONSTRUCTION, INSURANCE TRUSTEE

A. PURCHASE OF INSURANCE. The Board of Directors of the Association shall keep the Condominium Property insured. The Condominium Property shall include all the buildings erected upon the land, all fixtures and personal property appurtenant thereto owned or used by the Association or constituting part of the common elements or limited common elements and all units

contained therein. The insurance shall insure the interest of the Association and all unit owners and their mortgagees as their interests may appear against loss or damage by fire and hazards covered by a standard coverage endorsement and such other risks of a similar or dissimilar nature as are customarily covered with respect to buildings similar in construction, location and use to the buildings erected upon the condominium Property, in an amount which shall be equal to the maximum insurable replacement value as determined no less than every two (2) years by the insurance carrier if such insurance is reasonably available. The Association is authorized to obtain and accept a policy with a deductible clause if the Association cannot reasonably obtain coverage without such a clause. The Directors shall have no liability to the Association, the members or any other person for the failure to obtain insurance without a deductible clause and/or for the failure to obtain insurance in the full amount of the coverage required hereunder if, in good faith, a majority of their whole number shall have determined that such insurance is not reasonably available. Any casualty insurance policy purchased shall show the amount of insurance for each separate building, and for each portion of the common elements not contained in a building.

B. ASSURED AND LOSS PAYABLE. All casualty insurance policies purchased by the Association hereunder shall be for the benefit of the Association and all unit owners and their mortgagees as their interests may appear and shall provide that all proceeds covering casualty losses of \$10,000.00 or less shall be paid to the Association. Any sum in excess of \$10,000.00 shall be paid to an insurance trustee. An insurance trustee shall be any bank or trust company or other corporate trustee authorized to and doing business in Escambia County, Florida, designated by the Board of Directors of the Association and approved by a majority of the mortgagees of the units in the Condominium (the term "majority" meaning the holders of debts secured by first mortgages, the unpaid balance of which is more than one-half (1/2) the unpaid principal balance of all first mortgages on said units). Said trustee is herein referred to as the "Insurance Trustee". The Insurance Trustee shall not be liable for the payment of premiums or the sufficiency of premiums nor for the failure to collect any insurance proceeds. The Insurance Trustee shall be responsible only for monies which come into its possession and only for its willful misconduct, bad faith or gross negligence. The duty of the Insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust pursuant to the terms of the Insurance Trust Agreement between the Association and the Insurance Trustee, which shall not be inconsistent with any of the provisions herein set forth. If no agreement can be reached on an Insurance Trustee, The The First American Bank of Pensacola shall be presumed to be an acceptable trustee.

C. PAYMENT OF PREMIUMS, TRUSTEE'S EXPENSES AND COLLECTION. The Board of Directors shall collect and pay the premiums for casualty insurance and all fees and expenses of the Insurance Trustee as a part of the common expenses for which assessments are levied. Each unit owner shall pay and be responsible for casualty insurance premiums and all fees and expenses of the Insurance Trustee in the same manner as all other assessments.

D. MANDATORY REPAIR. Unless there occurs substantial damage or destruction to all or a substantial part of the Condominium Property as hereinafter defined, and subject to the provisions hereinafter provided, the Association and the unit owners shall repair, replace and rebuild the damage caused by casualty loss, which shall be borne by the unit owners in proportion to their shares of the common elements as set forth in this Declaration.

E. DETERMINATION OF DAMAGE AND USE OF PROCEEDS. Immediately after a casualty damage to any part of the Condominium Property, the Board of Directors shall obtain reliable and detailed estimates

of the cost necessary to repair and replace the damaged property to a condition as good as the condition that existed prior to the casualty loss, provided that if a casualty causing damage is limited to a single unit, then it shall be the responsibility of that unit owner to obtain estimates of the cost of replacement as aforesaid. If the net proceeds of insurance are insufficient to pay the estimated cost of reconstruction and repair, the Board of Directors shall promptly, upon determination of deficiency, levy a special assessment against all unit owners for that portion of the deficiency related to common elements and limited common elements in accordance with each unit's share of the common elements as set forth in this Declaration and against the individual unit owners of the damaged unit or units for that portion of the deficiency related to individual damaged units; provided, however, that if, in the opinion of the Board of Directors, it is impossible to accurately and adequately determine the portion of the deficiency relating to individual damaged units, the Board of Directors shall levy the special assessment for the total deficiency against each of the unit owners according to each unit's share of the common expense as set forth in this Declaration, except as provided in Paragraph I. below.

Unless there occurs substantial damages to, or destruction of, all or a substantial portion of the condominium property and the unit owners fail to elect to rebuild and repair as provided in Paragraph F below, the Insurance Trustee (or the Association, if applicable) shall disburse the net proceeds and the funds collected by the Board of Directors from the assessment hereinabove set forth to repair and replace any damage or destruction of property, and shall pay any balance remaining to the unit owners and mortgagees as their interest may appear. The proceeds of insurance and the funds collected by the Board of Directors from the assessments as hereinabove provided, shall be held by the Insurance trustee in trust, for the uses and purposes herein provided. The Insurance Trustee shall have no obligation or duty to see that the repairs, reconstruction or replacements required hereunder are performed or accomplished, but such duty shall be the Association's.

F. TOTAL DESTRUCTION. As used in this declaration, and in any other connection or context dealing with this Condominium, "substantial damage to or destruction of all or a substantial portion of the Condominium Property" shall mean:

1. With respect to the entire Condominium, that two-thirds (2/3) or more of all apartment units have been rendered untenable by casualty loss or damage; and/or,

2. If two-thirds (2/3) or more of all the apartment units have not been rendered untenable by casualty loss or damage, the with respect to at least one separate Apartment Building within the Condominium, that three-fourths (3/4) or more of the apartment units in such separate Apartment Building have been rendered untenable by such casualty loss or damage.

3. The City of Pensacola shall have the right to require rebuilding of any and all destroyed or damaged improvements, including but not limited to condominium units themselves and notwithstanding the extent of the damage, and unless a waiver of this right is executed by the City and recorded within ninety days of any such damage, the City shall be presumed to have executed its right to require rebuilding, and the damaged improvements shall be reconstructed.

