

CONDOMINIUM DOCUMENTS

for

THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION 1

3100 NORTH A 1 A, FORT PIERCE, FLORIDA 34949



REVISED: MARCH, 1992. SANDS ON THE OCEAN
BOARD OF DIRECTORS

ORIGINALLY PREPARED BY:

BRITTON, COHEN, KAUFMAN, BENSON, & SCHANTZ
100 South Biscayne Blvd., Suite 800, Miami, Fl. 33131

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTORY STATEMENT	1
IMPORTANT MATTERS	1
<u>SECTION 1</u> <u>GENERAL INFORMATION</u>	
1.1	2
1.2	3
1.3	3
1.4	3
1.5	4
<u>SECTION 2</u> <u>DISCUSSION OF CONDOMINIUM DOCUMENTS</u> <u>AND RESTRICTIONS CONTAINED THEREIN</u>	
2.1	4
2.1.1.	4
2.1.2.	5
2.1.3.	7
2.1.4.	7
2.1.5.	8
2.1.6.	8
2.2	8
2.2.1	9
2.2.2.	9
2.3	9
2.4	10
2.4.1.	10
2.4.2.	10
2.4.3.	10
<u>SECTION 3</u> <u>DESCRIPTION OF UNITS, COMMON ELEMENTS,</u> <u>FACILITIES FOR COMMON USE OF UNIT OWNERS</u> <u>IN THE CONDOMINIUM</u>	
3.1	10
3.2	10
3.3	11
<u>SECTION 4</u> <u>MONETARY OBLIGATIONS OF ACQUISITION;</u> <u>EXPENSES OF OWNERSHIP</u>	
4.1	12

4.2	BUDGETARY MATERIALS-The Sands on the Ocean, A Condominium, Section I, Association	12
4.2.1.	Method for Assessing Annual Assessment	12
4.2.2.	Method for Assessing Special Assessments	13
4.3	LIENS FOR NON-PAYMENT	13

SECTION 5 OTHER DOCUMENTS

SCHEDULE OF EXHIBITS TO THE CIRCULAR

EXHIBIT 1 DECLARATION OF CONDOMINIUM

SECTION 1	PURPOSE	15
SECTION 2	NAME	15
SECTION 3	THE LAND	15
SECTION 4	DEFINITIONS	15
SECTION 5	DESCRIPTION OF CONDOMINIUM	19
5.1	The Improvements	19
5.2	Identification of Units	19
5.3	Unit Boundaries	19
5.3.1	Upper and Lower Boundaries	19
5.3.2	Perimetrical Boundaries	20
5.3.3	Balconies, Terraces, etc.	20
5.4	Storage Spaces	20
5.4.1	Assignment of Spaces	20
5.4.2.	Nature of Assignment	20
SECTION 6	EASEMENTS	20
6.1	Utility Services; Drainage	20
6.2	Perpetual Nonexclusive Easement to Public Ways	21
6.3	Easement for Unintentional and Nonnegligent Encroachments	21
6.4	Support	21
6.5	Construction; Maintenance	22
6.6	Additional Easements	22
6.7	Covenant	22
SECTION 7	OWNERSHIP OF COMMON ELEMENTS AND RESTRICTIONS THERETO	22
7.1	Common Elements	22
7.2	Common Surplus	23
7.3	Automobile Parking Spaces	23
7.3.1	Transfer	23
7.3.2.	At Lease One Space Per Unit	23
7.3.3	No Duplication of Number	23

