

SANDESTIN DECLARATION OF COVENANTS,

CONDITIONS & RESTRICTIONS

(Approved 6.2010)

This Declaration is made this 31st day of December, 1980, by LAKELAND B.V., a Netherlands corporation, hereinafter referred to as Declarant and joined by the parties referenced on the signatory page hereof who recite and provide as follows:

RECITALS:

A. Declarant is the owner of certain real property located in Walton County, Florida more particularly described on Exhibit A attached hereto and made a part hereof constituting a portion of Sandestin, as hereinafter defined, and Declarant desires to provide a means to maintain the beauty of Sandestin to insure high quality standards for the enjoyment of Sandestin as an integrated commercial and residential development and to promote the recreational interest, health, safety and social welfare of each owner and occupant of portions of Sandestin

B. It is the intention and desire of Declarant to develop or provide for development of its Sandestin property in the manner provided for in the Development of Regional Impact Order issued by the Board of County Commissioners of Walton County, Florida, dated October 19, 1976, as amended by letter dated February 26, 1980 and as may be further modified from time to time by Declarant.

C. Declarant desires to provide for the preservation, enhancement and maintenance of Sandestin and certain improvements located thereon as a superior integrated community and in order to accomplish such objectives, Declarant desires to subject certain portions of such property together with such additions as may hereafter be made thereto to the covenants, restrictions, easements, charges and liens

hereinafter set forth, all of which is and are for the benefit of Sandestin and each owner of a portion thereof.

D. Declarant deems it desirable to create a non-profit association with the power and duty of administering and enforcing the protective covenants, conditions, restrictions and limitations hereinafter set forth and of maintaining an administering the Common Roads and Common Properties, as hereinafter defined, and collecting and disposing of the assessments and charges hereinafter created.

E. Declarant desires that each portion of Sandestin be developed and enjoyed as an integral part of the development and to that end desires to provide that the non-profit association coordinate functions with those made available to individual portions of Sandestin to as great an extent as possible.

DECLARATION

NOW, THEREFORE, Declarant hereby declares that the property as described on Exhibit A attached hereto ("Property") shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions which are for the purpose of protecting the value and desirability of and which shall run with title to the Property and be binding upon all parties having any right, title or interest in the Property or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof and the Declarant.

ARTICLE I

Definitions.

Section 1. “Advisory Board” shall mean and refer to an Advisory Board composed of one executive officer of each of the homeowner associations or condominium associations responsible for administration of Residential Dwelling Units or Residential Lots pursuant to duly filed articles of incorporation and one representative of each subdivision which is not administered by a homeowner association, in the event that no such association is formed for administration of Public or Commercial Units, the Advisory Board shall consist of one (1) member to be designated by the Class “B” Members.

Section 2. “Association” shall mean and refer to Sandestin Owners Association, Inc., a Florida non-profit corporation, its successors and assigns.

Section 3. “Articles” shall mean and refer to the Articles of Incorporation of the Association.

Section 4. “Board of Directors” shall mean and refer to the Board of Directors of the Association.

Section 5. “Bylaws” shall mean and refer to the Bylaws of the Association.

Section 6. “Common Properties” or “Common Areas” shall mean and refer to those tracts of land, including Common Roads, together with any improvements thereon which are deeded to the Association and designated in said deed as “Common Properties” or “Common Areas”. The term Common Properties shall also include any personal property acquired by the Association if said property is designated a “Common Property” and any area maintained by the Association for a period of five years or longer, whether deeded to the Association or not. All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members and their guests, lessees or invitees and the visiting general public (to the extent permitted

by the Board of Directors of the Association), subject to any operating rules adopted by the Association.

Section 7. “Common Roads” shall mean and refer to the roads and road right-of-ways located within the Property, or Sandestin or serving the Property which roads shall not be dedicated as public roads, but excluding parking lots and parking areas located within the legally described boundaries of a condominium or subdivision which are maintained by such property owners within such condominium or subdivision.

Section 8. “Declarant” shall mean and refer to Lakeland B.V. (Incorporated), a Netherlands corporation, successors or assigns of its rights hereunder or any successor or assign of all or substantially all of its interest in Sandestin. The Declarant may also be an Owner or Member for so long as the Declarant shall be the record owner of any parcel of Property as defined in Sections 16, 17,18, or 20 hereof.

Section 9. “Declaration” shall mean and refer to this Sandestin Declaration of Covenants, Conditions, & Restrictions applicable to the Property.

Section 10. “Existing Associations” shall mean all condominium associations and homeowners associations representing neighborhoods included within the Sandestin Master Plan, that have been annexed to the Existing Property and made subject to the Declaration, all Florida corporations not for profit and, collectively, all property owners within Sandestin Estates according to plat thereof recorded in the public records of Walton County, Florida.

Section 11. “Master Plan” shall mean and refer to the conceptual plan for the future development of Sandestin as approved by the Development of Regional impact Order dated October 19, 1976 issued by the Board of County Commissioners of Walton County, Florida and amended by letter dated February 26, 1980 as may be further modified from time to time by Declarant. All references to the Master Plan shall be references to the latest revision thereof.

Section 12. “Member” shall mean and refer to those persons entitled to Class “A” and “B” membership in the Association as provided in this Declaration.

Section 13. “Mortgagee” shall mean any first mortgage encumbering any part of the Property as secured for the repayment of a loan made by a bank, savings and loan association, insurance company, real estate or mortgage investment trust, pension fund, an agency of the United States Government, or any other institutional lender which regularly makes such mortgage loans in the course of its business; AMortgagee@ shall mean the holder of any such mortgage.

Section 14. “Owner” shall mean and refer to the owner as shown in the public records of Walton County, Florida (whether it be one or more persons, firms, associations, corporations, or other legal entities) of the fee simple title to any Residential Lot, Residential Dwelling Unit, Public or Commercial Unit, Unsubdivided Land or raw land but, shall not mean or refer to a mortgagee, its successors or assigns, unless or until such mortgagee has acquired title pursuant to foreclosure proceedings or deed in lieu of foreclosure nor shall the term Owner mean or refer to any lessee or tenant of an Owner. In the event there is recorded in the public records of Walton County, Florida a long term contract for sale in the nature of a contract for deed covering any of the above parcels or Property, the Owner of such parcels shall be the purchaser under said contract.

Section 15. “Property” or “Properties” shall mean and refer to that certain real property herein before described and such additions thereto as may be made in accordance with the provisions hereof.

Section 16. “Public or Commercial Unit” shall mean and refer to any improved parcel of land owned by a Class “B” Member located within Sandestin which is designated by Declarant as a Public or Commercial Unit in the Master Plan and is designed to accommodate public, commercial, governmental or business enterprises

to serve residents of Sandestin and/or the public including but not limited to: business and professional offices; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; theaters; lounges; indoor recreational facilities; marinas, transportation terminals; gasoline stations; provided, however, that Public or Commercial Units shall not include any of the foregoing which constitute or shall constitute Common Properties, as defined herein, or Residential Dwelling Units. A parcel shall not be deemed to be improved as a Public or Commercial Unit until such time as the improvements being constructed on said parcel are sufficiently completed so as to be certified for occupancy by the applicable authorities of Walton County, Florida or if such certification is not available, at such time as the improvements are substantially completed in accordance with plans and specifications.

Section 16A. “Raw Land” shall mean and refer to all unimproved land (whether or not developable) now or hereafter made subject to the Declaration but only until such land becomes “Unsubdivided Land” within the definition of Section 20 below and becomes part of the “Common Properties”, “Common Areas” or “Common Roads” within the definitions of Sections 6 and 7 above.

Section 17. “Residential Dwelling Unit” shall mean and refer to any improved Property intended for use as a single family or multifamily residential dwelling including, without limitation, any single family detached dwelling, garden home, patio dwelling, condominium unit, townhouse unit, cooperative apartment unit or apartment unit, which improvements constructed thereon are sufficiently completed to be certified for occupancy by the applicable governmental authorities of Walton County, Florida or if such certification is not available, at such time as the improvements are substantially completed in accordance with the plans and specifications. Residential Dwelling Units shall specifically exclude however, any hotel or motel rooms unless such hotel or

motel rooms have been made subject to independent ownership as separate legally defined units.

Section 18. “Residential Lot” shall mean and refer to any unimproved parcel of land located within the Property which has been platted into lots intended for use as sites for single family detached dwellings, townhouse, garden home or patio dwelling as described in a recorded final subdivision plat. A parcel of land meeting the above criteria shall be deemed to be unimproved as a Residential Lot until the improvements being constructed thereon are sufficiently completed for occupancy so as to be defined as a Residential Dwelling Unit.

Section 19. “Sandestin” shall mean and refer to the lands in Walton County, Florida which constitute Sandestin as shown on the Master Plan as may be modified from time to time.

Section 20. “Unsubdivided Land” shall mean and refer to all unimproved, developable land now or hereafter subject to the Declaration upon which, on a phase-by-phase or parcel-by-parcel basis, the actual construction or installation of horizontal infrastructure improvements (e.g., roadways, utilities lines, storm drainage facilities and the like) has begun, but which has not yet been subdivided or platted of record as a Residential Lot or which has not been improved as a Public or Commercial Unit, Residential Dwelling Unit, or Common Property and which is designated by Declarant for residential or commercial development under the Master Plan.

Article II

Property Subject to This Declaration and Additions or Withdrawals thereto.

