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DECLARATION OF  
CONDOMINIUM  
OF  
PORT SIDE VILLAS,  
A CONDOMINIUM

The original of the following document was filed and recorded at the Escambia County,  
Florida in datum map book 1 at pages 31 through 36. filed June 25 , 1979

THE FOLLOWING DOCUMENT IS A REPORT OF THE CONTENTS OF THE  
ORIGINAL DOCUMENTS AS MAINTAINED IN THE OFFICES OF PORT SIDE  
VILLAS, A CONDOMINIUM, INC.

DECLARATION OF CONDOMINIUM  
OF  
PORT SIDE VILLAS  
A CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM is hereby made this 13 th. day of June, 1979, by PILOT PROPERTIES, INC., hereinafter referred to as "Developer", for itself, its successors, grantees and assigns, to its grantee: and assigns, and their heirs, successors and assigns, and is hereby joined in by Santa Rosa Island Authority, an agency of Escambia County, Florida, hereinafter referred to as the "Authority" for the purposes as stated in said joinder.

WITNESSETH:

THAT WHEREAS, the developer is the owner of the remaining term of a 99 year leasehold interest in the following described property located in Escambia County, Florida, to-wit:

See Exhibits "A", "B", "C" and "D", which are attached hereto and by this reference made a part hereof.

AND WHEREAS, the developer, in accordance with Florida Statues 718.403, desires to develop Port Side Villas, a condominium, by phase development in four phases, Phase I located on the land described in Exhibit "A", Phase II to be located on the land described in Exhibit "B", Phase III to be located on the land described in Exhibit "C", and Phase IV to be; located on the land described in Exhibit "D".

AND WHEREAS, the developer desires to submit its leasehold interest in the real property described in Exhibit "A" and all improvements now or hereafter constructed thereon in condominium ownership and use, pursuant to Chapter 718, Florida Statues, hereinafter called "the Condominium Act":

NOW THEREFORE, PILOT PROPERTIES, INC. , hereby makes the following declarations:

1. THE PROPERTY: A 99 year leasehold interest, beginning August 13, 1973, in that real property located in Escambia County, Florida, described on Exhibit "A" attached hereto, together with all improvements now or hereafter constructed thereon, is hereby submitted to condominium ownership and use to be known as PORT SIDE VILLAS, A CONDOMINIUM, which shall be managed, handled and controlled by a non-profit corporation, PORT SIDE VILLAS OWNERS ASSOCIATION, INC., hereinafter referred to as the Association. The Association is a not for profit corporation which will manage, handle and control PORT SIDE VILLAS, A CONDOMINIUM, Phases I, II, III, and IV, which will initially contain 9 units and will ultimately contain 36 units and will be constructed on the property described in exhibits "A", "B", "C", and "D".

The 99 year leasehold interest in the property shown in Exhibits “B”, “C”, and “D”, which developers hope to submit to condominium ownership and use at a future date as Phases II, III, and IV of PORT SIDE VILLAS, A CONDOMINIUM, is not hereby submitted to condominium ownership.

2. DEFINITIONS: The terms used in this Declaration and in Exhibits thereto shall have the meanings stated in Section 718.103, Florida Statutes, and as follows:

A. “Association” shall mean PORT SIDE VILLAS OWNERS ASSOCIATION, INC., a corporation not for profit organized under the laws of the State of Florida, and its successors.

B. “Common Expenses” shall include:

1. a. Expenses of Administration:
  - b. Expenses of maintenance, operation, repair or replacement of the common elements and any portion of the units to be maintained by the Association:
  - c. Expenses of maintaining and operating any other property or improvements in which the Association owns an interest or which property or improvements are reasonably related to the operation of the condominium including lease payments on any unit which the Association may own or purchase:
  - d. The pro rate share of each unit for the lease payment due to the Santa Rosa Island Authority under the terms of that lease attached to this document as Exhibit “E” and under any assignments thereof or amendments thereto:
  - e. Reasonable reserves for replacement of the items set forth in subparagraph (b) and (c) of this paragraph 2. B. (1).
2. Expenses declared to be common expenses by the provisions of this declaration or by the by-laws of the Association.
  3. Any valid charge against the Condominium property as a whole.

C. “Condominium” means all of the condominium property as a whole when the context so permits, as well as the meaning of the Condominium Act.

D. “Santa Rosa Island Authority” is an agency of Escambia County, Florida which has the power, authority and interest to grant leaseholds on that property described in Exhibits “A”, “B”, “C”, and “D”.

E. “Unit Owner” means a unit owner as defined in the Condominium Act; provided, however, that a unit owner shall in this instant be an assignee of the remainder of a 99 year lease held by Developer at the time of this declaration, which lease was granted on August 13, 1973 by the Santa Rosa Island Authority.

F. "Institutional Mortgagee" means banks, savings and loan associations, insurance companies, FHA approved lenders and bankers, and real estate investment trusts.

G. "Rental fee" means any value or money which the owner or lessee of any unit receives directly or indirectly for the use or rental of his unit and the appurtenant common elements.