7.3.4	Additional Parking Spaces	23
SECTION 8	COMMON EXPENSES	23
SECTION 9	THE CONDOMINIUM ASSOCIATION/VOTING RIGHTS OF UNIT OWNERS	24
9.1	Governing Entity	24
9.2	Board of Directors	24
9.3	Powers of Association	24
9.3.1	Access to each Unit	24
9.3.2	Make and Collect Assessments	24
9.3.3	Maintain Accounting Records	24
9.3.4	Enter Into Contracts	24
9.3.5	Adopt Reasonable Rules and Regulations	25
9.3.6	Grant or Contract for Easements, etc.	25
9.3.7	Maintenance and Repair of Property	25
9.3.8	Enter Into Possessory Agreements, etc.	25
9.3.9	Precedence of Documents	25
9.4	Voting Rights of Unit Owners-Members	26
9.5	Voting Rights of Unit Owners-Votes	26
SECTION 10	MAINTENANCE, ALTERATIONS AND IMPROVEMENTS	26
10.1	By the Association	26
10.1.1	Common Elements and Limited Common Elements	27
10.1.2	Outside Portions of Units	27
10.1.3	Utility Service Portions of Units	27
10.1.4	Property Owned by Association	27
10.1.5	Repair from Incidental Damage to Unit	27
10.1.6	Structural Changes and Improvements to the Common Elements	27
10.2	By the Condominium Parcel Owner	27
10.2.1	Portion of the Unit	27
10.2.2	Air-Conditioning and Heating System of Unit	27
10.2.3	Portions within the Unit	27
10.2.4	Exterior Portions of Unit	28
10.2.5	Repair Request	28
10.2.6	Restrictions of Alterations	28
10.3	Alterations and Improvements	28
SECTION 11	ENFORCEMENT OF MAINTENANCE	28
SECTION 12	DETERMINATION OF COMMON EXPENSES AND FIXING OF ASSESSMENTS THEREFOR	29
SECTION 13	ASSESSMENTS	29
13.1	Share of Common Expenses	29
13.2	Payments	30
13.3	Liability for Assessments	30
13.4	Lien for Assessments	31
13.5	Institutional Mortgagees	31
13.6	Estoppel Certificate	32

SECTION 14	INSURANCE	32
14.1	Authority to Purchase	32
14.2	Coverage	33
14.2.1	Casualty	33
14.2.2	Public Liability	33
14.2.3	Workmen's Compensation	33
14.2.4	Other Insurance	33
14.3	Premiums	34
14.4	Insurance Trustee Share of Proceeds	34
14.4.1	Common Elements	34
14.4.2	Units	34
14.4.3	Mortgagees	35
14.4.4	Exculpation	35
14.5	Distribution of Proceeds	35
14.5.1	Expense of Trust	35
14.5.2	Reconstruction or Repair	35
14.5.3	Failure to Reconstruct or Repair	36
14.5.4	Certificate	36
14.5.5	Mortgagee's Rights	36
14.5.6	Insured Losses	36
14.6	Written Approval	37
14.7	Power of Attorney	37
SECTION 15	RECONSTRUCTION AND REPAIR AFTER CASUALTY	37
15.1	Determination to Reconstruct or Repair	37
15.1.1	Partial Destruction	37
15.1.2	Very Substantial Damage	37
15.1.3	Certificate	38
15.2	Plans and Specifications	38
15.3	Responsibility	39
15.4	Fund for Reconstruction and Repair	39
15.4.1	Personal Property	39
15.4.2	Small Fund	39
SECTION 16	CONDEMNATION	39
16.1	Deposit of Awards with Insurance Trustee	39
16.2	Determination Whether to Continue Condominium	40
16.3	Disbursement of Funds	40
16.4	Unit Reduced But Tenantable	40
16.4.1	Restoration of Unit	40
16.4.2	Distribution of Surplus	40
16.4.3	Adjustment of Shares in Common Elements	40
16.5	Unit Made Untenantable	41
16.5.1	Payment of Award	41
16.5.2	Addition to Common Elements	41
16.5.3	Adjustment of Shares in Common Elements	41
16.5.4	Assessments	42
16.5.5	Arbitration	42
16.6	Taking of Common Elements	42

16.7	Amendment of Declaration	43
SECTION 17	CONVEYANCE, SALE, LEASE OR OTHER TRANSFER	43
17.1	Transfers Subject to Approval	43
17.1.1	Sale and Gift	43
17.1.2	Lease	43
17.2	Transfers Not Subject to Approval	43
17.2.1	Devise or Inheritance	43
17.2.2	Family Transfers	43
17.2.3	Seasonal Leasing	43
17.3	Approvals	44
17.3.1	Notice to Association	44
17.3.2	Certificate of Approval	44
17.4	Disapproval by Association	45
17.4.1	Sale	45
17.4.2	Lease	45
17.4.3	Gift	46
17.5	Separation of Interests	45
17.6	Construction Mortgagee	46
SECTION 18	MORTGAGING	46
18.1	Consent	46
18.2	Rights of Institutional Mortgagee in Foreclosure Event	47
18.3	Rights of Institutional Mortgagee to Receive Notices	47
18.3.1	Policy of Insurance Cancellation or Termination	47
18.3.2	Damage to Common Elements	47
18.3.3	Damage to Unit	47
18.3.4	Damage to Property	47
18.3.5	Condemnation or Eminent Domain Proceeding, etc.	48
18.3.6	Amendment, Abandonment or Termination of Declaration	48
18.3.7	Default by Unit Owner of Declaration Obligations	48
18.4	Right of Institutional Mortgagee to Examine Books and Records	48
SECTION 19	RESTRAINT UPON SEPARATION AND PARTITION	48
SECTION 20	COSTS AND ATTORNEY'S FEES	48
SECTION 21	NO WAIVER OF RIGHTS	49
SECTION 22	COMPLIANCE AND DEFAULT	49
22.1	Negligence	49
22.2	Actions	49
SECTION 23	AMENDMENTS OF THE DECLARATION	49
23.1	Amendments-General	49