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed-and occupied subject to this Declaration consists of that land situated in Walton County, Florida as more particularly described on Exhibit A attached hereto, sometimes referred to herein as the "Existing Property". The Declarant intends to develop the Existing Property substantially in accordance with the Master Plan and reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing development plan.

Section 2. Other Additions. The Members of the Association may annex additional lands to the Existing Property upon the affirmative vote of Members holding two-thirds (2/3) of the total voting power of the Association, at a regular meeting of the Association or at a special meeting duly called for such purpose, and upon obtaining any municipal or others approvals required by law.

Section 3. Effect of Annexation. In the event that any additional property is annexed to the Existing Property pursuant to the provisions of this Article II, then such additional lands shall be considered within the definition of the Property for all purposes of this Declaration, and the voting of each class of the membership of the Association, and all voting by the Owners hereunder, shall be aggregated it being intended that any voting requirements need not be fulfilled separately for any property described in a supplemental declaration.

Section 4. Additional Declarations. Declarant intends, as the Property is developed and offered for sale, to subject portions thereof to specific covenants and restrictions which apply only to each portion as defined and described in each such set

of covenants and restrictions. Such additional covenants and restrictions shall be subject to the provisions hereof so that Sandestin remains an integrated development.

ARTICLE III

Membership and Voting Rights

Section 1. Membership. Every Owner of the Property, except governmental entities, or Owners of Property which is exempt from the payment of assessments shall be a Member of the Association, including the Declarant. Such membership shall be mandatory membership and all Members of the Association shall be governed and Controlled by the Articles of Incorporation and Bylaws thereof in addition to this Declaration.

Section 2. Voting Rights. The Association has two types of regular voting membership which shall provide the Advisory Board with the power to elect a portion of the Board of Directors of the Association:

- a. Class "A". Class "A" Members shall be all Owners, including the Declarant, of Residential Lots and Residential Dwelling Units and shall be entitled to one (1) vote for each Residential Lot and one (1) vote for each Residential Dwelling Unit which such Class "A" Member owns.
- b. Class "B". Class "B" Members shall be all Owners, including the Declarant, of Public or Commercial Units and shall be entitled to one (1) vote for each 1,000 square feet of heated and air conditioned space in such Public or Commercial Unit. For purposes of this subsection, each fractional 1,000 square feet shall be rounded to the nearest 1,000.

c. When any property entitling an Owner to membership as a Class "A", or "B" Member is owned of record in the name of two (2) or more persons or entities, whether fiduciaries or in any other manner of joint or common ownership or interval ownership of a single residential or commercial development unit, one and only one of such persons who shall be designated by such joint owners or interval owners shall become the Member entitled to vote. Such vote shall be exercised as they among themselves determine or as the covenants and restrictions applicable to such property shall determine but in no event shall more than one (1) vote be cast with respect to any such property. Where a partnership, corporation or other entity is a Class "A", or Class "B" Member, such Class "A" or Class "B" Member shall designate one representative of such partnership or corporation or other entity to be the Member entitled to vote.

Section 2A. Nonvoting Members. Any Owner (other than Declarant) of Unsubdivided Land or Raw Land shall be a non-voting member of the Association, entitled to receive notices of Members meetings and to attend those meetings, but not entitled to participate in or vote at those meetings except as provided in Article V, Section 3.g or Article X, Section 2 below.

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of nine (9), members, as determined by the Board of Directors, to be elected or appointed as provided in the Articles of Incorporation and Bylaws of the Association.

ARTICLE IV

Property Rights in the Common Properties

Section 1. Common Properties. Declarant intends to develop Sandestin substantially in accordance with the Master Plan as amended from time to time, and reserves the right to review and modify the Master Plan at its sole option, from time to time, based upon its continuing development and design program. The Master Plan shall not obligate Declarant or any other party to develop such property, nor prohibit the Declarant or any other party from substantially amending such plan by adding additional property or removing property from inclusion within such Master Plan or terminating such Master Plan in whole or in part. Declarant intends to convey to the Association certain properties which are specifically designated as Common Property by the Declarant in the Master Plan, which are to be devoted and intended for the common use and enjoyment of the Owners within Sandestin, their families, guests, tenants and invitees and persons occupying commercial facilities on a guest or tenant basis.

Section 2. Members Easements or Enjoyment in Common Properties and Common Roads. Subject to the provisions of this Declaration, the rules and regulations of the Association, any fees or charges established by the Association, and any prior use rights granted in the Common Property or Common Roads all Members, their families and every guest, tenant or invitee of such Members shall have a right and easement of enjoyment in and to the Common Properties and Common Roads appurtenant to ownership of a Residential Lot, Residential Dwelling Unit, Public or Commercial Unit, Unsubdivided Land or Raw Land.

Section 3. Title to Common Properties and Common Roads. The Declarant covenants for itself and its successors and assigns, that it shall convey by deed to the Association, at no cost to the Association, the following:

- a. Those improved parcels of land and facilities described in Section 2 of this Article IV other than those facilities described in subsections b and c below, within two (2) years after the Declarant has completed any improvements thereon. Upon such conveyance or upon completion of the improvements thereon by the Declarant so that such improvements are substantially completed as to be certified for occupancy by the appropriate authorities of Walton county, Florida, whichever first occurs, the Association shall become responsible for all maintenance and operation thereof and such additional construction of improvements as may be authorized by the Association's Board of Directors, subject to the Declaration, notwithstanding the fact that the Declarant is not obligated to convey such properties to the Association until two (2) years after such improvements have been completed thereon. All Property conveyed to the Association shall be in good condition, not requiring extraordinary expenditures for maintenance and operation.
- b. Natural areas, trail areas, beach frontage, dune preservation and marsh areas, lakes, and similar unimproved Common Properties shall be conveyed in large or small parcels from time to time after the Declarant has completed the surveying, platting and improvement under the Master Plan of all development property which may abut such natural areas, trail areas, beach frontage, dune preservation areas, marsh areas and like properties. Such Properties shall be conveyed within two (2) years of notification to the Association, in writing, of its intent to convey such properties. Notwithstanding any description contained in

any notification to the Association, the actual metes and bounds description as shown on the recorded conveyance to the Association shall govern.

- c. The Common Roads and right-of-ways within the Property, if not previously conveyed in accordance with subsection a, and bike trails or nature trails or similar improved but open recreational Common Property shall be conveyed on or before January 1, 2005.
- d. All parcels of land as described in this Section shall be conveyed to the Association subject to: (i) all existing mortgages or restrictive covenants of record, all easements, reservations and use rights contained herein or contained in the deed conveying such parcel of land, including but not limited to, an easement for access to such properties by the Declarant and the Association; and (ii) a reservation by the Declarant of the right to substitute or add new mortgages thereon, provided, however that the Association shall not be obligated to assume the payment of any such mortgages, which shall be the sole obligation of Declarant. The Declarant shall not, however, be required to convey the above referenced parcels or any parcels of land within the Property or Sandestin where such conveyance would be prohibited under agreements existing on the date of such conveyance, including but not limited to mortgage agreements, but in such case, the Declarant shall be allowed to postpone such conveyance without penalty until such time as said agreements shall be terminated.

Section 4. Extent of Members Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- a. The right of the Association, in accordance with its Bylaws, to borrow money for the purpose of improving and/or maintaining the Common Properties and

- providing services authorized herein and in aid thereof to mortgage said properties and pledge the revenues of the Association; and
- b. The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and
 - c. The right of the Association, to suspend the rights and easements of enjoyment of any Member, lessee or guest of any Member for any period during which the payment of any assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, without waiver or discharge of the member's obligation to pay the assessment; provided however the Association may not deny a Member's right of ingress and egress to his Property.
 - d. The right of the Association to adopt reasonable rules and regulations pertaining to the use of Common Roads, Common Properties and any facilities included therein, including the right to impose reasonable fines as a means of enforcement to the rules and regulations.
 - e. The right of the Association to deny ingress to any person or group of people who may create or participate in any conduct or activity on any part of the Property or Sandestin that would, in the opinion of the Association, threaten or interfere with the health, safety and welfare of any Owner, guest or member of the public. The Association shall have the right, but no obligation, from time to time to control and regulate all types of traffic on the Common Roads, including but not limited to, the right to regulate speed of vehicles, with the right to stop a vehicle and issue reasonable speeding fines, and to reasonably prohibit use of the Common Roads by traffic or vehicles (other than vehicles used in construction of improvements upon the Property or Sandestin) for any reason,

and the right but no obligation to control and prohibit parking on all or any part of the Common Roads. The Association shall have the right but no obligation to remove or require the removal of any fence, wall, hedge, shrub, bush, tree, or other thing natural or artificial placed or located within the Property if the location of the same will in the sole judgment and opinion of or the Board of Directors, obstruct the vision of a motorist upon any of the Common Roads.

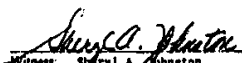
- f. The right of the Association by its Board of Directors to dedicate or transfer to any public or private utility or public authority, utility or drainage easements on any part of the Common Properties or to dedicate the Common roads; and
- g. The right of the Association to give or sell all or any part of the Common Properties to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, if authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association. A certified copy of the resolution authorizing such action made and acknowledged by the Association's President or Vice President and Secretary or Assistant Secretary shall be conclusive evidence of authorization by the membership.

ADDENDUM TO SANDESTIN DECLARATION OF COVENANTS, CONDITIONS & RESTRICTIONS

This Addendum to the Sandestin Declaration of Covenants, Conditions & Restrictions dated December 31, 1980 and recorded at O.R. Book 203, Page 58 of the official records of Walton County, Florida, as subsequently amended, amends Article V of the Sandestin Declaration Of Covenants, Conditions & Restrictions as follows: See Exhibit "A" attached hereto.