H. "Lease" shall mean that 99 year lease and all amendments thereto, attached as Exhibit "E" to this declaration.

I. "Minimum Rental Due to the Santa Rosa Island Authority" shall mean and refer to that sum referred to in paragraph 3 of the Lease agreement attached hereto as Exhibit "E" as "A minimum annual Assessment". The Association shall be responsible for paying in accordance with the terms said lease, one quarter of the minimum annual assessment under the lease for each nine (9) units which the Developer has subjected to this Declaration. Developer shall pay the remaining amount of the minimum annual assessment due to the Santa Rosa Island Authority under said lease until such time as it has elected to subject additional units to this Declaration. For each additional 9 units subjected to this Declaration, the Association shall pay an additional 25% of the minimum annual assessment until such time as the developer has subjected 36 units to this Declaration, at which time the Association shall assume 100% of the minimum annual assessment due to the Santa Rosa Island Authority.

Other rental payments due to the Santa Rosa Island Authority shall be assessed and paid in accordance with paragraph 10. F. hereof.

3. PHASE DEVELOPMENT AND UNIT DESCRIPTION: The Developers are committed to developing PORT SIDE VILLAS, A CONDOMINIUM, in four phases. This Declaration submits Phase I to condominium ownership. Phase I shall be completed and ready for occupancy no later than February 1, 1980. Phase II, III, and IV of the condominium, which shall be completed at the Developers sole option by August 30, 1982, August 30, 1984 and August 30, 1986, respectively, are described in Exhibit "F". Phase I is described and established as follows:

A. A survey and plot plan of the land in Phase I locating, showing and explaining in detail the improvements thereon is attached as Exhibit "G", to include a survey and surveyor's certificate upon substantial completion of Phase I.

B. The improvements have been constructed substantially in accordance with the plans and specifications to such, prepared by Fred M. Humphrey, Architect,, A.I.A., Post Office Box 1059, Orlando, Florida 32802, entitled PORT SIDE VILLAS, A CONDOMINIUM, and revisions thereto. These plans and specifications may be inspected on the construction site.

C. Phase I of the condominium consists of four duplex type units and one single unit buildings for a total of nine units subject to private ownership. The buildings,

dwelling units, other improvements, and their locations are shown in the plot plan in Exhibit "G", and are described in detail in Exhibit "G". Where there is attached to the building a balcony, loggia, porch, terrace, canopy, stairway, or other portion of the building serving only the unit being bounded, including two shell parking lots under and/or adjacent to each unit, the boundary of such units shall be deemed to include all of such structures, parking lots and any fixtures thereon. Each such unit is and shall continue to be identified by number as shown on said Exhibit "G" so no unit bears the same designation as does any other unit. Each unit consists of the space bounded by the vertical projections of the unit boundary lines as shown of said Exhibit "G" between the horizontal planes at ground and highest roof top elevation, also as shown on Exhibit "G". Notwithstanding the location of the unfinished walls, and of the ground and highest roof top elevation as shown on Exhibit "G", the actual location of the unfinished walls, and the ground and highest roof top elevation, as the same from time to time may exist, shall govern.

D. The common elements shall include the remaining land and improvements thereon and all other parts of the condominium not included within the units.

E. The developer's commitment to phase development of PORT SIDE VILLAS, A CONDOMINIUM, will have the following effects:

1. Ownership in the common elements of Phase I shall be vested in the 9 unit owners of Phase I in equal shares of 1/9 th. each subject to being reduced to shares of 1/36 th. upon the completion of Phases II, III, and IV.

Upon completion and dedication to condominium of Phase II, unit owners in both phases shall own 1/18 th. of the common elements in both completed phases. If construction of Phase II is not completed by August 30, 1982, the unit owners in Phase I shall each be vested with ownership of 1/9 th. of the common elements in phase I and that ownership shall not be divested by later development on property described in Exhibit "B", "C", or "D".

Upon completion and dedication to condominium of Phase III, unit owners in phases I, II and III shall own 1/27 th. of the common elements in all completed phases. If phase III is not completed by August 30, 1984, the unit owners in phase I and II shall each be vested with ownership of 1/18 th. of the common elements in Phases I and II, and that ownership shall not be divested by later development on the property described in Exhibits "C" and "D".

Upon completion and dedication to condominium of Phase IV, the unit owners in Phases I, II, III and IV shall each own 1/36 th. of the common elements in all phases. If construction of Phase IV is not completed by August 30, 1986, the unit owners in Phases I, II, and III shall each be vested with undivided ownership of 1/27 th. of the common elements in Phases I, II, and III, and that ownership shall not be divested by later development on the property described in Exhibit "D".

2. If Phases II, III or IV are not developed, the Developers have no obligation to furnish any of the common elements, improvements or personal property in Phases II, III or IV as shown in paragraph (5) below.

If Phases II, III or IV are developed by the dates indicated in paragraph 3, E, (1) above, the total land area of the condominium will be that shown in Exhibits "A", "B", "C" and "D". If any phase is not developed by the date given for that particular phase in paragraph 3, E, (1) above, the total land area of the condominium shall be limited to that land area which has been previously dedicated to condominium use by Developer.

3. Phase II shall consist of the land described in Exhibit "B" on which four duplex apartments and one single apartment unit will be constructed. Also included in Phase II will be the construction of two lighted tennis courts which shall be placed as shown on the plot plan attached hereto as Exhibit "G". Each of these Phases III and IV shall contain four duplex units and one single family unit upon completion of construction. Phase III shall be completed on the land described in Exhibit "C" attached hereto and Phase IV shall be completed on the land described in Exhibit "D" attached hereto. Each phase shall contain an additional four duplex units and one single family unit for a total of 9 units per phase.

