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CERTIFICATE OF AMENDMENT AND SECOND AMENDMENT TO THE DECLARATION OF CONDOMINIUM FOR PORT ROYAL, A CONDOMINIUM

THIS AMENDMENT to the Declaration of Condominium for PORT ROYAL CONDOMINIUM, as amended, is made by the affirmative vote of no less than two-thirds (2/3) of the all unit owners of the Port Royal Owners' Association, Inc. ("Association") this 5 day of _______, 2010.

WHEREAS, the Declaration of Condominium for Port Royal Condominium (the "Declaration"), dated July 6, 1984, was recorded at Official Record Book 1937, at Page 113, et. seq., the First Amendment to the Declaration of Condominium for Port Royal Condominium dated October 1, 1984, was recorded at Official Record Book 1969, at Page 241, all in the Public Records of Escambia County, Florida; and

WHEREAS, Association, through its members, desires to make certain revisions to the Declaration pursuant to Article X of the Declaration.

NOW THEREFORE, subject to the provisions hereof, all Units as defined in the Declaration shall be held, sold and conveyed subject to easements, restrictions, covenants and conditions further contained in the following amendment which is for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in such real property or any part thereof and pursuant to Article X, Section A of the Declaration as follows:

- 1) Section XI, the second Paragraph Q of the Declaration is amended as follows and changed to Paragraph U:
- QU. 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 twenty-five (25) pounds or less at maturity and small birds and fish. No more than two (2) pets may ever be permitted in a unit. The pets must be owned by the unit owner. 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. Any unit owner bringing or permitting a pet to be brought upon the premises shall indemnify and

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hold the Association harmless as to any suit, action or claim brought against the Association related to the pet.

2) Article XIX Section B shall be amended to read as follows:

B. ASSURED AND LOSS PAYABLE.

All casualty insurance policies purchased by the Association hereunder shall be for the benefit of the Association, individually and as agent for the and-all unit owners and their mortgagees as their interests may appear and. Such policies 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 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 which is more than onehalf (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 The Association 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. for the purposes elsewhere stated herein or for the benefit of the unit owners and mortgagees as their interests may appear herein.

This provision is more clearly set forth as follows:

All casualty insurance policies purchased by the Association hereunder shall be for the benefit of the Association, individually and as agent for the unit owners and their mortgagees as their interests may appear. Such policies shall provide that all proceeds covering casualty losses shall be paid to the Association. The Association shall receive such proceeds as are paid to it and hold the same in trust for the purposes elsewhere stated herein or for the benefit of the unit owners and mortgagees as their interests may appear herein.

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- 3) Article XIX Section C shall be amended to read as follows:
- 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.

4) Article XIX Section E shall be amended to read as follows:

E. <u>DETERMINATION OF DAMAGE AND USE OF PROCEEDS</u>.

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 the 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 expenses 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) Association 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 by the Association 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. The Association shall have the duty to ensure that the repairs, reconstruction or replacements required hereunder are performed or accomplished.

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5) <u>RATIFICATION</u>. Other than as modified, the Declaration remains in full force and effect and is hereby ratified and certified by the Officers below as duly adopted by the requite vote of the Members.

[End of text]

IN WITNESS WHEREOF, the president of Port Royal Owners Association, Inc. has hereunto set his/her hand and seal this 26th day of April , 2010 in confirmation of the action taken by the owners to approve this amendment at the Special Members Meeting on the 5th day of Upril , 2010. Signed, sealed and delivered in our presence as witnesses: PORT ROYAL OWNERS ASSOCIATION, INC., a not for profit Florida Print Name: VICKIE M WILLIAMS Corporation Print Mame: STATE OF FLORIDA COUNTY OF ESCAMBIA The foregoing instrument was acknowledged before me this 26th day of April. 2010, by Jean H Teur, president of Port Royal Owners Association, Inc. **NOTARY PUBLIC** Personally Known Produced Identification Type of Identification Produced

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