The effective date of this amendment shall be June 1, 1997. The amendment was adopted by a majority Vote in excess of 51% of the Sandestin Owners Association Advisory Board on April 25, 1997 and by a unanimous vote of the Sandestin Owners Association, Inc. Board of Directors on April 25, 1997.

DATED this 27th day of May, 1997.


Witness Sheryl A. Johnston

SANDESTIN OWNERS ASSOCIATION, INC.

By: James H. Renter
President


Witness Lynn Lewis

SANDESTIN OWNERS ASSOCIATION, INC.

By: Barry K. Allen
Secretary

ARTICLE V

Covenants for Assessments

Section 1. Creation of the Lien and Personal Obligation for Assessments.

Each Owner of any Residential Lot, Residential Dwelling Unit, Unsubdivided Land, or Public or Commercial Unit as Members of the Association, whether or not it shall be so expressed in any deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association:

- a. Annual assessments or charges; and
- b. Special assessments or charges for the purposes set forth in this Article, such assessment to be fixed, established and collected from time to time as hereinafter provided; and

- c. Capital contribution assessments or charges for the purposes set forth in this Declaration, such assessments to be fixed from time to time by the Board of Directors and collected at the time of purchase or repurchase of any Residential Lot, Residential Dwelling Unit, Public or Commercial Unit or Unsubdivided Land within the Property.

The annual and special and capital contribution assessments together with such interest thereon and costs of collection as hereinafter provided, shall be a charge and continuing lien upon the real property and improvements against which such assessments are made. Each such assessment, together with such interest and costs of collection shall also be the personal obligation of the person who was the Owner of such real property at the time when the assessment first became due and payable. In the case of co-ownership of a Residential Lot, Residential Dwelling Unit, Public or Commercial Unit or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the assessment. For purposes of this Declaration owners of any time sharing interests in a single piece of property classified hereunder for assessments purposes, shall be deemed co-owners of such Property.

Section 2. Purpose of Assessment. The annual assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement, management and operation of the Common Roads and Common Properties and to provide any of the functions or services of the Association authorized under Article VI.

Section 3. Basis of Assessment. The annual assessment shall be levied annually by the Board of Directors commencing on January 1, 1981. The Board of Directors, by majority vote, shall fix the annual assessment in accordance with the provisions of this Section at a level as may be necessary to meet the important and essential functions of the Association and the anticipated expenditures as reflected in the budget as

described in Section 11 of this Article V. The Board may adopt an annual assessment less than the maximum regular assessment in any year. If the Board of Directors shall levy less than the maximum regular assessment for any assessment year and thereafter, during such year, determine that the necessary functions of the Association cannot be funded by such lesser assessment, the Board may, by majority vote, levy a supplemental assessment. In no event shall the sum of the initial and supplemental regular annual assessments for that year exceed the applicable maximum regular assessment, if the Board of Directors, by majority vote, determines that the necessary functions of the Association will not be properly funded in any one (1) year or in any one (1) year and all subsequent years, it may call a referendum requesting approval of a specified increase in such maximum assessment for either one (1) year only, or for that one (1) year and all subsequent years or may increase such maximum assessment if approved by a vote of fifty-one percent (51%) of the votes cast at a duly called meeting of the Association.

- a. The following categories of land shall pay an annual assessment amount which shall be based on its equivalency to a Residential Dwelling Unit as follows:
 1. A Residential Dwelling Unit shall pay an annual maximum regular assessment amount equal to \$342.00 and as established annually by the Board of Directors in accordance with this Section 3. ("RDU Assessment @)
 2. A Residential Lot shall pay an annual assessment amount equal to one-half (1/2) of an RDU Assessment.
 3. A Public or Commercial Unit shall pay an annual assessment amount equal to one (1) RDU Assessment for each one thousand (1,000) square feet of heated and air conditioned space located within such Public or Commercial Unit.

4. Unsubdivided Land shall pay an annual assessment amount equal to one (1) RDU Assessment for each ten (10) acres of such land.
5. For purposes of this subsection a. all Public or Commercial Units and Unsubdivided Land shall be rounded to the nearest 1,000 square feet or 10 acres, respectively.
- b. Property shall not be classified for purposes of these covenants as subject to annual assessments as a Residential Lot or Residential Dwelling Unit until the first day of the calendar quarter following the date upon which the lot or dwelling unit has been placed on an inventory listing of lots for sale to purchasers submitted to the Association by the Declarant or any other third party. The Declarant reserves the right to make additions and deletions from this inventory list one (1) day prior to the commencement of each quarter.
- c. For purposes of these assessments, Property will not be classified as a Residential Dwelling Unit or Public or Commercial Unit until such units have been first occupied.
- d. The annual assessment shall be billed annually, quarterly or monthly as determined by the Board of Directors of the Association. All assessment bills shall be due and payable not more than ninety (90) nor less than fifteen (15) days from the date of mailing of same as shall be determined by the Board of Directors from time to time.
- e. The Owner of any assessable property which changes from one category to another during an assessment year shall pay the amount attributable to such changed category for the pro-rated portion of the year remaining subsequent to such change in assessment category.
- f. From and after January 1, 1981, the maximum regular annual assessment will increase each year by an amount equal to the larger of (i) twelve (12%) percent

per year over the previous year or (ii) the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers. All Items (1967 = 100) "CPI", issued by the U.S. Bureau of Labor Statistics between the first month and the last month of the 12 month period preceding the month of adoption of the annual budget of the Association or (iii) the percentage increase between the first month and the last month of the prior annual assessment period in the Construction Cost Index, ENR 20-Cities average (1913 = 100) "ENR", published by Engineering News-record, McGraw Hill Publications Company. If the CPI Index or the ENR Index as described shall be discontinued then the applicable increase shall be calculated on the basis of a substantially similar index published by the United States government.

- g. Any increase in the fixed amount of the maximum regular annual assessment or in the actual assessment levied under this Section 3 shall be made in such a manner that the proportionate increase in such assessment is the same for owners of Residential Lots, Residential Dwelling Units, Public or Commercial Units or Unsubdivided Land. Such increases may be made disproportionately or a change in basis of the assessments may be effectuated if approved by a vote of seventy-five (75%) percent of the votes cast at a duly called meeting of the Association and by the approval of seventy-five (75%) percent of the votes cast at said meeting by the members of the classes disproportionately affected by such disproportionate increase or change in basis.

Section 4. Special Assessments for Improvement and Additions. In addition to the regular annual assessment authorized by Section 3 hereof, the Board of Directors may levy special assessments for the following purposes:

- a. Construction or reconstruction, repair or replacement of capital improvements upon the Common Properties including the necessary fixtures, landscaping and personal property related thereto;
- b. For additions to the Common Properties;
- c. To provide for the necessary facilities and equipment to offer the services authorized herein;
- d. To repay any loan made to the Association to enable it to perform the duties and functions authorized herein whether such loan shall be made in the year of such assessment or any prior year.

Such special assessments before being charged must have received the consent of a majority of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose. The Association may make, in any one (1) year, an annual regular assessment up to the maximum set forth in Section 3 of this Article V, plus an additional special assessment up to the same maximum level, in accordance with the provisions of this section; provided however there shall be no limitation upon a special assessment levied for the purpose of emergency repairs required as a result of storm, fire and natural disaster or other casualty loss or major rehabilitation or repair which may be necessary in the sole discretion of the Board of Directors, and such decision of the Board shall be sufficient to levy such an assessment. The proportion of each special assessment to be paid by the Owners of the various classifications of Property as contained in Section 3 of Article V hereof shall be equal to their respective proportions of the regular annual assessments made for the year during which such special assessments are approved by the Members.

Section 4.5 Capital Contribution Assessments. In addition to the regular annual assessment and the special assessments authorized by section 3 and 4 hereof, the Board of Directors shall levy and collect capital contribution assessments for the

purpose of funding new capital projects, improving existing and new capital projects and maintaining the infrastructure within the Property and any additions thereto. Such capital contribution assessments shall be fixed initially, subject to the approval of a majority vote of the Advisory Board, at .25% of the gross purchase price of each Residential Dwelling Unit, Public or Commercial Unit or Unsubdivided Land and shall apply to all sales or resales of such properties within the Property. Capital contribution assessments shall be collected at the time of closing on any such sales or resales, resulting in a change of beneficial ownership, and shall be a charge against the purchaser thereof, as the new Owner. The Board of Directors may amend the initial percentage rate of the capital contribution assessment from time to time upon a majority vote of the Board of Directors, subject, however, to the approval of a majority vote of the Advisory Board.

Amendment to Section 4.5

An increase in the Capital Contribution Rate from .25% to .50% will be effective January 1, 2006 as approved at the August 2005 Board of Directors meetings and approved by the majority vote of the Advisory Board members at the October 2005 Advisory Board meeting.

Section 5. Reserve Funds. The Board of Directors may establish reserve funds from the regular annual assessments to be held in reserve in an interest bearing account or investments as reserves for:

- a. Major rehabilitation, replacement or major repairs;
- b. For emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss;
- c. Initial cost of any new service to be performed by the Association; and
- d. Anticipated future major expenses.