Should there occur such substantial damage to or destruction of all or a substantial part of the Condominium Property with respect to the entire Condominium, the City of Pensacola has waived its right to require reconstruction, the Condominium Property shall not be reconstructed unless two-thirds (2/3) of all the unit owners shall agree to reconstruct, in writing, within ninety (90) days after the casualty loss or damage occurs. Notwithstanding the preceding sentence, should such damage or casualty loss be to less than that degree described in Subparagraph

1 above, but with respect to each of such buildings described in Subparagraph 2 above, then each Apartment Building experiencing such degree of damage or casualty loss shall nevertheless be reconstructed if three-fourths (3/4) of the unit owners owning units in such Apartment Building so damaged or destroyed shall agree to such reconstruction, in writing, within ninety (90) days after the casualty loss or damage occurs. In any of such events, should reconstruction not be required by the City or approved as aforesaid, the insurance proceeds shall be used first to satisfy the liens of existing mortgages and second, to level and clean the property and to haul away any remaining debris. This provision is a covenant for the benefit of and may be enforced by the unit mortgagees. Any remaining insurance proceeds shall be paid to the appropriate unit owners pursuant to Paragraph I. below, and the Condominium Property shall, to the extent provided for in Paragraph I. below, be removed from the provisions of the Condominium Act. The determination not to reconstruct after casualty shall be evidenced by a certificate, signed by one of the officers of the Association, stating that the said ninety (90) day period has elapsed and that the Association has not received the necessary writings from two-thirds (2/3) of the unit owners or, in the appropriate cases, stating that the said ninety (90) day period has elapsed and that the Association has not received the necessary writings from three-fourths (3/4) of the unit owners residing in each of the separate Apartment Buildings which have experienced the degree of damage mentioned in Subparagraph 2 above.

G. RIGHTS OF MORTGAGEES. If any first mortgagee of any condominium unit shall require it, the Association shall from time to time deposit in a savings account established for the purpose, or with the Insurance trustee, sufficient monies in escrow to insure the payment of the casualty insurance premiums insuring the Condominium Property. A majority of such mortgagees (as hereinabove defined in Paragraph B) may designate the bank, savings and loan association or Insurance Trustee as the depository of these funds and may determine the provisions of the escrow, but only one such escrow account shall be required. However, the Association shall not be required to fund this escrow more frequently than once a month nor deposit therein from month-to-month an amount greater than one-twelfth (1/12) of the reasonably estimated casualty insurance premium next due. Any mortgagee in any mortgage which in accordance with the provisions of the mortgage shall have the right to demand insurance secured by said mortgage waives the right to such proceeds if the proceeds are used pursuant to this Declaration to repair, replace or restore the property subject to the mortgage lien. However, nothing herein shall be deemed a waiver by the mortgagee of its rights, if any, to require that any surplus proceeds over and above the amounts actually used for repair, replacement or reconstruction of the property subject to the mortgage, be distributed to the mortgagee and the unit owner as their interest may appear. The owner and holder of any first mortgage on any unit shall have the right to approve the plans and proposals for any repairs, reconstruction or replacements and same shall not be begun or undertaken without such approval, which approval shall not be unreasonably withheld.

H. ASSOCIATION AS AGENT. The Association is hereby irrevocably appointed agent for each unit owner to adjust all claims arising under insurance policies purchased by the Association, and to execute releases thereof.

I. REPAIR AND RECONSTRUCTION. The provisions of Paragraphs D, E and F to the contrary notwithstanding, each separate and distinct Apartment Building shall for the purposes of reconstruction and repair in the event of casualty loss be treated as if the same were the only Apartment Building in the Condominium, to the effect that:

1. All insurance proceeds reasonably attributable under the insurance policy to the damage or destruction to one such Apartment Building shall be first used for the reconstruction and repair of that building, to the extent that proceeds are sufficient; and, in the event that such proceeds are not sufficient, the condominium unit owners in that building alone shall be assessed in proportion to their relative shares of the common elements for any deficiency or insufficiency in the funds necessary to such reconstruction or repair as contemplated by Paragraph D above.

2. If under the provisions of Paragraph E above, the Board of Directors shall be required to levy a special assessment for a portion of the deficiency in funds available for reconstruction and repair of a separate Apartment Building related to the common elements and limited common elements, then the Board of Directors shall determine in its reasonable opinion what portion of any of the deficiency is related to common elements not exclusively within the particular Apartment Building which has suffered casualty loss and damage and that portion of such deficiency shall be distributed among all unit owners as an assessment in proportion to their shares of the common elements, and the balance of the deficiency so attributable to the common elements and limited common elements shall be distributed as an assessment among the unit owners in that Apartment Building suffering such casualty loss or damage in proportion to the relative common elements per building attributable to each of said units and as computed in accordance with the provisions of Paragraph I(1) above.

3. In the event that there shall be insurance proceeds in excess of the cost of reconstruction and repair of casualty loss to a given separate Apartment Building, the the Board of Directors shall reasonably ascertain what portion, if any, of that excess is fairly attributable to the entire Condominium and that portion shall be distributed or applied to the unit owners and their mortgagees as their interests may appear in proportion to the share of common elements attributable to each of said units, and the balance of any such excess of insurance proceeds shall be distributed and paid over to the unit owners and their mortgagees as their interests may appear in the separate Apartment Building suffering such loss or damage in proportion to those unit owners' shares of the relative common elements per building, calculated in accordance with the provisions of Subparagraph 1 above.