23.2	Amendments-Configuration of Units, etc.	50
23.3	Association's Right to Amend Declaration	50
23.4	Amendment Due to Scrivener's Error	51
23.5	Amendment--By-Laws	51
23.6	Non-Impairment of Right of Developer and Institutional Mortgagees	51
SECTION 24	TERMINATION	51
24.1	Casualty	51
24.2	Condemnation	51
24.3	Agreement	52
24.4	When Effective	52
24.5	Effect of Termination	52
24.6	Formation of New Condominium	52
SECTION 25	APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE	52
25.1	Ad Valorem Taxes	52
25.2	Other Taxes	52
SECTION 26	UNIT OCCUPANCY AND USE RESTRICTIONS	53
26.1	Occupancy	53
26.2	Use	53
26.3	Signs	53
26.4	Exterior Appearance	53
26.5	Pets	54
26.6	Vehicles	54
26.7	Balconies	54
26.8	Hazardous Materials	54
26.9	Use of Common Elements	54
26.10	Nuisances	54
26.11	Regulations	54
26.12	Restrictions of Record	54
26.13	Leases and Sales	55
SECTION 27	MISCELLANEOUS PROVISIONS	55
27.1	Severability	55
27.2	Covenants Running with the Land	55
27.3	Controlling Document	55
27.4	Headings	55
27.5	Successors	55
27.6	Governing Law	55
27.7	Waiver	55
27.8	Ratification	55
27.9	Gender; Plurality	56
27.10	Statutes	56

INDEX OF EXHIBITS TO DECLARATION OF CONDOMINIUM

EXHIBIT D ARTICLES OF INCORPORATION OF THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC.

ARTICLE I	NAME	58
ARTICLE II	PURPOSE OF ASSOCIATION	58
ARTICLE III	POWERS	59
ARTICLE IV	MEMBERS	59
ARTICLE V	TERM	60
ARTICLE VI	SUBSCRIBERS	60
ARTICLE VII	OFFICERS	61
ARTICLE VIII	FIRST OFFICERS	61
ARTICLE IX	BOARD OF DIRECTORS	61
ARTICLE X	INDEMNIFICATION	64
ARTICLE XI	BY-LAWS	64
ARTICLE XII	AMENDMENTS	64
ARRICLE XIII	REGISTERED OFFICE & REGISTERED AGENT	65

EXHIBIT E BY-LAWS OF THE SANDS ON THE OCEAN, A
CONDOMINIUM, SECTION 1 ASSOCIATION, INC.

SECTION 1	IDENTIFICATION OF ASSOCIATION	67
SECTION 2	EXPLANATION OF TERMINOLOGY	67
SECTION 3	MEMBERSHIP IN THE ASSOCIATION, MEMBERS' MEETINGS, VOTING AND PROXIES, FLORIDA STATUES- 710, REVISED, 1991	69
SECTION 4	BOARD OF DIRECTORS; DIRECTORS' MEETINGS	77
SECTION 5	POWERS AND DUTIES OF THE BOARD OF DIRECTORS	79
SECTION 6	OFFICERS OF THE ASSOCIATION	80
SECTION 7	ACCOUNTING RECORDS; FISCAL MANAGEMENT	82
SECTION 8	RULES AND REGULATIONS	86
SECTION 9	PARLIAMENTARY RULES	86
SECTION 10	AMENDMENT OF THE BY-LAWS	86