Section 6. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the annual assessment against each Residential Lot, Residential Dwelling Unit, Public or Commercial Unit, or Unsubdivided Land, within the assessment schedule as provided above, at the time of adoption of the annual budget for such assessment period as set forth in Section 11 of this Article and shall, at that time, direct the preparation of an index of the Property and assessments applicable thereto which shall be kept in the office of the Association and which shall be open to inspection by any Member. The Association shall, upon demand, furnish to any Owner liable for said assessment a certificate in writing signed by an Officer of the Association, setting forth whether said assessments have been paid.

Section 7. Effect of Non-Payment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the assessment is not paid on or before the past-due date specified in Section 3e, hereof, or, with respect to capital contribution assessments, at closing of the purchase of any units, lots or lands then such assessment shall become delinquent. If the assessment is not paid within thirty (30) days after the past due date or closing of any purchase, the Association may bring an action at law against the Owner personally and may proceed to enforce the lien created hereby by foreclosure or by any other proceeding in equity or at law. There shall be added to the amount of such assessment and the amount secured by such lien, the costs of preparing the filing of the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment at the highest legal rate and a reasonable attorney's fee together with the costs of the action.

Section 8. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any Mortgage now existing or hereafter placed upon the Property subject to assessment. In the event a creditor

acquires title to the property pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject to past due assessments. Such sale or transfer shall not relieve such creditor from liability for any assessments accruing after title has been acquired.

Section 9. Exempt Property. The following property, individuals, partnerships or corporations subject to this Declaration shall be exempted from the assessment, charge and lien created herein:

- a. The grantee in conveyance made for the purpose of granting utility easements.
- b. All Common Properties and Common Roads;
- c. Property which is used for maintenance and service of facilities within Common Properties; places of worship; schools; as non-profit, governmental, and charitable institutions; and for the maintenance, operation, and service of utilities within the Properties and Property which does not constitute Residential Dwelling Units, Residential Lots, Public or Commercial Units or Unsubdivided Land as defined herein.

Section 10. Annual Statements. The President, Treasurer, or such other officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs, and expenses. Such Officer shall furnish to each Member of the Association who may make request therefore in writing, a copy of such statement, within thirty (30) days after receipt of such request. The relevant financial books and records of the Association shall be available for inspection at the Association's offices by Members for a proper purpose, within a reasonable time of written notice to the Treasurer of the Association setting

forth the purpose of such inspection. Such inspection shall be conducted during normal business hours of the Association.

Section 11. Annual Budget. The Board of Directors shall prepare and make available to all Members, at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year.

Section 12. Allocation, Apportionment and Investment. The Board of Directors shall not be required to allocate or portion the funds collected by it or the expenditures therefrom, between or among Owners of Property then subject to this Declaration nor shall the Board of Directors be required to allocate or apportion the funds collected pursuant to this Declaration nor expenditures therefrom between the various purposes specified in this Declaration and the judgment of the Board of Directors as to the expenditures of said funds shall be final.

Section 13. Existing Associations. In the event that a supplemental declaration is recorded which shall incorporate the lands or any portion thereof administered by the Existing Associations, such additional property may be assessed on a different basis or may pay an assessment amount greater to or lesser than that assessed against similar Property as provided for herein.

ARTICLE VI

Functions of Association

Section 1. Functions and Services of Association. The Association shall provide the following services to its Members to the extent permitted by the government of Walton County, Florida:

- a. Maintenance of all Common Property and Common roads including roadway medians and landscaping of Common Road right-of-ways;
- b. Maintenance of lakes and lagoons serving the Property, not maintained by other associations;
- c. Lighting of Common Roads;
- d. Security protection, including employment of security guards and maintenance of electronic and other security devices which in the discretion of the Board of Directors shall be necessary for the protection of persons and property within the Property;
- e. Garbage and trash collection and disposal;
- f. Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors to supplement the service provided by state and local governments;
- g. To provide administrative services, including, legal, accounting and financial services to the Association;
- h. To provide liability and hazard insurance covering improvements and activities on the Common Properties.
- i. To pay taxes assessed against Common Properties and upon request of an Owner or institutional mortgages to furnish evidence of such payment.

Section 2. Authorized Functions of Association. The Association shall be authorized, but shall not be required, to provide the following services to the Property which shall be provided to the Association at the discretion of the Board of Directors, to the extent the Board deems such services to be necessary and appropriate and to the extent permitted by the government of Walton County, Florida:

- a. Maintenance of transportation facilities other than privately owned automobiles including buses, electric vehicles paid for by special assessment as provided in Article V, Section 4 hereof;
- b. Fire protection and prevention to the extent that such service is not provided by state or local governments;
- c. Improvement of fishing available to Members within the Properties;
- d. To provide day care and child care services;
- e. To conduct recreation, sports, craft and cultural programs of interest to Members, their children and guests;
- f. To provide legal and scientific resources for the improvement of air and water quality within the Properties;
- g. To provide safety equipment for storm emergencies;
- h. To support the operation of transportation services between key points of the Property and airports or other public transportation terminals and public centers serving the areas surrounding the Property with special assessments as provided for in Article V, Section 4 hereof;
- i. To construct improvements on the common properties for use for any of the purposes as may be required to provide this service authorized under this Article;
- j. To provide communication services for informing Members of activities;
- k. To provide, conduct or maintain water pollution and shore line erosion and abatement measures, including without limitation maintenance and repair of shore revetments and groins;
- l. To provide lakes, playfields, historic parks, wildlife areas and fishing facilities serving the Property;

- m. To provide water, irrigation and sewage facilities and any other utilities if not adequately provided by a private utility in Walton County or some other public body;
- n. To provide sidewalks, walking paths, or trails, bicycle paths and nature paths;
- o. Maintenance of public properties and utilities rights of way located within reasonable proximity to the Property such that deterioration would affect the appearance of the Property as a whole;
- p. To take any and all actions necessary to enforce this Declaration and the covenants and restrictions affecting the Properties and perform any of the functions or services delegated to the Association in any other covenants or restrictions applicable to the Property;
- q. To provide such other services which in the judgment of the Board of Directors, are necessary or desirable to carry out the Association's duties under the terms of this Declaration and to keep any Common Property, Common Roads or other property serving the Members of the association neat and attractive and to preserve or enhance its value, to eliminate fire, health, or safety hazards and such other services or facilities which in the judgment of the Board of Directors may be of general benefit to the Members and the Property.
- r. To sue and be sued, complain, and defend in the name of the Association, and to pursue and maintain any action or remedy in law or equity on behalf of the Association.

Section 3. Ownership and Maintenance of Common Property and Common Roads. The Association shall be authorized to own and/or maintain Common Property and Common Roads and equipment, furnishings and improvements as may be necessary in the opinion of the Board of Directors to provide the services and functions of the Association as set forth in this Article VI.

Section 4. Delegation of Services of the Association. The Association and its Board of Directors shall be authorized to cause any of the required or optional services as described in Sections 1 and 2 of this Article to be provided by a private company, public agency, or publicly regulated authority or agency which in the opinion of the Board, shall make such services available in a reasonable manner to the Association and its Members.

Section 5. Other Homeowners Associations. If for any reason any Homeowner Association refuses to perform the obligations imposed on it under the terms and provisions of the articles of Incorporation, bylaws or recorded covenants and restrictions of such associations, including but not limited to the collection of assessments necessary to maintain the applicable property in a first class and attractive manner consistent in all respects with good property management, this Association shall be, and is hereby authorized to act for and on behalf of such association in such respect that the association has refused or failed to act, or if there is no Association in existence, and any expenses hereby incurred by the Association shall be reimbursed by the non-performing association.

Section 6. Reduction of Service. So long as Declarant is engaged in the development of the Property or lands included within the Master Plan, the Association shall not reduce the level of its services below the minimum level as established by the Board of Directors during the first three (3) years of operation of the Association.

Section 7. Obligations of the Association. The extent of the functions and services to be carried out by the Association at any particular time, including the extent of required services of the Association, shall be determined by the Board of Directors taking into consideration the funds available to the Association and the needs of its members. The functions and services which the Association is authorized to provide under this Article may be added to or reduced at any time upon the affirmative vote of

fifty-one (51%) percent of the total membership voting in person or by proxy or by Referendum; provided however that so long as Declarant is engaged in the development of property subject to the terms of this Declaration or included within the Master Plan, any reduction in services as described herein shall require the prior written consent of Declarant.

Section 8. Management. The Board of Directors shall have the right to designate such party as the Board of Directors shall select to act as a manager to provide or cause to be provided, the services for which assessments are made hereunder as set forth in this Article. Any such manager shall be entitled to a reasonable management fee for the provision of such services which fee shall be part of the annual assessments set forth in Article V hereof.

ARTICLE VII

Architectural Control

Section 1. Architectural Review. No building, wall, fence, swimming pool, or other structure or facility of any kind or nature shall be commenced, erected, or maintained upon the Property or Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein, be made until the plans and specifications therefore showing the nature, kind, shape, height, materials and location of the same shall have been submitted to an approved in writing as to the harmony and compatibility of its external design and location, with the surrounding structures and topography, by the Association's Architectural Review Board. This paragraph shall not apply to any Property utilized by a governmental entity or institution or any property of the Declarant developed in

accordance with the Master Plan. The Architectural Review Board shall be composed of those persons as described in the Bylaws of the Association.

ARTICLE VIII

Utility Easements and Other Easements

Section 1. Utility Easements. The Declarant hereby reserves a blanket easement for the benefit of the Declarant or its designees, upon, across, over, through, and under any portion of the Property for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and service systems, public and private.

Section 2. Declarant's Easement to Correct Drainage. Declarant hereby reserves a blanket easement and right on, over and under the ground within the Property to maintain and to correct drainage of surface water and other erosion controls in order to maintain reasonable standards of health, safety and appearance.