4. In the event that there shall occur to a separate Apartment Building the degree of damage or destruction described in Paragraph F(2) above, but the Condominium as a whole shall not have experienced the degree of damage, destruction or loss as set forth in Paragraph F(1) above, and the Apartment Building suffering such damage or destruction shall have failed to elect to be repaired or reconstructed in accordance with the provisions of Paragraph F above, and the City of Pensacola has waived its right to require reconstruction, then the Condominium Regime shall be deemed terminated with respect to that Apartment Building only and this Declaration of Condominium shall be deemed amended and the following shall result:

a. The Board of Directors, upon advisement of one or more independent appraisers, shall determine the fair value of all the Condominium Property (including improvements and specifically of each unit in the Apartment Building suffering such damage or destruction) immediately prior to the damage or destruction resulting in the termination of the Condominium Regime. There shall then be computed that portion of said fair value which is attributable to the said damaged and destroyed Apartment Building, as follows:

The total of the relative common elements per building attributable to units in the Apartment Building so destroyed or damaged

shall be multiplied by the fair value of all the Condominium Property as established by the Board of Directors and the product thereof shall be that portion of the fair value attributable to said destroyed or damaged Apartment Building. There shall be subtracted from said portion of the fair value the loss or damage experienced by the Condominium attributable to the damage or destruction of the said Apartment Building. That difference, plus the total amount of insurance proceeds attributable to said loss, shall be deemed the total purchase price for the condominium units and their appurtenances in the said destroyed or damaged Apartment Building. The Association shall, within thirty (30) days of the request by any unit owner, whether or not the unit owned is in the destroyed or damaged Apartment Building, or by such unit owner's mortgagee, providing only that the times for the elections set forth in Paragraph F above have fully run, require the condominium to call a general meeting of its members at which time there shall be considered the question as to whether or not the unit owned is in the destroyed or damaged Apartment Building, or by such unit owner's mortgagee, providing only that the times for the elections set forth in Paragraph F above have fully run, require the Condominium to call a general meeting of its members at which time there shall be considered the question as to whether or not the total condominium Regime be terminated in accordance with Section XXV. If the Condominium shall not elect to terminate in accordance with Section XXV, then the Association shall purchase the condominium units in the destroyed or damaged Apartment Building from the unit owners thereof for the total purchase price therefor hereinabove mentioned.

Each such unit owner shall receive that portion of the said total purchase price which shall equal the assessed value of his unit divided by the assessed value of all units not to be reconstructed (such assessed values being provided for in Section XIX.I.4(a) herein) and multiplied by the said total purchase price. The purchase price for each such unit shall be paid to each of said unit owners and their mortgagees as their interests may appear as follows:

Immediately upon receipt of the insurance proceeds, that portion thereof, if any, not attributable to the damage, loss or destruction of the Apartment Building so damaged or destroyed, shall be set aside and the balance paid over to the condominium unit owners and their mortgagees in proportion to their respective shares of the said total purchase price and shall constitute part of the purchase price for that unit. The balance of the purchase price for each unit shall be paid over to said unit owners and their mortgagees at the Association's option in not more than twelve (12) equal monthly installments commencing thirty (30) days after the closing of each transaction of purchase and sale without interest.

b. The Association, upon the acquisition of the title to the units and interests of the unit owners in the damaged or destroyed Apartment Building, shall have the option of either:

i. Terminating the condominium Regime with respect to the destroyed or damaged Apartment Building and making the site thereof a common element of the condominium; or,

ii. Rebuilding and reconstructing the destroyed or damaged building in a manner approved by two-thirds (2/3) of the Condominium unit owners, not including for this purpose the Association with respect to the units owned by it, which interests shall not be voted.

c. In the event that the Association decides to terminate the Regime with respect to the damaged or destroyed Apartment Building, a certificate shall be filed among the Public Records executed by two (2) officers of the Association evidencing the Association's intent to amend the Declaration of condominium under this provision by removing from the Condominium Property the destroyed and/or damaged Apartment Building as an improvement and by redistributing the shares in the common elements previously owned by the unit owners in the destroyed or damaged Apartment Building among the remaining unit owners in the proportions that their shares of the common elements bear to one another; such that upon completion of such redistribution one hundred percent (100%) of the common elements will have been distributed among the remaining condominium unit owners and the condominium units not contained in the damaged or destroyed Apartment Building. Said certificate shall also redistribute the shares of the common expenses and common surplus previously attributable to the units in the damaged or destroyed Apartment Building among the remaining units in the proportions of their shares of the common expenses and common surplus as set forth in this Declaration of Condominium bear to one another, such that upon completion of such redistribution, one hundred percent (100%) of the common expenses and common surplus will have been distributed among the remaining condominium units not contained in the damaged or destroyed Apartment Building.

J. ELEMENTS. For the purpose of this Section XIX, the recreational improvements shall in no event be considered an Apartment Building, and in all events, unless the Condominium Regime be otherwise terminated with respect to the entire Condominium, or the public authorities shall prohibit and refuse to allow the reconstruction and rebuilding of said recreational facilities, they shall be repaired and reconstructed.

K. Nothing herein shall prevent any unit owner from obtaining additional casualty insurance on his own unit for his sole benefit.

XX.

OTHER INSURANCE

A. The Board of Directors of the Association shall obtain casualty and liability insurance and fidelity bond coverage in such amounts as the Board of Directors may determine from time to time for the purpose of providing insurance coverage for the common elements and limited common elements of this condominium and for providing adequate fidelity insurance. The insurance obtained must be at least in the minimum amount as required by the Federal National Mortgage Association Lending Guide, Chapter Three Part 5, Insurance Requirements. The Board of Directors shall collect and enforce payment of a share of the premium for such insurance from each unit owner as an assessment in accordance with the provisions of this Declaration. Each individual unit owner shall be responsible for the purchasing of liability insurance for accidents occurring in his own unit. In accordance with the provisions of the Condominium Act, the liability of a unit owner for common expenses shall be limited

to amounts for which he is assessed from time to time in accordance with the Condominium Act, this Declaration and the By-Laws. The owner of a unit shall have no personal liability for any damages caused by the Association on or in connection with the use of the common elements except to the extent that, and only if, the law mandates such personal liability.

B. A unit owner shall be liable for injuries or damages resulting from an accident in his own unit to the same extent and degree that the owner of a house would be liable for an accident occurring within the house. If there shall become available to Condominium Associations, a program of insurance which will not only insure the Association's liability and the liability of unit owners with respect to the common elements and limited common elements, but also the liability of individual unit owners with respect to the interior of their units, then the Association may obtain such liability insurance coverage protecting both the Association and the unit owners against all liabilities for damage to persons and property whether occurring within or without a unit, and the premium therefor shall be a common expense. If it shall appear that condominium unit owners in such a program of insurance are entitled to elect additional coverages or excess coverages above those coverages elected by the Association for all unit owners, then the Association may require the individual unit owners selecting the excess coverage to pay the reasonable premium for such additional or excess coverage.

C. The Board of Directors of the Association shall obtain worker's compensation coverage as may be required by law and such other insurance including, but not limited to, fidelity bonds for officers and directors, as the Board may from time to time deem necessary or advisable. Premiums for such insurance shall be a common expense.