4. Personal property to be provided by developer in Phase I includes:

- \* Pool Deck Furniture  
2 tables with umbrellas  
8 chairs
- \* or \$750.00 to spend as the Association chooses, but in no event shall developer be responsible for an amount greater than the \$750.00 for personal property to be provided in Phase I. Developer in its sole discretion, may decide whether to provide the above items or to pay the sum of \$750.00 to the Association.

5. Personal property to be provided by Developer upon completion of Phases II, III, and IV:

- Phase II
  - \* Pool deck Furniture
  - 8 Chaise Lounges
- Phase III
  - \*Pool Deck Furniture
  - 2 Tables with Umbrellas
  - 8 Chairs
- Phase IV
  - \*Pool Deck Furniture
  - 8 Chaise Lounges

- \* or \$750.00 in each of Phases II, III and IV to spend as the Association

chooses, but in no event shall developer be responsible for an amount greater than \$750.00 in any single phase. Developer in its sole discretion may decide whether to provide the above items or pay the sum of \$750.00 per phase to the Association.

6. The effect of phase development on the Association is as follows:

Upon completion and sale of the units in Phase I, the unit owners shall control the Association, the owners of each unit having one vote per unit, for a total of 9 votes.

Upon the dedication of each of Phases II, III and IV to condominium ownership as phases of PORT SIDE VILLAS, membership in the Association shall increase by nine (9) members, upon completion and dedication of all four phases of PORT SIDE VILLAS, there shall be a maximum of 36 members of the Association.

If any phase is not completed by the date given for that phase in Paragraph 3. E.(1), the maximum membership in the Association shall be and remain at the number of members which include one member per unit for all phases previously completed and timely dedicated to condominium ownership.

Developer shall notify all members of the Association by certified mail of either the commencement of or the decision not to commence or construct either Phases II, III or IV.

7. Developer may, without the consent of any owner, mortgagee or any other party to this declaration, amend this declaration to dedicate those condominiums described in Exhibits "B", "C", and "D" as Phases II, III, and IV, respectively, of PORT SIDE VILLAS, A CONDOMINIUM by filing said amendment in accordance with Florida Statute 718.403; but in no event shall such amendment increase the number of units or the number of Association members beyond 36.

4. AMENDMENT OF PLANS: Developer reserves the right to change the interior design arrangement of all units, and to alter the boundaries between units, provided the developer owns the units so altered and provide 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 alteration by the Developer needs to be signed and acknowledged only by the Developer after such written consent, an need not be signed by the Association, unit owners, lienors, or mortgagees. No such change shall, however, increase the number of units nor alter the boundaries of the common elements without an amendment to this Declaration in the manner hereinafter provided.

5. EASEMENTS: Such easements are reserved throughout the Condominium property as may be required for utility services needed to serve the Condominium 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 of record. There is also created a non exclusive easement for ingress and egress over streets, walks and other right-of-way serving the units as part of the common elements necessary

to provide reasonable access to the Gulf of Mexico and also reserves the right to construct walkways for such access in areas requested by the Santa Rosa Island Authority, however, no such walkways or access easements shall overlap the boundaries of any unit.

6. COMMON ELEMENTS: There shall be appurtenant to each of the units in PORT SIDE VILLAS, A CONDOMINIUM, an equal, undivided, ownership of the common elements subject to the aforementioned phase development, and one membership in PORT SIDE VILLAS OWNERS ASSOCIATION, INC. The fractional interest in the common elements appurtenant to each unit shall be an undivided 1/9 th. interest on completion of Phase I. Upon dedication of Phase II to condominium ownership, the fractional interest in the common elements appurtenant to each unit shall be an undivided 1/18 th. Upon dedication of Phase III to condominium ownership, the fractional interest in the common elements appurtenant to each unit shall be an undivided 1/27 th. Upon dedication of Phase IV to condominium ownership, the fractional interest in the common elements appurtenant to each unit shall be an undivided 1/36 th.

7. COMMON EXPENSES AND SURPLUS: 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 his unit. The share of a unit owner will vary according to the number of phases completed, being 1/9 after the dedication of Phase I, 1/18 th after the dedication of Phase II, 1/27 after the dedication of Phase III, and 1/36 th after the dedication of Phase IV

8. THE ASSOCIATION: The operation of the condominium shall be by PORT SIDE VILLAS OWNERS ASSOCIATION, INC., a corporation not for profit organized under the laws of the State of Florida, of which each unit owner shall be required to be a member having one vote for each unit owned and which shall fulfill its functions pursuant to the following provisions.

A. A copy of the Articles of Incorporation of the Association is attached hereto as Exhibit "H" and by this reference made a part hereof.

B. The By-laws of the Association shall be the By-laws of the Condominium. A copy of said By-laws is attached hereto as Exhibit "I" and by this reference made a part hereof.

C. 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.

D. A member's share in the funds and assets held by the Association may not be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

E. The Association shall have the right and duty to collect, in advance, as an element of the common expense, each unit's pro rata share of those monies due to the Santa Rosa Island Authority under the provisions of this Declaration and the lease attached to this Declaration as Exhibit "E". If, for any reason, a unit owner shall not make timely payment of his proportionate share of the lease payment, the Association shall pay that amount due to the Santa Rosa Island Authority for the non-paying unit's pro rata share of rent due, and the Association shall have a lien against that unit in accordance with the terms of this Declaration.