Section 3. Easement for Unintentional Encroachment. The Declarant hereby reserves an exclusive easement for the unintentional and non-negligent encroachment by any Residential Lot, Residential Dwelling Unit or Public or Commercial Unit upon the Common Property or vice versa, caused by or resulting from construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, which exclusive easement shall exist at all times during the continuance of such encroachment, as an easement appurtenant to the encroaching Property, to the extent of such encroachment.

ARTICLE IX

Rights of Institutional Mortgages

Section 1. Notices. Any Mortgagee of a portion of the Property who makes a request in writing to the Association for the items provided in this section shall have the following rights:

- a. To be furnished with at least one (1) copy of any annual financial statement or report of the Association, including a statement of annual carrying charges or income collected and operating expenses, such financial statement or report to be furnished within sixty (60) days following the end of each fiscal year.
- b. To be given written notice by the Association of the call of a meeting of the membership to be held for the purpose of considering any proposed amendment to this Declaration or the Articles of Incorporation and Bylaws of Association, which notices shall state the nature of the amendment being proposed.
- c. To be given notice of default by any Member owning any Property encumbered by a mortgage held by such mortgagee, such notice to be given in writing and to be sent to the principal office of such Mortgagee or to the place which it or they may designate in writing to the Association.
- d. To examine the books and records of the Association upon reasonable notice during ordinary working hours.

Section 2. Taxes and Other Charges. In the event the Association fails to pay, when due, taxes assessed against the Common Property or premiums of insurance covering the improvements on the Common Property, then any one or more of said Mortgagees may pay such taxes or insurance premiums, and the Association shall be

obligated to reimburse such Mortgagees for such payments, and until paid, the same shall constitute a lien upon the Common Property in favor of the party or parties, entity or entities, paying same, which said lien may be enforced in a court of competent jurisdiction of the State of Florida in the same manner as a judgment lien may be enforced.

ARTICLE X

General Provisions

Section 1. Duration. The Covenants and Restrictions of this Declaration shall run with and bind the Property, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any Property, their respective legal representatives, heirs, successors, and assigns, for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration may be extended for successive additional periods of three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of extending this Declaration. The length of each such extension shall be established by such vote. The written notice of any meeting, at which such a proposal to extend this Declaration is to be considered, shall set for the fact that such a proposal will be considered. The President and Secretary of the Association shall execute a certificate which shall set forth any Resolution of Extension adopted by the Association and the date of the meeting of the Association at which such Resolution was adopted. Said certificate shall be recorded in the Walton County Public Records. (Amended at the end of this Article X.)

Section 2. Amendments. All proposed amendments shall be submitted to a vote of the members at a duly called meeting of the Association after proper notice and any such proposed amendment shall be deemed approved if fifty-one percent (51%) of the votes cast at such meeting vote in favor of such proposed amendment. If any

proposed amendment to this Declaration is approved by the Members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the amendment, the effective date of the amendment and the date of the meeting of the Association at which such Amendment was adopted. Such Addendum shall be recorded in the Walton County Public Records.

Section 3. Notices. Any notice required to be sent to any Member under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the address appearing on the Association's Membership List. Notice to one (1) or two (2) or more co-owners or co-tenants of any Property shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 4. Enforcement. Enforcement of this Declaration shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any provision, either to restrain violation or to recover damages, and against the land to enforce and lien created hereby; and failure by the Association or any Member or the Declarant to enforce any covenant or restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any covenant or restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or term of this Declaration be declared to be invalid or unenforceable, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties or subject matter of this

Declaration, such judgment shall not affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors shall have the right to determine all questions arising in connection with this Declaration, and to construe and interpret its provisions, and its determination shall be binding.

Section 7. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions hereof shall be subject to and conform with the provisions of the Master Plan for the development of Sandestin as approved by the Board of County Commissioners of Walton County and as may from time to time hereafter be amended or modified.

Section 8. Limited Liability. In connection with all reviews, acceptances, inspection, permissions, consents or required approvals by or from the Declarant contemplated under this Declaration, the Declarant shall not be liable to an owner or to any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 9. Affect of Declaration. Notwithstanding anything contained in the Declaration to the contrary, neither this Declaration nor any term or provision hereof shall constitute a defect, encumbrance, lien or cloud upon the title of any adjacent property other than the real property as described on Exhibit A attached, until such time as this Declaration is specifically supplemented to include such additional property by recording of a supplementary declaration as to such property in the public records of Walton County, Florida as provided in Article II hereof.

DECLARATION IN PLAT BOOK 203, PAGE 58 IN WALTON COUNTY PUBLIC RECORDS, AND HAS BEEN SUPPLEMENTED TO BRING ADDITIONAL PROPERTY WITHIN ITS SCOPE OF OPERATIONS.

AMENDMENT TO
SANDESTIN DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS

THIS AMENDMENT (this "Amendment") is made this 5th day of October, 2000, by INTRAWEST SANDESTIN COMPANY, L.L.C., a Delaware limited liability company ("Declarant").

RECITALS

- A. Declarant is the current developer of the real property that is described in and subject to the Sandestin Declaration of Covenants, Conditions and Restrictions, dated December 31, 1980 and recorded in Official Records Book 203, page 58 of the public records of Walton County, Florida, as amended and supplemented from time to time (the "Declaration").
- B. Pursuant to the provisions of Article X, Section 2 of the Declaration, prior to January 1, 2005, Declarant is entitled to amend the Declaration, so long as the voting power of existing Members is not diluted nor the amounts of assessments of such existing Members changed, except as provided in the Declaration, in any manner which would adversely affect such Members.
- C. Declarant desires to amend the Declaration to extend the term of the Declaration as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, Declarant hereby amends the Declaration as follows:

- 1. Section 1, Article X (General Provisions - Duration), is replaced and amended to read in its entirety as follows:

"The Covenants and Restrictions of this Declaration shall run with and bind the Property and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any Property, their respective legal representatives, heirs, successors and assigns, for a

period of thirty (30) years from the date this Amendment is recorded. Upon the expiration of the thirty (30) year period, this Declaration shall automatically be extended for successive additional ten (10) year periods unless three-fourths (3/4) of the total votes of the Association vote in favor of terminating this Declaration. The President and Secretary of the Association shall execute a certificate, which shall set forth any Resolution of Termination adopted by the Association and the date such Resolution was adopted. The certificate shall be recorded in the Walton County, Florida Public Records."

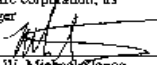
- 2. Except as amended and supplemented herein, the Declaration remains in full force and effect.

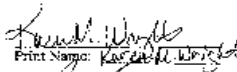
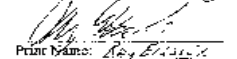
IN WITNESS WHEREOF, the undersigned sets its hand and seal as of the date first above written.

Signed, sealed and delivered
in the presence of:

INTRAWEST SANDESTIN
COMPANY, L.L.C., a Delaware
limited liability company

By: Intrawest U.S. Holdings, Inc., a
Delaware corporation, its
Manager

By: 
Name: W. Michael Stange
is: Vice President
"DECLARANT"


Print Name: Kaye B. Wray

Print Name: Roy B. Wray

[Corporate Seal]

Whose address is:

9300 Emerald Chase Parkway West
Destin, Florida 32536

EXHIBIT A

TO

**SANDESTIN DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

All real property subject to and included within the Master Plan, including but not limited to the real property subject to the Declaration of Covenants, Conditions and Restrictions of the following Associations:

Pine Ridge Villas Condominium Association, Inc.

Tivoli Terrace Owners Association, Inc.

Bayou Village Condominium Association, Inc.

Beachwalk Villas Homeowners Association, Inc.

Deerwood Homeowners Association

Del Mar Homeowners Association

L'Atrium at Sandestin Homeowners Association

Legend Creek Homeowners Association

Linkside Village Association, Inc.

Prestwick Place Homeowners Association, Inc.

Sandpiper Village Condominium Association, Inc.

St. Andrews Property Owners Association, Inc.

Vantage Point

Anchorage Drive Condominium Association, Inc.

Augusta Village Condominium Association, Inc.

Bahia at Baytowne Wharf Condominium Association, Inc.

Bayside Inn at Sandestin Condominium Association, Inc.

Beachside I Condominium Association, Inc.

Beachside II Condominium Association, Inc.

The Bungalos Homeowner's Association, Inc.

Burnt Pine Homeowner's Association, Inc.

Crystal Cove Homeowners Association

Elation at Baytowne Wharf Condominium Association, Inc.

Gateway at Baytowne Wharf Condominium Association, Inc. (including Market Street Inn, Observation Point, and Pilot House)

Genoa Homeowners Association, Inc.

Grand Harbour at Harbour Point Owners Association, Inc.

Grand Sandestin at Baytowne Wharf Condominium Association, Inc.

Sandestin Harbour Point Condominium Association, Inc.

Heron Walk Owner's Association, Inc.

Inspiration at Sandestin Condominium Association, Inc.

Island Estates Owner's Association, Inc.

Luau Condominium Association, Inc.

Magnolia Village Condominium Association, Inc.

North Shore Townhomes Homeowners Association, Inc.

Southwinds at Sandestin I Condominium Association, Inc.

Southwinds at Sandestin II Condominium Association, Inc.

Southwinds at Sandestin III Condominium Association, Inc.

Tivoli by the Sea I Condominium Association, Inc.

Tivoli by the Sea II Condominium Association, Inc.