XXI.

MORTGAGES AND MORTGAGEES

An owner who mortgages his condominium parcel must notify the Association of the name and address of his mortgagee and the Association shall maintain such information in a register which shall, among other things, contain the names of all the owners of condominium parcels and the names of mortgagees holding mortgages on condominium parcels. The failure to notify the Association of the existence of a mortgage shall in no way impair the validity of the mortgage. If an owner mortgages his condominium parcel, he shall not be permitted to modify, alter or change the physical aspect of the apartment without the written permission of the mortgagee. The Association shall, at the request of a mortgagee, report any unpaid assessments due from the owner of the condominium parcel encumbered by the mortgage owned by that mortgagee. Any holder of a first mortgage is entitled upon written request to a financial statement for the immediately preceding fiscal year.

XXII.

DEVELOPER'S UNITS, RIGHTS AND PRIVILEGES

A. The Developer has and reserves the right to sell, lease or rent condominium units and parcels to any purchaser or lessee approved by it, subject, however, to the use restrictions herein provided. The Developer shall have the right to transact any business necessary to consummate the sale of units, including, but not limited to, the right to maintain models, advertise on the premises and use the elements. In the event there are unsold parcels, the Developer retains the right to ownership thereof under the same terms and obligations as other owners of condominium parcels except as elsewhere herein provided.

B. So long as the Developer holds any units for sale in the ordinary course of business, none of the following actions may be taken by the Association, either through act of its Board of Directors or its membership, without Developer's approval in writing:

1. Assessment of the Developer as a unit owner for capital improvements; and

2. Any action by the Association that would be detrimental to the sale of units by the Developer; however, an increase in assessments for common expense without discrimination against the Developer shall not be deemed to be detrimental to the sales of units for the purpose of this paragraph.

C. The provisions of Section XI of this Declaration to the contrary notwithstanding, the Developer may retain and use as sales offices, promotion and developmental offices and models any units, common elements and limited common elements retained by the Developer or owned by the Developer or the use of which has been reserved to the Developer in this Declaration and other Condominium Documents or by contract or otherwise lawfully enforceable as a contract obligation by the Developer against the Association or any of the unit owners other than the Developer, so long as such use shall also conform with applicable laws, zoning, rules and ordinances of the appropriate governmental jurisdictions.

D. For the purpose of this Section XXII and the powers, rights and authorities granted to the Developer, the Developer shall be deemed to mean not only Port Royal of Pensacola, Inc., as defined in Section I hereof, but also any of its parent or subsidiary organizations designated by it by instrument in writing to be considered the Developer herein for the purposes set forth herein or any of them and/or any corporate agent of said Developer similarly designated by the Developer to be treated as a developer for the purpose herein contained or any of them, which agent is involved in the development, promotion, construction and/or sales of this condominium and its units. The term "Developer" shall also include for all purposes contained in this Declaration and its exhibits, any successor or Alternate Developer appointed by the said Port Royal of Pensacola, Inc. as successor or Alternate Developer by an instrument in writing specifically setting forth that such successor or alternate is to have the rights, duties, obligations and responsibilities, in whole or in part, of the Developer hereunder, together with the said Port Royal of Pensacola, Inc. providing that such instrument in writing shall be executed by such successor or Alternate Developer indicating its consent to be so treated as the "Developer".

E. This Section shall not be amended without the written consent of the Developer and of any successor or Alternate Developer designated in accordance with the provisions of Paragraph D above.

F. Provisions of Section X of this Declaration to the contrary notwithstanding, no provision of this Declaration or of the By-Laws of the Association granting or reserving to the Developer any rights, powers, authorities, usages or dispensations may be modified or amended in any way which will impair or restrict those rights, powers, authorities or special dispensations without the written approval of the Developer so long as the Developer or any successor or Alternate Developer shall own any units in this Condominium.

XXIII.

RECREATIONAL FACILITIES

A. The Association, upon recommendation of a majority of its Board of Directors and with the consent of two-thirds (2/3) of the Association's members and subject to the requirements of Paragraph C below, may from time to time acquire and enter into agreements whereby it acquires leaseholds, memberships and other possessory or use interests in lands or facilities, including but not limited to, country clubs, golf courses, docking facilities, marinas and other recreational facilities, whether or not contiguous to the lands of the Condominium intended to provide for the enjoyment, recreation or other use or benefit of the unit owners. Such agreements shall provide the manner in which they may be amended, otherwise an amendment shall require all the approvals set forth in this Paragraph A and Paragraph C below.

B. So long as the Association shall be subject to the provisions, covenants, conditions or promises contained in any agreement, lease or other undertakings entered into under the authority of this Section XXIII, this Section may not be modified, amended or changed in any regard without the consent in writing of the lessor therein or the equivalent party, if he be not property denominated "lessor", which consent shall be evidenced by said lessor or equivalent party joining in the execution of the certificate of amendment with the formalities required for deeds.

C. The provisions of Paragraph A above notwithstanding, mortgagees holding first mortgages on any unit or units shall, if they acquire such units by foreclosure or deed in lieu of foreclosure, take such unit or units exempt from and free and clear of any of the terms and obligations and without the burdens or benefits of such agreements entered into under the authority granted in Paragraph A above to the same extent and effect as if such agreements did not exist, unless such mortgagee or subsequent owner of such unit taking title through such mortgagee shall at any time consent in writing to such agreement or agreements, in which case the exemption granted in this Paragraph C shall thereafter not apply to such unit or units. The exemption granted in this Paragraph C shall include but not be limited to, an exemption from the payment of the pro rata share of any rent, license fees, use fees, maintenance charges or other exactions imposed upon the Association and/or its unit owners under the terms of such agreements, whether or not such impositions or obligations shall constitute common expenses of the Condominium. If, however, at or before the time the Association enters into such agreement or agreements, a majority (as defined in Paragraph B of Section XIX hereof) of the first mortgagees of the units in the Condominium shall approve said agreement or agreements, then the exemption provided for in this Paragraph C shall not apply to any mortgagee or to any unit in the Condominium.