F. The Association shall have the further right and duty to collect the "extra rental assessment" as described in paragraph 10 -F of this Declaration, and it shall have all rights granted by this Declaration to have and enforce a lien against a unit for non-payment of any extra rental assessment made by the Association.

9. MAINTENANCE AND ALTERATION: Responsibility for the Maintenance of the Condominium Property, and the restrictions upon its alteration and/or improvement are as follows:

A. Units.

(1) With the exception of the interior surfaces, the Association shall maintain, repair and replace at the Association's expense, all exterior portions of a unit including any terrace, balcony, porch, stairway, railing or parking area, and all portions of a unit contributing to the support of the building containing said unit, which portions shall include, but not limited to, the outside walls of the building and all fixtures on its exterior, (provided that windows, screens and doors shall be the responsibility of the owners as provided below), boundary walls of the unit, floor and ceilings slabs and roof tops, load bearing walls, all conduits, ducts, plumbing, wiring and other facilities furnishing of utility services and contained within the portions of the unit maintained by the Association; and all such facilities contained within the unit which services a part or parts of the Condominium other than the unit within which contained. All incidental damage caused to a unit by such work shall be repaired promptly at the expense of the Association.

(2) A unit owner shall maintain, repair and replace at his expense, all portions of his unit except the portions to be maintained, repaired and replaced by the Association. Such work shall be accomplished without interference with the rights of the other unit owners. No unit owner or resident of the Condominium shall paint, decorate or otherwise change the appearance of any portion of the exterior of any building without the consent of the Association. Each unit owner shall promptly report

to the Association any defect or need for repairs for which the Association is responsible.

(3) Except as hereinbefore reserved to Developer, no alteration or addition shall be made to any portion of a unit or building which is to be maintained and repaired by the Association without first obtaining the written approval of all owners whose units are to be affected and the approval of the Board of Directors of the Association. A copy of the plans for any such alteration or addition prepared by an architect licensed to practice in the State of Florida shall be filed with the Association prior to commencement of the work.

(4) Unit owners may construct a screened enclosure in accordance with the plans and specifications attached to this Declaration as Exhibit "J". Such enclosure must be constructed strictly in accordance with the attached plans and specifications, using only the materials (without substitutions) listed therein, to insure the uniformity and preservation of the aesthetic qualities of the development as a whole. Construction of said screened enclosure shall be done only by the developer, or by a contractor approved by the Owners Association.

#### B. Common Elements

(1) The maintenance and operation of the common elements and any other property improvements in which the Association owns an interest or has a duty to maintain shall be the responsibility of the Association.

(2) After completion of the improvements included in the common elements contemplated by this Declaration and the Exhibits thereto, there shall be no alteration or further improvement of said common elements except for construction of Phases II, III, and IV without prior written approval of the owners of not less than 60% of the common elements and consent of the mortgagees of record. No such alterations or improvement shall interfere with the rights of any unit owner without his consent and consent of the mortgagee of record. No assessment for the cost of any such work shall be levied against any institutional investor which acquires title as a result of owning a mortgage upon a Condominium parcel, regardless of whether the parcel is acquired by deed from the mortgager 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 owed 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, weather or not the unit owner contributes to the cost of such alteration or improvements.

To facilitate and carry out the obligations of the Association for maintenance, repair and replacement as set forth in this paragraph 9, there is reserved unto the Association the right to enter in and upon any unit at any reasonable time.

10. ASSESSMENTS: The making and collection of assessments against the unit owners by the Association for common expenses and “extra rental assessments” shall be pursuant to the By-laws and subject to the following provisions

A. Each unit owner shall be liable to assessments for a proportionate share of the common expenses and shall share in the common surplus, such shares being the same as the undivided share in the common elements appurtenant to the unit owned by him. In addition, each unit owner shall be liable to assessment from the Association for any increase in the “minimum rental due to the Santa Rosa Island Authority” which results from rental of his unit or other value received for use of his unit. The amount of the extra rental assessment shall be determined in accordance with paragraph 10. F. below.

B. Assessments and or installments thereof, which are paid on or before ten (10) days after the date when they become due and payable shall not bear interest, but thereafter such sums shall bear interest at the rate of ten percent (10%) per annum from the date when they became due and payable until paid and there shall be added (in addition to interest) to each assessment not paid within ten days of when it became due and payable a late charge of \$10.00. All payments on account shall be applied first to late charges then to interest and then to the assessment payment first due. All assessment and charges unpaid after such ten day period shall become a lien as of the time and date, but not before, such a lien is recorded in the Public Records of Escambia County, Florida.

C. The lien for unpaid assessments shall also secure reasonable attorney’s fees incurred by the Association incident to the collection of such assessment and enforcement of such lien.

D. 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, attorney’s fees and any other fees, and then to the mortgagee to the extent of any delinquency, and then to the owner.

E. 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 acquirers of title shall not be liable for any share of the 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 foreclosed mortgage.

F. The unpaid share of all assessments and common expenses are common expenses which are collectable from all unit owners including such acquirer.

G. Extra Rental Assessments: Whenever gross receipts for use or rental of one or more units or the improvements thereon causes "the minimum rental due to the Santa Rosa Island Authority" to increase beyond the "minimum annual assessment" required under the 99 year lease from the Authority, those owners who have rented or leased their units and the improvements thereon shall pay to the Association their share of the increase rental due to the Authority.