Tivoli by the Sea III Condominium Association, Inc.

Turnberry Villas Condominium Association, Inc.

Westwinds at Sandestin Condominium Association, Inc.

Bay Pines Homeowner's Association, Inc.

Cove on the Bay Homeowners Association, Inc.

Crystal Lake I Homeowners Association
Fairways at Sandestin Homeowners Association
Fisherman's Village at Baytowne Wharf Condominium Association, Inc.
The Fountains at Sandestin Owners Association
Golf View Drive Association
Players Club Condominium Association
Raven Oaks including Baytowne Avenue, Island Green and Troon Drive
Tivoli Ridge Homeowners Association
Tuscana at Sandestin Homeowners Association, Inc.
Vineyards Homeowners Association
Laurel Grove Homeowners Association, Inc.
Lejardin at Baytowne Wharf Condominium Association, Inc.
Magnolia Bay at Sandestin Owners Association
Turnberry Homeowners Association, Inc.
Villa Lago Owners Association, Inc.
Village of Baytowne Wharf Neighborhood Association
Burnt Pine East Homeowners Association, Inc.
Turnberry II Condominium Association, Inc.
Beach Villas Owners Association, Inc.
Crystal Lake II Homeowners Association
Bay Club of Sandestin Condominium Association, Inc.
Bay Club II Vacation Condominium Association, Inc.
One Beach Club Drive Property Owners Association, Inc.
Sandestin Estates

BYLAWS
OF
SANDESTIN OWNERS ASSOCIATION, INC.
(Approved 10.2010)
ARTICLE I

DEFINITIONS

All terms used herein which are defined in the Sandestin Declaration of Covenants, Conditions and Restrictions recorded or to be recorded in the public records of Walton County, Florida ("The Declaration") shall be used herein with the same meanings as defined in said Declaration.

ARTICLE II

LOCATION OF PRINCIPAL OFFICE

The principal office of the Association shall be located at Sandestin Administration Building, Sandestin: U. S. Highway 98 East, Destin, Florida or at such other place as may be established by resolution of the Board of Directors of the Association.

ARTICLE III

VOTING RIGHTS AND ASSESSMENTS

1. The voting rights of each class of Membership of the Association shall be as set forth in the Articles of Incorporation of the Association. The number of votes to which each Class of membership shall be entitled for each year shall be determined no later than fifteen (15) days prior to the date of the annual meeting of the Members.

2. Assessments and installments thereon not paid when due shall bear interest from the date when due until paid at the rate set forth in the Declaration and shall result in the suspension of voting privileges during the period of such non-payment. The suspension of voting privileges of a Class A member pursuant to this section shall reduce (by the amount of votes of such member) the number of votes which any condominium, other homeowner association, or residential project of which such Class A member is an owner or member would otherwise be entitled to cast.

ARTICLE IV

BOARD OF DIRECTORS

1. A majority of the Board of Directors shall constitute a quorum to transact business at any meeting of the Board, and the action of a majority present at a meeting at which a quorum is present shall constitute the action of the Board of Directors.

2. Any vacancy occurring on the Board of Directors because of death, resignation or other termination of services of any director, shall be filled by the Board of Directors after consulting with the Nominating Committee., The Declarant, to the exclusion of other Members and/or the board itself, shall fill any vacancy created by the death, resignation, removal or other termination of services of any Director appointed by the Declarant. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his predecessor in office and until his successor shall have been elected and/or appointed and qualified.

3. Members of the Board of Directors who are Owners and elected by or on behalf of the Class A Members shall not be entitled to serve more than two consecutive terms.

ARTICLE V

ELECTION OF DIRECTORS: NOMINATING AND ELECTION COMMITTEES

1. Commencing with the year of the first annual meeting of the Members and each year thereafter, nominations for election of Board members shall be made by the Nominating Committee. As used in these Bylaws and the Articles of Incorporation of the Association, the term "Nominating Committee" includes both Nominating Committees provided for therein in the event of separate elections by the Class A Members and/or Class B Members.

2. The Declarant shall, within sixty (60) days prior to the annual meeting of the Members, notify the Secretary and the Nominating Committee of the names of the Director the Declarant is appointing to the Board of Directors. Within forty-five (45) days prior to the date of the annual meeting of the Members, the Nominating Committee shall notify the Secretary of the names of the candidates nominated for the election to the Board of Directors. The Secretary shall, within seven (7) days of receiving such notification from the Nominating Committee, prepare and mail election ballots to the Members or Advisory board representatives.

3. The Nominating Committee shall place all applicants that are Members in good standing into nomination. Class A nominations may be made only from among Members. Nominations and notification of the vacancies being filled by the Declarant shall be placed on a written ballot as provided in Section 4 of this Article and shall be made in advance of the time fixed therein for the mailing of such ballots to Members.

4. All elections to the Board of Directors shall be made on written ballots which shall (a) describe the vacancies to be filled and (b) set forth the names of those nominated by the Nominating Committee for such vacancies and the names of those appointed by the Declarant. Such ballots shall be prepared and sent by mail postage or by electronic media by the Secretary to the Class A and B Advisory Board representatives at least fourteen (14) days in advance of the date set forth therein for a return. Upon receipt of such ballots such Members and Representatives may, in respect to each vacancy, cast as many votes for the persons nominated by the Nominating Committee as they are entitled to exercise under the provisions of the Articles of Incorporation and these Bylaws.

5. Each Advisory Board representative of the Class A and the Class B Members shall receive his/her ballot designating the names of the Members, number of votes to which such Members are entitled, and space for execution of the ballot by the representative on behalf of the condominium, other homeowner association, residential projects or Commercial Units by which said Class A and B Members are represented. Each Class B Member shall receive a ballot designating the name of the Member and number of votes to which such Member is entitled, and space for execution of the ballot by such Class B Member. An Advisory Board representative (or Class B Member when entitled to vote) may cast his votes for each vacancy shown on the ballot. Cumulative voting shall not be permitted. The completed ballots shall be returned to the Secretary at the principal office of the Association, or at such other address as designated upon each ballot.

6. Upon receipt of each ballot the Secretary shall immediately place it in a safe or other locked place until the date set for the counting of such ballots. On that day the ballots shall be turned over to an Election Committee which shall consist of five members appointed by the Board of Directors. The Election Committee shall then adopt a procedure, which shall establish that the number of votes cast corresponds to the number of votes allowed to each Member.

7. The members of the Board of Directors elected or appointed in accordance with the procedures set forth in this Article shall be deemed elected or appointed as of the

1st day of January of the year following the annual meeting of the Members during which the nomination of such member was voted upon or the appointment was made. The annual meeting of the Members shall be held during the month of October at a time and place to be established by the Board of Directors. .

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

1. The Board of Directors shall have power:
 - (a) To call meetings of the Members.
 - (b) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, officer or Director of the Association in any capacity whatsoever.
 - (c) To establish, levy and assess, and collect the assessments necessary to operate the Association and carry on its activities, and to create such reserves for extraordinary expenditures as may be deemed appropriate by the Board of Directors.
 - (d) To adopt and publish rules and regulations governing the use of the Common Area or Common Roads or any parcels thereof and the personal conduct of the Members and their guests thereon, including reasonable fines or admission charges if deemed appropriate.
 - (e) To authorize or cause the Association to enter into contracts for the day-to-day operation of the Association and the discharge of its responsibilities and obligations.
 - (f) To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to Members in the Declaration or the Articles of Incorporation of the Association.
2. It shall be the duty of the Board of Directors:
 - (a) To cause to be kept a complete record of all its acts and corporate affairs.
 - (b) To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed,
 - (c) With reference to assessments of the Association:

- (1) To fix the amount of the assessment against each Member for each assessment period as provided in the Declaration;
- (2) To prepare a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member; and
- (3) To send written notice of each assessment to every Member subject thereto.
- (d) To issue or to cause an appropriate member officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be prima facie evidence of any assessment therein stated to have been paid.

ARTICLE VII

DIRECTORS AND MEETING

1. Regular meetings of the Board of Directors shall be held at such time and place as provided by appropriate resolution of the Board of Directors.
2. If the day for a regular meeting shall fall upon a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.
3. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two Directors after not less than three (3) days notice to each Director.
4. The transaction of any business at any meeting of the Board of Directors however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice that a quorum is present.

ARTICLE VIII

OFFICERS

1. The officers shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as may be elected in accordance with the Articles of Incorporation. The President shall be a member of the Board of Directors. 2. The officers of the Association shall be elected by the Board of Directors at the first

regularly scheduled meeting of each calendar year. If the election of such officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and qualified.

3. A vacancy in any office because of death, resignation, or other termination of service, may be filled by the Board of Directors for the unexpired portion of the term.

4. All officers shall hold office at the pleasure of the Board of Directors; except that if an officer is removed by the Board, such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

5. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and sign all notes, leases, mortgages, deed and all other written instruments.

6. The Vice President, or the Vice President so designated by the Board of Directors if there is more than one Vice President, shall perform all the duties of the President in his absence. The Vice President(s) shall perform such other acts and duties as may be assigned by the Board of Directors.

7. The Secretary shall be ex officio the Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose all the names of the Members of the Association together with their addresses as registered by such Member.

8. The Treasurer or an appointed agent shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the board. The Treasurer may, but need not, be a required signatory on checks and notes of the Association.

9. The Treasurer, or his appointed agent, shall keep proper books of account and cause an annual budget and an annual balance sheet statement to be prepared at the completion of each fiscal year as provided in the Declaration and the budget and balance sheet statement shall be open for inspection upon reasonable request of a Member.