D. The provisions of Paragraph A to the contrary notwithstanding, the consent of the Developer shall be a mandatory requirement to the Association's entry into any agreement or acquisition authorized under Paragraph A above at any time the Developer owns condominium units the common elements of which aggregate ten percent (10%) or more of the total common elements. This Section XXIII shall not be amended without Developer's consent so long as Developer owns more than one condominium apartment unit in the Condominium.

XXIV.

SEPARABILITY OF PROVISION

Invalidation of any of the covenants, conditions, limitations or provisions of this Declaration or in the By-Laws of the Association or of the Condominium Act shall in no wise affect the remaining part or parts hereof which are unaffected by such invalidation and the same shall remain effective.

XXV.

TERMINATION

A. The provisions for termination contained in Paragraph F of Section XIX of this Declaration are in addition to the provisions for voluntary termination provided for by the Condominium Act as amended. In addition, the Condominium may be voluntarily terminated if the proposed voluntary termination is submitted to a meeting of the members pursuant to notice and is approved in writing within ninety (90) days of said meeting by three-fourths (3/4) of the total vote of the members of the Association and by all holders of first mortgages encumbering units in the Condominium, and by Developer if the proposed termination occurs while Developer owns more than one unit.

B. Upon removal of the Condominium Property from the provisions of the Condominium Act, or other termination of the condominium form of ownership, no matter how effected, the unit owners shall own the Condominium Property in common in the undivided shares to be ascertained as follows:

1. The Board of Directors, upon advisement by one or more independent appraiser, shall determine the value of each unit and appurtenances thereto prior to termination and of the total Condominium Property prior to termination. The total value of all units and appurtenances thereto shall equal the value of the Condominium Property.

2. The undivided share of each unit owner after termination shall equal the assessed value of his unit and appurtenances thereto divided by the assessed value of the total Condominium Property terminated.

C. The undivided share of each unit owner after termination shall be referred to as a "termination share". After termination, the words "termination share" shall be substituted for the words "share in the common elements" or similar phrases used in this declaration in order to ascertain the rights and duties of the holders of termination shares.

D. No amendment to this Section XXV may change the termination share attributable to a unit without the written consent of the unit owner of that unit and of all mortgagees holding mortgages encumbering that unit.

XXVI.

EASEMENTS

A. ENCROACHMENTS. All the Condominium Property and all the condominium units and the common elements and the limited common elements shall be and are singly and collectively subject to easements for encroachments which now or hereafter exist or come into being, caused by settlement or movement of a building or other improvements upon the Condominium Property, or caused by minor inaccuracies in construction or reconstruction of a building or such improvements upon the Condominium Property, which encroachments shall be permitted to remain undisturbed and such easements shall and do exist and shall continue as valid easements for the maintenance of such encroachments so long as such encroachments stand.

B. GENERAL. Such easements are reserved throughout the Condominium Property as may be required to use, construct, maintain, repair or expand utility services needed to serve the Condominium or adjacent property adequately; provided, however, such easements through a unit shall be only in accordance with the plans and specifications for the building containing said unit, or as the building is actually constructed, unless approved in writing by the unit owner and mortgagees of record. There is also created a non-exclusive easement for ingress and egress over the streets, walks and other rights-of-ways serving the units as part of the common elements necessary to provide reasonable access to the public ways. Developer reserves easements for access to the water, and also reserves the right to construct walkways for such access in areas which are requested by governmental authority however, no such walkways or access easements shall overlay the boundaries of any unit. Developer further reserves for itself and its assigns a non-exclusive easement over the 20 feet immediately within and adjacent to all boundaries of the Condominium Property in each phase for expansion, construction, installation, maintenance and/or repair of any and all utilities, including, but not limited to, sewer, water, power and telephone services, whether serving the Condominium or other properties, but no such easement shall encroach upon a unit or a building.

C. Developer and its successors hereby reserve such easements as are required or convenient to enter upon the Condominium Property to complete construction of all improvements on adjoining property, and to repair or maintain all improvements constructed by Developer, whether or not Developer is the owner of a unit. This paragraph shall not create any duty of Developer.

D. FUTURE EASEMENTS. The Developer and its successors as Developer retain the right and shall at all times have the right to declare and create, modify and amend, from time to time, without joinder and consent of any unit owner or of the Association, easements upon the condominium Property for public utility purposes and for peaceful ingress and egress to prevent abutting properties from being landlocked or otherwise denied reasonable access to and from the public ways, providing, however, that at the time of the creation of such easements and at the time of the modification or amendment of any such easements, such easements and such modification and amendments shall not be inconsistent with the peaceful and lawful use and enjoyment of the condominium Property by the owners thereof. The Developer may, by an instrument in writing, relinquish the power and authority herein reserved to create, modify and amend easements, by the filing among the Public Records of Escambia County, Florida, a written instrument to that effect, from and after recording of which the Developer and its successors and assigns as Developer shall no longer have the powers and authorities reserved or granted in this paragraph. The Association has the right to grant permits, licenses, and easements over the common areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the condominium project.

XXVII.

SUBJECT TO DECLARATION

Each unit owner and every resident of the condominium and all parties joining in this declaration shall be subject to and shall comply with the terms and conditions of this declaration and the exhibits thereto and all regulations from time to time adopted pursuant to said documents, and all amendments thereto. Failure of a unit owner or resident of the Condominium to comply with the terms of said documents or regulations shall entitle the Association and/or other unit owners to the following relief in addition to the remedies provided by the condominium Act and By-Laws.

A. Each unit owner shall be liable for the expense of any maintenance, repair or replacement of the Condominium Property or any property in which the Association owns an interest rendered necessary by his willful action or negligence or by the willful action or negligence of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not defrayed by the proceeds of insurance carried by the Association. Each unit owner shall pay to the Association the amount of any increase in its insurance premiums occasioned by the use, misuse, occupancy or abandonment of his unit or its appurtenances, or of the common elements of any property in which the Association owns an interest, by said owner or any resident of the unit.

B. In any proceeding arising out of an alleged failure of a unit owner or resident of the Condominium to comply with the aforementioned documents or regulations, the prevailing party shall be entitled to recover the costs of the proceeding and reasonable attorneys' fees.

C. The failure of the Association, or any unit owner to enforce any covenant, restriction or other provision of the aforementioned documents or regulations shall not constitute a waiver of the right to do so thereafter.

XXVIII.

THE PORT ROYAL COMMUNITY ASSOCIATION, INC.