Their share shall be ascertained by dividing the minimum annual assessment due from properties subject to this declaration by the number of units subject to this Declaration and then multiplying that amount by .05, which amount shall be the minimum rental per unit. Each owner shall pay to the Association a special rental assessment, which shall be equal that amount by .05 times its gross receipt from rental that year that exceeds the minimum rental per unit.

The Association may require any and all reports necessary from owners in order to properly maintain records and calculate amounts due from owners and to the Authority.

11. USE OF CONDOMINIUM PROPERTY: The use of the condominium property and other property improvements in which the Association owns an interest or controls and manages shall be in accordance with the following provisions as long as the condominium exists and the buildings containing the condominium units remain in a useful condition upon the land:

A. Each of the units shall be occupied or rented, as a permanent or vacation residence and for no other purpose; and 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 effected in the units.

B. The common elements and any property in which the Association owns an interest or controls and manages shall be used only for the purposes for which they are intended in the furnishing of services and facilities for enjoyment and use of the residents of the Condominium.

C. No nuisances shall be allowed or upon the Condominium property or any property in which the Association owns an interest or controls and manages, nor shall any use or practices which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Condominium property or any property in

which the Association owns an interest or controls and manages, be allowed or permitted. All parts of the Condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed or permitted to accumulate, nor any fire hazard allowed or permitted to exist. No unit owner shall make or permit any use of his unit or make or permit any use of the common elements, or any property in which the Association owns an interest or controls or manages which shall increase the cost of insurance on the property, and no unit owner shall convert his garage into permanent or temporary living quarters.

D. No immoral, improper, offensive or unlawful use shall be made of Condominium property or any property in which the Association owns an interest, or controls or manages, nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed.

E. Reasonable regulations concerning the use of Condominium property and other property in which the Association owns an interest, or controls or manages, may be made and amended from time to time by the Association in the manner provided in its Articles of Incorporation and By-laws. Copies of such regulations and amendments thereto shall be furnished by the association to all unit owners, mortgagees of record and residents of the Condominium on request.

F. Until the Developer has completed all of the contemplated improvements and closed the sales of all the units in all phases 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 common areas as may facilitate such completion and sale, including but not limited to, maintenance of a sales office, showing of the property, display of signs and storage of materials.

12. SALES, RESTRICTIONS AND REQUIREMENTS: In order to maintain a community of congenial residents who are financially responsible and thus protect the value of the units, the transfer of units by any owner other than the Developer shall be subject to the following provisions as long as the Condominium exists and the buildings containing the condominium units remain in useful condition upon the land, which provisions each unit owner covenants to observe:

A. Transfers subject to approval:

(1) No unit owner may dispose of a unit or any interest in a unit by sale without approval of the Association except to his or her spouse or another member of the Association.

(2) No unit owner may dispose of a unit or any interest in a unit by lease without approval of the Association, with the exception of lease to his or her spouse or another member of the Association.

(3) In the event any unit owner shall acquire his title by gift, the continuance of his ownership of his unit shall be subject to the Approval of the Association.

(4) If any unit owner shall acquire his title by devise or inheritance, the continuance of his ownership of his unit shall be subject to the approval of the Association.

(5) If any unit owner shall acquire his title by any manner not considered in the foregoing subsections, the continuance of his ownership of his unit shall be subject to the approval of the Association.

(6) If the unit owner is a corporation, an ownership by corporation is hereby specifically approved, a transfer of controlling interest in the corporation shall for the purposes of this declaration, constitute a transfer of any unit owned by the corporation, and continuation of corporate ownership of its unit or units shall be subject to approval of the Association. The transferee or transferees of a controlling interest in corporation shall give notice to the corporation that a transfer of controlling interest has taken place; and the corporation shall thereafter be treated for all purposes of approval or disapproval as a devisee for approval of the transfer. In determining the rights and duties of the corporation and the association in requesting and granting or denying of approval or transfer, the corporation and the association shall have the rights and duties as hereinafter described for a devisee in Paragraph 12. B. (2) (c) and 12. C. (3).

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

(1) Notice to Association:

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

(b) A unit owner intending to make a bona fide lease of his unit or any interest in it shall give to the Association notice of such intention, together with the name and address of the intended

lessee, such other information concerning the intended lessee as the Association may reasonably require and a copy of the proposed lease.

(c) A unit owner who has obtained his title by gift, devise or inheritance or by any other manner not previously considered, shall give to the Association notice of the acquiring of his title, together with such information concerning the unit owner as the Association may reasonably require, and a certified copy of the instrument evidencing the owner's title.

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

(2) Certificate of Approval:

(a) If the proposed transaction is a sale, then within thirty days (30) after the receipt of such notice and information, the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President, the Vice President or the Secretary of the Association, which shall be recorded in the Public Records of Escambia County, Florida, at the expense of the purchaser.

(b) If the proposed transaction is a lease, than within thirty (30) days after the receipt of such notice and information the Association must either approve or disapprove the proposed transaction. If approved, the approval shall be stated in a certificate executed by the President, the Vice President or the Secretary of the Association in a recordable form, which at the election of the Association shall be delivered to the lessee, or shall be recorded in the Public Records of Escambia County, Florida, at the expense of the lessee.