10. The salaries, if any, of the officers and assistant officers of the Association shall be set by the Board of Directors.

ARTICLE IX

COMMITTEES

1. The Standing Committees of the Association shall be:

The Nominating Committee

The Maintenance Committee

The Architectural Review Board

Unless otherwise provided herein, or by state law all committees shall consist of a Chairman and two or more Members and shall include a member of the Board of Directors to serve until the succeeding committee members have been appointed. The Board of Directors may appoint such other committees as it deems desirable.

2. The Nominating Committee(s) shall have the duties and functions described in these Bylaws.

3. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Property and shall perform or see to the performance of such other functions as the Board, in its discretion, determines.

4. The Architectural Review Board shall be appointed by the Board of Directors and shall have the duties and functions described in the Declaration. The Architectural Review Board shall consist of five (5) members. The Architectural Review Board shall have the following powers and duties:

(a) To delegate to any homeowner's or condominium association ("the Neighborhood Association") within the Sandestin property (1) the responsibility to approve or disapprove improvements or structures of any kind located or to be located within the Neighborhood Association, and (2) the power to create and modify, from time to time, the architectural guidelines and uniform procedures specific to the Neighborhood Association to be used for the review of applications for approval of such improvements or structures. Any party aggrieved by a decision of the Neighborhood Association shall have the right to make a written request the Architectural Review Board, within 30 days of such decision by the Neighborhood

Association, or as may otherwise be provided by the governing documents or architectural guidelines of the Neighborhood Association.

- (b) To require submission of two (2) complete sets of all plans and specifications for any improvement or structure proposed upon any portion of the Property and which requires approval by the Architectural Review Board under the terms of the Declaration, signed by the Owner thereof and contract vendee, if any, together with written approval for such improvements by the Neighborhood Association or the Condominium Association for the area in which such Property is located. The Architectural Review Board may also require submission of samples of building materials proposed for use on any portion of the Property, and may require such additional information and/or plan as reasonably may be necessary to completely evaluate the proposed structure or improvement.
- c To approve or disapprove improvements or structures of any kind located or to be located upon the Property as provided in the Declaration. Any party aggrieved by a decision of the neighborhood association shall have the right to make a written request to the Architectural Review Board, within 30 days of such decision by the neighborhood association, or as may otherwise be provided by the governing documents or architectural guidelines of the neighborhood association. Any party aggrieved by a decision of the Committee shall have the right to make a written request to the Board of Directors of the Association, within thirty (30) days of such decision, for a review thereof. The determination of the Board upon reviewing any such decision shall in all events be dispositive.
- d To establish uniform procedures for the review of the applications submitted to it. The procedures shall provide (i) the time and place of meetings of the Committee; (ii) the submission and review procedure; and (iii) the review cost and fees, if any, to be paid by the applicant to the Association. The Neighborhood Association and/or Architectural Review Board uniform procedures and architectural guidelines in place at the time of application by an Owner to the Neighborhood Association or Architectural Review Board shall control with respect to the review and approval or disapproval of any improvement Any compensation to Committee members shall be fixed initially by the Board of Directors and adjusted annually with all such payments payable from Association funds. Approval or disapproval of

applications to the Architectural Review Board shall be given to the applicant in writing within sixty (60) days of receipt thereof by the Committee in full accordance with the procedures adopted by it; in the event that the approval or disapproval is not forthcoming within sixty (60) days, unless an extension is agreed to by the applicant, the application shall be deemed approved; provided that any construction shall be in accordance with the submitted plans. Approval of any application by the Architectural Review Board shall not constitute a basis for any liability of the members of the Committee, the Developer, or the Association as regards: (i) failure of the plans to conform to any applicable building codes or (ii) inadequacy or deficiency in the plans resulting in defects in the improvements.

5. The Maintenance Committee and other committee appointed and so empowered by the Board of Directors (but not the Nominating Committee or the Architectural Review Board) shall have power to appoint sub-committees from among their membership and may delegate to any such sub-committees any powers, duties, and functions.

6. It shall be the duty of each committee to receive complaints from Members on any matter involving Association functions, duties, and activities within its field or responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, Director or officer of the Association which is further concerned with the matter presented.

ARTICLE X

MEETINGS OF MEMBERS

1. The first regular annual meeting of the Members or authorized representatives shall be held in the year 1983 on the first Saturday of the month of October at 10:00 o'clock A.M. and future meetings of the Members shall be held during the month of October at a time and place to be established by the Board of Directors. .

2. Special meetings of the Members or authorized representatives for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer or by any two or more members of the Board of Directors or upon written request of the Members who have a right to vote one fourth of all the votes of the entire membership.

3. . Notice of a special meeting may be given to Members or their authorized representatives either personally or sending a copy of the notice through electronic media or mail postage thereon fully prepaid to his address appearing on the books of the corporation. Each Member or authorized representative shall register his address with the secretary and notices of such meetings shall be mailed to him at such address. Notice of any special meeting shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted unless otherwise provided in these Bylaws, the Articles or the Declaration. Notice of any meeting shall be given to the Advisory Board of the Class A and B Members which notice shall constitute notice to all Class A and B Members.

4. The Members shall have the power to approve or reject action proposed to be taken by the Association by Referendum in addition to a duly called meeting of the Association. In the event fifty-one (51%) percent of the votes of each Class of membership of the Association shall approve such action by referendum, the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required shall be specifically expressed herein, that higher percentage shall control in the instance. Subsequent to termination of the Class C Membership, the Members may require a referendum on any action of the Board of Directors by presenting to the Secretary of the Board within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action, a petition signed by not less than thirty (30%) percent of the Members.

5. The quorum required for any action which is subject to a vote of the Members at any open meeting of the Association (as distinguished from a referendum) shall be as follows:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association, the presence at the meeting of Members or proxies entitled to cast thirty three and one third (33 1/3%) percent of the total vote of the membership shall constitute a quorum. If the required quorum is not present at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such meeting shall be the presence of Members or proxies entitled to cast twenty-five (25%)percent of the total vote of the Membership of the Association. Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Section. For the purpose of this Declaration "proper notice" shall be deemed to be given when given each Member not less than thirty (30)

days prior to the date of the meeting at which any proposed action is to be considered unless otherwise specified herein.

6. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, for any action which is subject to a referendum the votes of all the Members polled shall be made by specifically provided ballots mailed or delivered to the Association.

7. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against the motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set forth above. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE XI

BOOKS AND PAPERS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Members subject to reasonable rules or restrictions as developed by the Board of Directors.

ARTICLE XII

SEAL

The Association shall have a seal in circular form having within its circumference the words: Sandestin Owners Association, Inc., corporation not for profit, 1981, Florida.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Association shall be the calendar year.

ARTICLE XIV

AMENDMENTS

Thereafter these Bylaws may be amended by the affirmative vote of 51% of the votes cast at a duly called meeting of the Members of the Association in favor of such proposed amendment.

**ARTICLES OF INCORPORATION OF
SANDESTIN OWNERS ASSOCIATION, INC.,
(A corporation not for profit)
(Approved 10.2010)**

ARTICLE I

NAME

The name of this corporation shall be SANDESTIN OWNERS ASSOCIATION, INC.
(the "Association").

ARTICLE II

PURPOSES

The general nature, objects and purposes of the Association are:

- (a) To promote the health, safety and social welfare of the owners of property within that area described in Article IV hereof, which area will be hereinafter referred to as the "Property".
- (b) To maintain and/or repair landscaping in the general and/or common areas, parks, sidewalks and/or access paths, streets, and other common areas, structures, and other improvements for the benefit of owners of the Property for which the obligation to maintain and repair has been delegated and accepted.
- (c) To control the specifications, architecture, design, appearance, elevation and location of (and landscaping around) all buildings of any type, including walls, fences, swimming pools, docks, bulkheading, antennae, sewers, drains, disposal systems, or other structures constructed, placed or permitted to remain in the Property, as well as the alteration, improvements, addition or change hereto.
- (d) To maintain the waterways, lakes and ponds within the Property and/or serving the Property for which the obligation to maintain has been delegated and accepted.

- (e) To provide or provide for private security, fire protection, and such other services the responsibility for which has been accepted by the Association, and the capital improvements and equipment related thereto as to the Property.
- (f) To provide, purchase, acquire, replace, improve, maintain and/or repair such buildings, structures, landscaping, paving and equipment, both real and personal, related to the health, safety, and social welfare of the Members of the Association, as the Board of Directors in its discretion determines necessary, appropriate, and/or convenient.
- (g) To provide the services and functions authorized or required under the provisions of the Declaration, as such term is hereinafter defined.
- (h) To operate without profit for the sole and exclusive benefit of its Members.

ARTICLE III

GENERAL POWERS

The general powers that the Association shall have are as follows:

- (a) To hold funds solely and exclusively for the benefit of the Members for purposes set forth in these Articles of Incorporation.
- (b) To promulgate and enforce rules, regulations, bylaws, covenants, restrictions, and agreements to effectuate the purposes for which the Association is organized.
- (c) To delegate power or powers where such is deemed in the interest of the Association.
- (d) To purchase, lease, hold, sell, mortgage or otherwise acquire or dispose of, real or personal property; to enter into, make, perform or carry out contracts of every kind with any person, firm, corporation or association; to do any and all acts necessary or expedient for carrying on any and all of the objects and purposes

set forth in the Articles of Incorporation and not forbidden by the laws of the State of Florida.