This condominium is a part of a development on property owned by The City of Pensacola and known loosely as the "Baylen Street Property". In order to provide for the orderly development of its property; to accommodate later condominium units on a portion of its Baylen Street Property which is not occupied by this condominium and to provide for common accessways and amenities which may be shared by Port Royal and owners of the subsequent condominium units, The City of Pensacola and Developer have recorded certain Covenants, Conditions and restrictions which affect the property occupied by Port Royal and also adjacent property owned by the City. There has also been incorporate a Florida corporation, not for profit, under the name of PORT ROYAL COMMUNITY ASSOCIATION, INC., herein referred to as the "Master Association". It is contemplated that the Master Association will hold title by partial assignment of lease or by easement a swimming pool, a guard house, the entranceway and a community building, along with such other assets as it may subsequently acquire, all for the benefit of the owners of units in Port Royal and of possible later condominium units on portions of the Baylen Street Property.

Each owner of a unit in Port Royal shall be a member of the Master Association and there are included in the proposed budget of this condominium funds for the maintenance and upkeep of the amenities and properties over which the Master Association will have jurisdiction.

It is planned that the Master Association will be funded through maintenance charges budgeted and collected by the Association administering Port Royal and any subsequent Condominium Associations incorporated for other condominiums created on that portion of the Baylen Street Property over which the Master Association has jurisdiction.

Nevertheless, the Master Association shall have a lien for its assessments against each unit in Port Royal if assessments are not paid through the association serving this Condominium. Attached are copies of the Articles of Incorporation of the Master Association as Exhibit "G", and of the Declaration of Covenants, Conditions and Restrictions administered by the Master Association as Exhibit "F".

XXVIII

MANAGER'S UNIT

There shall be no manager's unit furnished by the Developer, however, the Association shall have the authority to lease or purchase one of the units as a manager's unit upon such terms and conditions as the Association shall consider appropriate or proper and as may be agreed upon by the Developer or the particular owner selling or leasing to the Association.

XXIX.

MISCELLANEOUS PROVISIONS

A. COMMENCEMENT OF DEVELOPER'S OBLIGATIONS. Developer's obligation to pay maintenance for monthly common expenses may be deferred and excused as follows:

1. The Developer, as the owner of any condominium unit, shall not be required to pay any of the common expenses of the condominium or any regular, monthly, or special assessments as would be the obligation of the condominium units owned by the Developer except for this paragraph, which assessments become due and payable in whole or in part at any time prior to the first day of the fourth calendar month next succeeding the recording of this Declaration, providing, however, that the Developer shall be obligated to pay that portion of the common expenses incurred during that period which exceed the funds assessed against other unit owners, but Developer shall not be required to pay any assessments which would result in a payment of sums in excess of the pro rata share of common expenses allocable to Developer's units.

2. The Developer may be excused from the payment of its share of the common expense which would have been assessed against its units during the period of time that it shall have guaranteed by agreement between the Developer and the Association that the assessment for common expenses of the Condominium imposed upon the unit owners will not increase over a stated dollar amount, providing that the Developer shall obligate itself to pay any amount of common expenses incurred during that period (of the guarantee of maintenance) and not produced by the assessments at the guaranteed level received and receivable from other unit owners. The agreement of the Developer may be contained in the Purchase Agreements for condominium units in the Condominium heretofore and hereafter executed with Developer or may be made at a later date.

B. RIGHT OF ENTRY. The Association, its officers, directors, agents and employees, shall at all times have the right to enter the condominium units at reasonable times for the purposes of inspecting the common elements, gaining access to the common elements, or making repairs or otherwise maintaining the condominium Property, or to abate emergency situations which threaten damage to the condominium Property or any of it.

C. CONTRACTUAL LIENS AUTHORIZED. Each condominium unit owner in this Condominium is authorized to grant liens upon his respective condominium unit to secure the payment of his share (or the share attributable to his condominium unit in the appropriate cases) of any fees, dues, charges or other exactions which the condominium unit owner shall agree or shall have agreed to, or otherwise be obligated to pay in respect of any recreational facilities or recreation use rights or other use rights, at least in part of a recreational nature, in whatever form such rights shall be obtained, to-wit, memberships, liens, contracts or other undertakings obtained by the Association for the use of the condominium unit owners by any means whatsoever. So long as such a lien encumbers a unit, the owner of that unit may not vote for voluntary termination of the condominium form of ownership without the consent of the holder of that lien. In the event of the termination of the condominium form of ownership as provided for by law or by the terms of this declaration, the said lien so created shall attach to the undivided interest in the Condominium Property resulting from termination, held by the condominium unit owner creating such lien or owning a unit encumbered by such lien. This Paragraph C shall be liberally construed to grant condominium unit owners maximum authorities to grant the liens herein mentioned for the purposes herein provided and shall not be construed in any way to restrict the power or authority of the condominium unit owner nor to require any particular form for the creation of such liens, but condominium unit owners shall, in addition to the power and authority to create liens on their units which they would otherwise have had, had this paragraph not been included in the Declaration of Condominium. Any lien created here under the authority of this paragraph shall take priority from the recording among the public records of Escambia County, Florida, of the document creating that lien. This paragraph shall not be construed to cause or allow liens created under the authority of this paragraph to become effective earlier than the aforementioned recording of the document creating such lien and neither this paragraph nor this declaration shall be construed to be the document creating such lien.

D. ASSOCIATION MAY WAIVE LEASEHOLD RESTRICTIONS. The provisions of this Declaration respecting the restrictions on leasing and the right of the Association may be waived as a matter of Association policy uniformly applicable to all unit owners, upon recommendation of the Association approved by resolution of the membership (unit owners). By a three-fourths (3/4) vote of the Board of Directors, the Board may impose additional restrictions and rules and regulations upon the leasing of units, but no such rules and regulations upon the leasing of units, but no such rules and regulations shall be deemed applicable to any lease existing at the time of the promulgation of such rules and regulations, to the extent that such rules and regulations are inconsistent with the contractual obligations in the lease.

E. PARAGRAPH HEADINGS. The paragraph headings appearing in this Declaration have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the clauses to which they appertain. The entire Declaration should be examined for complete meaning.