(c) If the unit owner giving notice has acquired his title by gift, devise or inheritance or any other manner, than within thirty (30) days after the receipt of such notice and information, the Association must either approve or disapprove the continuance of the unit owner's ownership of his unit. If approved the approval shall be stated in a certificate executed by the President, the Vice

President, or the Secretary of the Association, which shall be recorded in the Public Records of Escambia County, Florida, at the expense of the unit owner.

(3) Inasmuch as the condominium may be used only for permanent or vacation residential purposes and a corporation cannot occupy an apartment for such use, if the unit owner or purchaser of a unit is a corporation, the approval of ownership by the corporation may be conditioned by the requirement that all persons occupying the unit shall be approved by the Association.

- C. If the Association shall disapprove a transfer of ownership of a unit, the matter shall be disposed of in the following manner:
- (a) If the proposed transaction is a sale and if the notice of sale is given by the unit owner shall so demand, than within thirty (30) days after the receipt of such notice and information to the Association, the Association shall deliver or mail by registered mail to the unit owner an agreement to purchase the unit concerned by a purchaser approved by the Association who will purchase and to whom the unit owner must sell the unit upon the following terms.
  - (b) At the option of the purchaser to be stated in the agreement, the price be paid shall be that stated in the disapproved contract to sell or shall be the fair market value determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale based upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of arbitration shall be paid by the purchaser.
  - (c) The purchase price shall be paid in cash.
  - (d) The sale shall be closed within thirty (30) days after the delivery or mailing of the agreement to purchase, or within ten (10) days after the determination of the sale price if such is arbitration, whichever is the later.
  - (e) A certificate of the Association executed by the President, Vice President, or its Secretary approving the purchaser shall be recorded in the Public Records of Escambia County, Florida at the expense of the purchaser.

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

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

(3) If the unit owner giving notice has acquired his title by gift, devise or inheritance, or in any other manner, then within thirty (30) days after receipt from the unit owner of the notice and information required to be furnished, the Association shall deliver or mail by registered mail to the unit owner an agreement to purchase the unit concerned by a purchaser approved by the Association who will purchase and to whom the unit owner must sell the unit upon the following terms:

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

(b) The purchase price shall be paid in cash.

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

(d) A certificate of the Association executed by its President, Vice President or Secretary approving the purchaser shall be recorded in the Public Records of Escambia County, Florida, at the expense of the purchaser.

(e) If the Association shall fail to provide a purchaser as required by this instrument, or if a purchaser furnished by the Association

shall default in his agreement to purchase, then notwithstanding the disapproval such ownership shall be deemed to have been approved, and the Association shall furnish a certificate of approval as elsewhere provided, which shall be recorded in the Public Records of Escambia County, Florida at the expense of the unit owner.

D. No unit owner may mortgage his unit nor any interest in it without the approval of the Association except to a bank, life insurance company, savings and loan association or any other institutional lender or institutional investor, or to a vendor to secure a portion of all of the purchase price. The approval of any other mortgagee may be upon conditions determined by the Association or may be arbitrarily withheld.

E. The foregoing provisions of paragraph 12 shall not apply to a transfer or to purchase by a bank, life insurance company, savings and loan association or other institutional lender or institutional investor that acquire its title as the result of owning a mortgage upon the unit concerned, and this shall be so whether the title is acquired by deed from the mortgager, his successors or assigns, or through foreclosure proceedings: nor shall such provisions apply to a transfer, sale or lease by a bank, life insurance company, savings and loan association or other institutional lender or institutional investor that so acquires its title. Neither shall such provisions require the approval of the purchaser who acquires the title to a unit at a duly advertised public sale with open bidding provided by law, such as, but not limited to, execution sale, foreclosure sale and judicial sale or tax sale.

F. Any sale, mortgage or lease not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

G. Nothing contained in this paragraph 12 shall preclude or prevent the Association from itself being a purchaser in lieu of furnishing a purchaser as provided for herein; provided, however, such purchase by the Association shall be on the same terms and conditions which would have to be met by any other purchaser hereunder.

13. SUBJECT TO DECLARATION: Each unit owner and every resident of the condominium and all parties joining in this Declaration shall be subject to and comply with the terms and conditions of this Declaration and the exhibits hereto 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 law.

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 her 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 unit owner or 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 attorney's 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.

14. AMENDMENTS: Except as reserved to the Developer in paragraphs 3. and 4. hereof, the Declaration of Condominium may be amended only in the following manner.

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

B. A resolution for the adoption of a proposed amendment may be proposed by either the Board of Directors of the Association, or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval or disapproval in writing, provided such approval or disapproval is delivered to the Secretary at or prior to the meeting.

Approval of a proposed amendment must be either by:

(1). Not less than sixty percent (60%) of the entire membership of the Board of Directors and not less than sixty percent (60%) of the votes of the members of the Association voting at the particular meeting; or

(2) Not less than seventy five percent (75%) of the votes of the entire membership of the Association; or

(3) All of the Directors (not just all of the Directors present unless all, of the Directors of the Association are present) until the first election of the Board of Directors provided the amendment does not increase the number of units nor alter the boundaries of the common elements.

C. No amendment may be adopted which discriminates against any unit owner or against any unit or class or group of units, unless one hundred percent (100%) of the unit owners so affected consent thereto, and no amendment shall change or alter any unit of the share in the common elements appurtenant thereto, nor increase the unit

owners share of the common expenses, unless the record owner of a unit concerned and all record owners of the mortgages on such a unit shall join in the execution of the amendment. Neither shall an amendment make changes in paragraph 15 hereof (dealing with insurance) nor in paragraph 16 hereof (dealing with repair and reconstruction after casualty), unless the record owners of all mortgages upon the condominium property shall join in the execution of the amendment.