- (e) To fix assessments to be levied against the property to defray expenses and costs of effectuating the objects and purposes of the Association and to create reasonable reserves for such expenditures, and to authorize its Board of Directors to enter into agreements with condominium associations, commercial members or other property owners' associations for the collections of such assessments.
- (f) To charge recipients for services rendered by the Association and the user for use of Association property where such is deemed appropriate by the Board of Directors of the Association.
- (g) To pay taxes and other charges, if any, on or against property owned or accepted by the Association.
- (h) To borrow money and, from time to time, to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed or in payment for property acquired or for any of the other purposes of the Association and to secure the payment of such obligation by mortgage, pledge, or other instrument of trust, or by lien upon, assignment of or agreement in regard to all or any part of the property rights or privileges of the Association wherever situated.
- (i) In general, to have all powers conferred upon a corporation by the laws of the State of Florida, except as prohibited herein.
- (j) To impose reasonable fines for violations of the rules and regulations, bylaws, covenants, restrictions and agreements to effectuate the purposes for which the Association is organized.

ARTICLE IV

MEMBERS

The Members shall consist of Lakeland B.V., its successors and assigns and Owners of the Property as such terms are defined in the Sandestin Declaration of Covenants, Conditions and Restrictions recorded in the Public records of Walton County, Florida ("Declaration"). All terms as used herein which are defined in the Declaration shall have the same meaning as defined in the Declaration. There shall be two classes of Members as follows:

- (a) Class A Members. Class A Members shall be all owners of Residential Dwelling Units or of Residential Lots within the Property, including the Declarant. Owners of Residential Dwelling Units or of Residential Lots shall automatically become Class A Members upon the purchase of such Residential Dwelling Units or Residential Lots.
- (b) Class B Members. Class B Members shall be all Owners, including the Declarant, of Commercial Units within the Property. Owners of Commercial Units shall automatically become Class B Members upon the purchase of such Commercial Units.

ARTICLE V

VOTING AND ASSESSMENTS

- (a) Class A Members shall be entitled to one (1) vote for each Residential Lot or Residential Dwelling Unit which such Member owns. Class A Members shall be represented in all matters concerning the Association by the Advisory Board representative of the condominium association or other homeowner association to which they belong, if any. Each such condominium or other homeowner association within the Property shall represent its Members with respect to Association matters and the Advisory Board representative of each such

condominium association or other homeowner association shall have that number of votes to cast corresponding to the total number of votes held by its Members. All notices and other official communications from the Association to such condominium or other homeowner association shall be to the Advisory Board representative. Only that representative shall have the right to vote in the meetings of the Association. Class A Members who do not belong to a condominium or other homeowner association may represent themselves.

(b) The Class B Members shall be entitled to one (1) vote for each 1000 square feet (or fraction thereof) of heated and air conditioned space constituting the Public or Commercial Unit(s) owned by such Member. Class B Members may represent themselves.

(c) When any Property entitling an Owner to membership as a Class A or Class B Member is owned of record in the name of two (2) or more persons or entities, whether fiduciaries or in any other manner of joint or common ownership, one and only one of such persons who shall be designated by such owners shall become the Member entitled to vote. Such vote shall be exercised as they among themselves determine or as the covenants and restrictions applicable to such Property shall determine, but in no event shall more than one (1) vote be cast with respect to any such Property. Where a partnership, corporation or other entity is a Class A or Class B Member, such corporation or partnership or other entity shall designate one representative of such partnership, corporation or entity to be the Member entitled to vote.

(d) The Association shall obtain funds with which to operate by assessment of its Members in accordance with the provisions of the Declaration.

ARTICLE VI

BOARD OF DIRECTORS

(a) The affairs of the Association shall be managed by a Board of Directors consisting of nine (9) board members as determined by the Board of Directors from time to time. So long as the Declarant is a Class A or Class B Member, it will be entitled to appoint one (1) Director and the remaining Directors shall be elected as hereinafter provided. The Director elected or appointed by the Declarant, (or Class B Members when separate elections are held for Class A and B Members) need not be Members of the Association. Elections shall be by plurality vote. Beginning with the annual election to the Board of Directors in 1998, the Directors shall hold office for a term of three (3) years, in staggered terms. At each annual election held after the election or appointment of Directors in 1998, as many Directors shall be elected and appointed, as the case may be, as there are regular terms of office of Directors expiring at such time, and the term of the Directors so elected or appointed at each annual election shall be for three (3) years expiring on December 31 of the year following the third annual election following their election, and thereafter until their successors are duly elected and qualified, or until removed from office with or without cause by the affirmative vote of a majority of the Members which elected or appointed them. In no event can a Board member appointed by the Declarant be removed except by action of the Declarant; nor can a Board member elected by or on behalf of Class A or Class B Members be removed except by action of those Members electing them.

(b) Class A and Class B Members shall elect Board members separately for the Directors to which their respective Class voting rights entitle them. Class A Members shall continue to be represented by the Class A Advisory Board

Members in the election of Directors, however the Class B Members shall then represent themselves as to such elections. The percentage of Board members representing each class shall in such case be based on a fraction, the numerator of which is the total amount of annual assessments against the Property owned by the Members of such class for the then current year and the denominator of which is the total amount of annual assessments against all property owned by Class A and Class B Members. Fractions shall be rounded to the nearest whole number. At such times as Class A and Class B Members elect Directors in separate elections, there shall be a separate Nominating Committee for each class.

ARTICLE VII

OFFICERS

(a) The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two or more offices may be held by the same person except the offices of President and Secretary. Officers shall be elected for one (1) year terms in accordance with the procedure set forth in the Bylaws.

ARTICLE VIII

CORPORATE EXISTENCE

The Association shall have perpetual existence.

ARTICLE IX

BYLAWS

The Board of Directors shall adopt Bylaws consistent with these Articles. The Bylaws may be amended with the approval of 51% of the votes cast at a duly called meeting of the Association.

ARTICLE X

AMENDMENT TO ARTICLES OF INCORPORATION

Any proposed amendment shall be deemed approved if 51% of the votes cast at a duly called meeting of the Association shall vote in favor of such proposed amendment.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

(a) The Association hereby indemnifies any Director or officer or board approved committee member made a party to, threatened, pending or completed action, suit or proceeding:

- (1) Whether civil, criminal, administrative, or investigative, other than one by or in the right of the Association to procure a judgment in its favor, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capability of Director or officer of the Association, or in his capacity as Director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action, suit or proceeding or any appeal therein, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Association, and in criminal actions or proceedings, without reasonable ground for belief that such action was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent shall not in itself create a

presumption that any such Director or officer did not act in good faith in the reasonable belief that such action was in the best interests of the Association or that he had reasonable grounds for belief that such action was unlawful.

(2) By or in the right of the Association to procure a judgment in its favor by reason to his being or having been a Director or officer or board approved committee member of the Association, or by reason of his being or having been a Director, officer, employee or agent of any other corporation, partnership, joint venture, trust, or other enterprise which he served at the request of the Association, against the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action or in connection with an appeal therein, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Association. Such person shall not be entitled to indemnification in relation to matters as to which such person has been adjudged to have been guilty of negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court, administrative agency, or investigative body before which such action, suit or proceeding is held shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such tribunal shall deem proper.

(b) The Board of Directors shall determine whether amounts for which a Director or officer seeks indemnification were properly incurred and whether such Director or officer acted in good faith and in a manner he reasonably believed to be in the best interests of the Association, and whether, with respect to any criminal

action or proceeding, he had no reasonable ground for belief that such action was unlawful. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding.

- (c) The forgoing rights of indemnification shall not be deemed to limit in any way the powers of the Association to indemnify under applicable law.

ARTICLE XIII

TRANSACTION IN WHICH DIRECTORS OR OFFICERS ARE INTERESTED

- (a) No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorized the contract or transaction, or solely because his or their votes are counted for such purpose. No Director or officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.
- (b) Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

ARTICLE XIV

DISSOLUTION OF THE ASSOCIATION

(a) Upon dissolution of the Association, all of its assets remaining after provision for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

- (1) Real property contributed to the Association without the receipt of other than nominal consideration by or on behalf of the Developer and Class B Member (or its predecessor in interest) shall be returned to the Class B Member or the contributor (whether or not the Developer or Class B Member at the time of such dissolution), unless it refuses to accept the conveyance (in whole or in part).
 - (2) Dedication to any applicable municipal or other governmental authority of any property determined by the Board of Directors of the Association to be appropriate for such dedication and which the authority is willing to accept.
 - (3) Remaining assets shall be distributed among the Members, subject to the limitation set forth below, each Member's share of the assets to be determined by multiplying such remaining assets by a fraction the numerator of which is all amounts assessed by the Association since its organization against the Property which is owned by the Member at that time, and the denominator of which is the total amount (excluding penalties and interest) assessed by the Association against all properties which at the time of dissolution are part of the Property. The year of dissolution shall count as a whole number for purpose of the preceding fractions.
- (b) The Association may be dissolved upon a resolution to that effect being approved by two-thirds (2/3) of the members of the Board of Directors, and, if such decree be necessary at the time of dissolution, after receipt of an

appropriate decree as set forth in Fla. Stat. Ann S617.05 or statute of similar import. In the event of incorporation by annexation or otherwise of all or part of the Property by a political subdivision of the State of Florida, the Association may be dissolved in the manner set forth above.

ARTICLE XV

MERGERS AND CONSOLIDATIONS

Subject to the provisions of the Declaration applicable to the Property and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds of the total votes of the Membership who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.