F. NOTICE. Whenever notice is required under the terms of this declaration, such notice shall be given in writing to the Secretary of the Association or to the unit owner, as the case may be, by personal delivery to the Secretary or unit owner or by depositing such notice with postage prepaid in the United States mails, registered or certified with return receipt requested, addressed to the Association or to a unit owner as follows:

ASSOCIATION: Port Royal Owners Association, Inc.

UNIT OWNER: As the unit owner's address appears on the books of the Association.

MORTGAGEE: As the address of the mortgagee appears on the books of the Association.

Notice served on the Secretary in the aforesaid manner shall constitute notice to the Association.

G. CONSTRUCTION OF TERMS. All the provisions of this declaration and the exhibits thereto shall be construed as covenants running with the land and with every part thereof and every interest therein, and every unit owner and every claimant of the land or any part thereof or interest therein and their heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of said documents.

H. OWNER. Since the ownership interest in the units shall be by partial assignment of lease whenever owner or unit owner is referred to herein, it shall mean the holder of the partial assignment of lease on the particular unit or his successor assignee under the long term partial assignment of lease from the Developer.

I. TRANSFER OF ASSOCIATIONAL CONTROL. The provisions of Section 718.301, Florida Statutes, shall apply in their entirety and are set forth as follows:

(1) When unit owners other than the Developer own fifteen percent (15%) or more of the units in a Condominium that will be operated ultimately by an association, the unit owners other than the Developer shall be entitled to elect no less than one-third (1/3) of the members of the board of administration of the Association. Unit owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Administration of an Association:

a. Three (3) years after fifty percent (50%) of the units that will be operated ultimately by the Association have been conveyed to purchasers;

b. Three (3) months after ninety percent (90%) of the units that will be operated ultimately by the Association have been conveyed to purchasers;

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

d. When some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the developer in the ordinary course of business,

whichever occurs first. The developer is entitled to elect at least one member of the board of administration of an association as long as the developer holds for sale in the ordinary course of business at least 5 percent, in condominiums with fewer than 500 units, and two percent (2%), in condominiums with more than 500 units, of the units in a condominium operated by the Association.

(2) Within sixty (60) days after the unit owners other than the Developer are entitled to elect a member or members of the Board of Administration of an Association, the Association shall call, and give not less than thirty (30) days' or more than forty (40) days' notice of, a meeting of the unit owners to elect the members of the Board of Administration. The meeting may be called and the notice given by any unit owner if the association fails to do so. Upon election of the first unit owner other than the developer to the board of administration, the developer shall forward to the division the name and mailing address of the unit owner board member.

(3) If a developer holds units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the developer:

(a) Assessment of the developer as a unit owner for capital improvements.

(b) Any action by the association that would be detrimental to the sales of units by the developer. However, an increase in assessments for common expenses without discrimination against the developer shall not be deemed to be detrimental to the sales of units.

(4) Prior to, or not more than 60 days after, the time that unit owners other than the developer elect a majority of the members of the board of administration of an association, the developer shall relinquish control of the association, and the unit owners shall accept control. Simultaneously, the developer shall deliver to the association all property of the unit owners and of the association held or controlled by the developer, including, but not limited to, the following items, if applicable, as to each condominium operated by the association:

(a) 1. The original or a photocopy of the recorded declaration of condominium and all amendments thereto. If a photocopy is provided, it shall be certified by affidavit of the developer, or an officer or agent of the developer, as being a complete copy of the actual recorded declaration.

2. A certified copy of the association's articles of incorporation, or if the association was created prior to the effective date of this act and it is not incorporated, then copies of the documents creating the association.

3. A copy of the bylaws.

4. The minute books, including all minutes, and other books and records of the association, if any.

5. Any house rules and regulations which have been promulgated.

(b) Resignations of officers and members of the board of administration who are required to resign because the developer is required to relinquish control of the association.

(c) The financial records, including financial statements of the association, and source documents since the incorporation of the association through the date of turnover. The records shall be reviewed by an independent certified public accountant. The minimum report required shall be a review in accordance with generally accepted accounting standards as defined by rule by the Board of Accountancy. The accountant performing the review shall examine to the extent necessary supporting documents and records, including the cash disbursements and related paid invoices to determine if expenditures were for association purposes and the billings, cash receipts, and related records to determine that the developer was charged and paid the proper amounts of assessments.

(d) Association funds or control thereof.

(e) All tangible personal property that is property of the association, represented by the developer to be part of the common elements or ostensibly part of the common elements, and an inventory of that property.

(f) A copy of the plans and specifications utilized in the construction or remodeling of improvements and the supplying of equipment to the condominium and in the construction and installa-

tion of all mechanical components serving the improvements and the site, with a certificate in affidavit form of the Developer, his agent, or an architect or engineer authorized to practice in this state that such plans and specifications represent, to the best of their knowledge and belief, the actual plans and specifications utilized in the construction and improvement of the condominium property and for the construction and installation of the mechanical components serving the improvements. If the condominium property has been declared a condominium more than three (3) years after the completion of construction or remodeling of the improvements, the requirements of this paragraph shall not apply.

- g. Insurance policies.
- h. Copies of any certificates of occupancy which may have been issued for the condominium property.
- i. Any other permits issued by governmental bodies applicable to the condominium property in force or issued within one (1) year prior to the date the unit owners other than the Developer take control of the Association.
- j. All written warranties of the contractor, subcontractors, suppliers, and manufacturers, if any, that are still effective.
- k. A roster of unit owners and their addresses and telephone numbers, if known, as shown on the Developer's records.
- l. Leases of the common elements and other leases to which the Association is a party.
- m. Employment contracts or service contracts in which the Association is one of the contracting parties or service contracts in which the association or the unit owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person or persons performing the service.
- n. All other contracts to which the Association is a party.

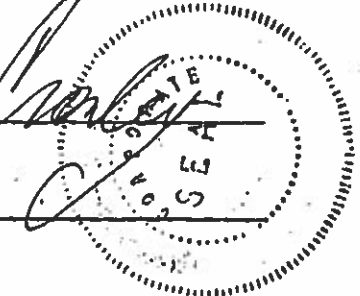
IN WITNESS WHEREOF, PORT ROYAL OF PENSACOLA, INC., a Florida corporation, has executed this Declaration of Condominium this 6th day of July, 1984.