D. Paragraph 17 of this Declaration (dealing with termination of the Condominium) may not be amended except upon written approval of all record owners of units in the condominium and all record owners of liens or mortgages on the condominium property.

E. A copy of each amendment adopted hereinbefore provided shall be attached to a certificate certifying that said amendment was duly adopted, which certificate shall be executed by the officers of the Association with the formalities of a deed. Said copy and certificate shall be recorded by the Association in the Public Records of Escambia County, Florida, and an amendment shall be effective when said documents are so recorded.

15. INSURANCE: The casualty and liability insurance which shall be carried upon the condominium property and the property of the Association and the unit owners shall be governed by the following provisions:

A. All insurance policies covering the condominium property and any property in which the Association owns an interest shall be purchased by the Association for the benefit of the Association, the unit owners, Santa Rosa Island Authority, and the mortgagees as their respective interests may appear, and provisions shall be made for the issuance of endorsements to the mortgagees of the unit owners and to the Santa Rosa Island Authority. Unit owners may obtain insurance coverage their own expense upon their real and personal property and for their personal liability.

B. Coverage

(1) All buildings and improvements upon the condominium property and any property in which the Association owns an interest, and all personal property including in the common elements or owned by the Association, shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered in respect to buildings and improvements similar in construction, location and use as the buildings and improvements on the land, including , but not limited to, vandalism and malicious mischief, and flood insurance to the extent available. It shall be the duty of the Board of Directors of the Association to

examine insurance coverage annually to insure that the maximum coverage is maintained on all dwelling units. If a dwelling unit is destroyed and insurance proceeds are insufficient to rebuild it, the additional cost of rebuilding shall be paid by the Association even if a special assessment is required.

(2) Public liability insurance shall be purchased in such amounts and with such coverage as shall, from time to time, be required by the Board of Directors of the Association, including but not limited to, hired automobile and non-owned automobile coverage, and cross liability endorsements to cover liability of the unit owners as a group to a single unit owner.

(3) Such workmen's compensation coverage as may be required by law.

(4) Such other insurance as the Board of Directors may from time to time deem to be necessary.

C. Premiums upon insurance policies purchased the Association shall be paid by the Association as a common expense.

D. All insurance policies purchased by the Association shall provide that all proceeds paid as a result of property loss or damage shall be paid to the Association in trust, nevertheless, for the purposes and parties as set forth herein. Proceeds paid on account of damage or loss to the common elements or to property or improvements in which the Association owns an interest shall be held by the Association for the benefit of the unit owners, the Santa Rosa Island Authority and the mortgagees, with each unit owner having an undivided share therein, such share being the same as the undivided share of the common elements appurtenant to his unit. Proceeds paid on account of damage or loss to all or a portion of the common elements surrounding a given unit or units shall be held for the benefit of the owners of units, the surrounding or abutting common elements of which were so damaged, and the respective mortgagees and the Santa Rosa Island Authority, as their interests may appear, in proportion to the costs of repairing or reconstructing such damaged common elements as they relate to the particular units or unit affected by the damage. Proceeds paid on account of total destruction of all buildings containing condominium units in PORT SIDE VILLAS, A CONDOMINIUM, shall be held for the benefit of each owner, his mortgagee and the Santa Rosa Island Authority, as their respective interest may appear, in the proportion of the undivided share in the common elements appurtenant to his unit. In the event that the mortgage endorsement has been issued with respect to a unit, the share of the unit owner shall be held by the Association in trust for the Santa Rosa Island Authority, the mortgagee and the unit owner as their respective interest may appear.

E. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the unit owner in the following manner:

(1) If the loss or damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be used to defray the costs of such repair or reconstruction. Any proceeds remaining after the costs of such work has been defrayed shall be distributed to all unit owners and their respective mortgagees as their respective interests may appear, in the proportion of the undivided share in the common elements appurtenant to their respective units, remittances to each of such unit owners and their respective mortgagees being payable jointly to them. This paragraph constitutes a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

(2) If it is determined in the manner hereinafter provided that the damage for which the proceeds are paid shall not be repaired or reconstructed, the proceeds shall be distributed to the unit owners, their mortgagees, and the Santa Rosa Island Authority as their respective interests may appear in the proportion of the undivided share of the common elements appurtenant to their respective units, remittances to each of such unit owners and their respective mortgagees being payable to them jointly with the Santa Rosa Island Authority. This paragraph constitutes a covenant for the benefit of any mortgagee of a unit, the Santa Rosa Island Authority and may be enforced by such mortgagee or the Authority.

F. The association is irrevocably appointed agent for each unit owner and for each owner of a mortgage or other lien upon any unit and for each owner of any other interest in the condominium property or any property in which the Association owns an interest, to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon payment of such claim.

G. The Santa Rosa Island Authority shall have all rights accorded to said Authority in paragraph (7) of that lease attached hereto as exhibit "E" as they pertain to insurance proceeds due to the Association, any unit owner or the mortgagee of any unit or common element for the loss or damage to any unit or common element.

16. RECONSTRUCTION OF LOSS OR CASUALTY DAMAGE: If any part of the condominium property or any property in which the Association owns an interest shall suffer loss or damage by casualty weather or not, and how it shall be repaired or reconstructed, shall determined in the following manner:

A. If the damaged property is a part of the common elements or any property in which the Association owns an interest, it shall be repaired or reconstructed, unless it is determined in the manner hereinafter provided that the condominium shall be terminated.

B. If the damaged properties are buildings containing condominium units, the damage shall be repaired or reconstructed if the units to which twenty percent (20%) or more of the common elements of PORT SIDE VILLAS, A CONDOMINIUM, are appurtenant are found by the Board of Directors of the Association to be tenantable, unless within sixty (60) days after the loss or damage it is determined in the manner hereinafter provided that the condominium shall be terminated. The damaged property will not be repaired or reconstructed if units to which more than eighty percent (80%) of the common elements of PORT SIDE VILLAS, A CONDOMINIUM are appurtenant are found by the Board of Directors to be not tenantable, and in such case the condominium will be terminated without agreement as hereinafter provided unless within sixty (60) days after the loss or damage the owners of eighty percent (80%) of the units and their mortgagees of record, agree , in writing to such repair or reconstruction.

C. Any repair or reconstruction must be substantially in accordance with the plans and specifications for the original improvements; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is a building containing condominium units, by the owners of all units and mortgagees of record, the surrounding or abutting common elements of which were so damaged, which approval shall not be unreasonably withheld.

D. If the loss or damage is only to those parts of a unit or units for which the responsibility of maintenance and repair is that of a unit owner, then the unit owner shall be responsible for repair or reconstruction. In all other instances the responsibility for repair and reconstruction after casualty shall be that of the Association.

E. Immediately after a determination is made to repair or reconstruct damage to property for which the Association has the responsibility to repair and reconstruct, the association shall obtain a reliable and detailed estimates of the cost of the repair or reconstruction.

F. If the insurance proceeds received by the Association are insufficient to defray the estimated cost of the repair of the common elements or any property in which the Association owns an interest, or if at any time during repair or reconstruction, the funds for payment of the costs of repair or reconstruction are insufficient, assessments shall be made against all unit owners in the proportion of the undivided share of the common elements appurtenant to their respective units, in sufficient amounts to provide necessary funds.

17. TERMINATION: The condominium may be terminated in the following manner.

A. If it is determined in the manner hereinbefore provided that a building or buildings containing condominium units shall not be repaired or reconstructed because of damage or destruction, the will be terminated without agreement.

B. The condominium may be terminated at any time upon written approval of all record owners of units in the condominium, the Santa Rosa Island Authority, and all record owners of liens or mortgages on the condominium property. Said approval shall be delivered to the Secretary of the Association by the Santa Rosa Island Authority, each such owner, lienor or mortgagee, and the Association shall then prepare, execute with formalities required for a deed, and cause to be recorded in the Public Records of Escambia County, Florida, a document terminating the condominium, together with certificate executed by the officers of the Association certifying that unanimous consent of all such downers, lienors and mortgagees has been received by it in accordance with the terms of this Declaration. The termination shall become effective when said documents and certificates have been so recorded.

C. After termination of the condominium, the unit owners shall own the condominium property which is a 99 year leasehold an all assets and funds of the Association as tenants in common in undivided shares that shall be the same as the undivided share in the common elements appurtenant to each owner's unit prior to termination, and their mortgagees and lienors shall have mortgage and liens upon the respective undivided share of the unit owners.

18. NOTICE: Whenever notice is required under the terms of this Declaration of Condominium 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 by unit owner or by depositing such notice with postage prepaid in the United States mails, registered or certified with return receipt requested, and addressed to the Association or to the unit owner as follows:

Association  
: PORT SIDE VILLAS OWNERS ASSOCIATION, INC.  
at the address established therefore by the Association,

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

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

Authority;  
Santa Rosa Island Authority  
1 Via De Luna  
Pensacola Beach, Florida 32561

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

19. CONSTRUCTION OF TERMS: All the provisions of this Declaration and the Exhibits therein shall be constructed as covenants running with the land and with 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.

20 SEVERABILITY: The invalidity in whole or in part of any covenant or restriction, or paragraph, sub-paragraph, sentence, clause, phrase, word or other provision of this Declaration or any Exhibit thereto shall not affect the validity of the remaining portions of said documents.

IN WHITNESS THEREOF, PILOT PROPERTIES, INC. has executed this Declaration of Condominium. This 13 day of JUNE, 1979.

***NOTE; PAGES FOLLOWING THE ABOVE DOCUMENTATION REPRESENT THE SIGNATURES OF ALL PARTIES CONCERNED AND THE JOINDER OF THE SANTA ROSA ISLAND AUTHORITY, ALL BEING PROPERLY AFFIRMED AND WITNESSED. Such pages are filed with the original documents and copies as held in the PORT SIDE VILLAS ODWNERS ASSOCIATION, INC. office of record.***

***NOTE; ATTACHMENTS AND EXHIBITS REFERENCED IN THE ABOVE DOCUMENTS ARE ALSO PART OF THE ORIGINAL DOCUMENTS AND COPIES AS HELD IN THE PORT SIDE VILLAS OWNERS ASSOCIATION, INC. office of record.***

***The attachments refer to legal descriptions of the parcels designated for construction of the four construction phases***