Signed, sealed and delivered in the presence of:

PORT ROYAL OF PENSACOLA, INC.

Lisa L. Fleming
Hurston Hill

By: James D. Cronley
President



STATE OF FLORIDA
COUNTY OF ESCAMBIA

The foregoing instrument was acknowledged before me this 6th day of July, 1984, by James D. Cronley, President of PORT ROYAL OF PENSACOLA, INC., a Florida Corporation, on behalf of said corporation.



A. Spell
Notary Public
My commission expires: 4/11/88

STATE OF FLORIDA
COUNTY OF ESCAMBIA

JOINDER OF LESSOR,
THE CITY OF PENSACOLA

KNOW ALL MEN BY THESE PRESENTS that THE CITY OF PENSACOLA, a municipal corporation, the holder of the fee simple title to the land on which PORT ROYAL, A CONDOMINIUM is constructed and as Lessor under that certain lease from THE CITY OF PENSACOLA to PORT ROYAL OF PENSACOLA, INC., effective November 15, 1983, and recorded in Official Record Book 1743 at page 764 of the Public Records of Escambia County, Florida, as amended by Amendment to Lease Agreement dated the 28th day of March, 1983, and recorded in Official Record Book 1749 at page 251 of the Public Records of Escambia County, Florida, as further amended by Second Amendment to Lease Agreement dated March 22, 1984, recorded in Official Record Book 1889 at page 656 of the Public Records of Escambia County, Florida, and as further amended by Third Amendment to Lease Agreement dated May 11, 1984, recorded in Official Record Book 1913 at page 227 of the Public Records of Escambia County, Florida, and pursuant to the provisions of Florida Statute Chapter 718 which requires that all persons having record title to an interest in the land being submitted to condominium ownership join in the execution of the Declaration of Condominium, does hereby join in the Declaration of Condominium of PORT ROYAL, A CONDOMINIUM for the purpose of subjecting the told estate in the land described herein to the condominium form of leasehold ownership, for and during the remainder of the term as provided in the lease.

IN WITNESS WHEREOF, THE CITY OF PENSACOLA, a municipal corporation, has hereunto executed this instrument this 9th day of July, 1984.

Signed, sealed and delivered in the presence of:

John W. Allen
Elaine O. Mager

THE CITY OF PENSACOLA, A MUNICIPAL CORPORATION

By: [Signature]
City Manager

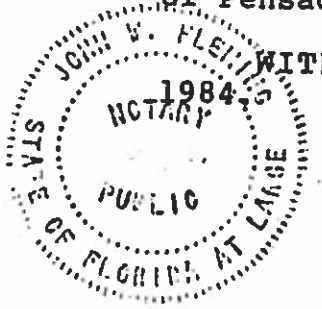
ATTEST: [Signature]
City Clerk

STATE OF FLORIDA

COUNTY OF ESCAMBIA

Before me, the undersigned authority, personally appeared Steve Garman and Pauline Johns, known to me and known to me to be the City Manager and City Clerk, respectively, of The City of Pensacola, a municipal corporation, and acknowledge that they executed the foregoing Declaration of Condominium, for, and in the name of The City of Pensacola, as its City Manager and City Clerk, respectively and caused its seal to be affixed pursuant to due and legal action of the counsel of The City of Pensacola.

WITNESS my hand and official seal this 9th day of July,



John W. Fleming
Notary Public
My commission expires: 6/31/86

JOINDER OF MORTGAGEE

FIRSTSOUTH Federal Savings and Loan Association, Pine Bluff, Arkansas, the owner and holder of a mortgage from PORT ROYAL OF PENSACOLA, INC. to FIRSTSOUTH Federal Savings and Loan Association, dated the 14th day of April, 1983 and recorded in Official Record Book 1752 at page 452 of the Public Records of Escambia County, Florida encumbering the property submitted to condominium by this Declaration of Condominium, hereby joins in and ratifies this Declaration of Condominium, and agrees that the lien of its mortgage shall be limited to all of the units of PORT ROYAL, A CONDOMINIUM, according to the foregoing Declaration of Condominium, together with all of the appurtenances to the said unit, including, but not limited to, the undivided shares of said units and the common elements.

This 30 day of APRIL, 1984.

FIRSTSOUTH Federal Savings and Loan Association

By: Dan M. Wingard

Its: VICE President

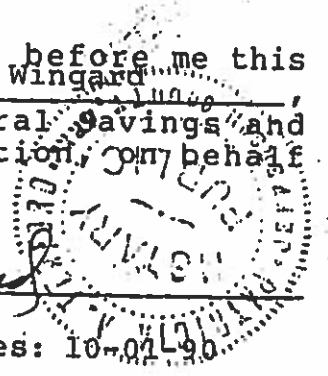


Paul R. Malone
Secretary Ass't. Secretary

STATE OF ARKANSAS
COUNTY OF JEFFERSON

The foregoing instrument was acknowledged before me this 30th day of April, 1984, by Dan M. Wingard, Vice President of FIRSTSOUTH Federal Savings and Loan Association, an Arkansas corporation, on behalf of said corporation.

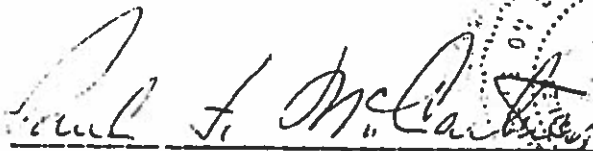
Patricia A. Tedford
Notary Public
My commission expires: 10-01-90



C E R T I F I C A T E

I, PAUL F. McCARTNEY, a surveyor authorized to practice in the state of Florida, hereby certify that the construction of all planned improvements for the building in PORT ROYAL, a Condominium, known as MENTOR COURT, containing units 2, 4, 6, 8, 10, 12, 14, 16 and 18, and KINGSTON COURT containing units 1, 3, 5, 7 and 9, including, but not limited to, landscaping, utility services and access to the unit, and common element facilities serving such buildings, as set forth in the declaration, have been substantially completed, so that the material, together with the provisions of the Declaration describing the condominium property, is an accurate representation of the location and dimensions of the improvements and so that the identification, location and dimensions of the common elements of each unit can be determined by these materials.

This 11th day of July, 1984.



PAUL F. McCARTNEY
Registered Florida Surveyor # 5146