EXHIBIT F RULES AND REGULATIONS 88

EXHIBIT G STANDING RESOLUTIONS 94

EXHIBIT H PARKING SPACE ASSIGNMENTS 96

INDEX OF EXHIBITS TO DECLARATION OF CONDOMINIUM

EXHIBIT A LEGAL DESCRIPTION--THE SANDS 98

EXHIBIT B SURVEY AND FLOOR PLANS-UNITS 1-6 99

EXHIBIT C SCHEDULE OF PERCENTAGE OF INTEREST
IN COMMON ELEMENTS, COMMON EXPENSES
AND COMMON SURPLUS 107

EXHIBIT D STATE CERTIFICATION OF ARTICLES OF
INCORPORATION 102

CIRCULAR

FOR

THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I

INTRODUCTORY STATEMENT

This Circular has been prepared pursuant to the Condominium Act, Chapter 718, Florida Statutes, 1991, as heretofore amended (hereinafter referred to as "the Act"), in connection the sale of residential condominium units (hereinafter referred to as "Units") in THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I, (hereinafter sometimes referred to as "the Condominium"). The Condominium was developed by THE SANDS OCEAN VIEW DEVELOPMENT, a Florida Partnership (hereinafter referred to as "the Developer"). Your attention is called to the following statements:

IMPORTANT MATTERS

1. THIS CIRCULAR CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.
2. THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS AND SALES MATERIALS.
3. ORAL REPRESENTATION CANNOT BE RELIED UPON AS CORRECT REPRESENTATIONS. REFER TO THIS CIRCULAR AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.
4. THE CONDOMINIUM WAS CREATED AND SOLD ON A FEE SIMPLE INTEREST.
5. THE SALE, LEASE, OR TRANSFER OF YOUR UNIT IS RESTRICTED OR CONTROLLED, IN THAT THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC. HAS THE RIGHT TO APPROVE THE SALE, LEASE, OR TRANSFER OF SUCH UNIT.

SECTION I: GENERAL INFORMATION

1.1 CONCEPT OF CONDOMINIUM OWNERSHIP

The concept of Condominium ownership under the Act means a form of ownership whereby an owner owns his individual unit in a multi-unit building and an undivided interest in certain common areas in such building or appurtenant facilities, which are referred to as "Common Elements" in the Act and in the Declaration of Condominium of The Sands on the Ocean, A Condominium, Section I, (the "Declaration"), the proposed form of which is attached hereto as Exhibit I and made a part hereof.

The condominium form of ownership became statutorily recognized in Florida in 1963 by the adoption of the original Condominium Act. This Circular contains the information required under the Act.

THE CONDOMINIUM WAS CREATED AND SOLD ON A FEE SIMPLE INTEREST.

The owner of a unit in the Condominium owns his Unit in a manner similar in many ways to the manner in which a private homeowner owns his home. He owns his unit in fee simple and is entitled to the exclusive possession thereof. Each Unit Owner may mortgage his unit or not as he sees fit and in such amount as he chooses, provided the mortgagee is an "Institutional Mortgagee", as that term is defined in the Declaration. His Unit is not subject to the lien of any mortgage placed on any other Units in The Sands on the Ocean, A Condominium, Section I. Each Unit Owner is free to sell, lease, encumber or otherwise convey his Unit by gift or devise, subject, however, to the fact that The Sands on the Ocean, A Condominium, Section I Association, Inc. has the right to approve the sale and certain transfers of such Unit or find a substitute purchaser, and to approve or disapprove certain leases. (Please refer to Section 2 of this Circular.)

Under present Florida law, each Unit is taxed as a separate parcel for real estate purposes just as though it were a private home, and the Unit Owner, will not be responsible if any of his neighbors fail to pay the taxes due on their individual units. Under present Internal Revenue Code provisions and regulations, a Unit Owner may be entitled to deduct real estate taxes paid on this unit and the interest, if any, paid on his mortgage. Each Unit is conveyed by a separate Special Warranty Deed.

The Sands on the Ocean, A Condominium, Section I, is for convenience referred to in this Circular as "The Sands

on the Ocean, A Condominium, Section I" or the "Condominium".

1.2 LOCATION OF THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I The location of The Sands on the Ocean, A Condominium, Section I is on the East side of Florida Highway A1A between the Atlantic Ocean and the Intra Coastal Waterway, in the area known as Fort Pierce, North Beach, lying and being in St. Lucie County, Florida. The Condominium is "The Sands on the Ocean, A Condominium, Section I" on and within the land described as:

Those portions of Government Lots 2 and 3, in Section 25, Township 34 South, Range 40 East, lying East of State Road A 1 A, together with Tract 'S' and a portion on Tract 'R' of "CORAL COVE BEACH SUBDIVISION" according to the Plat thereof as recorded in Plat Book 11, Pages 30 A and B, of the Public Records of St. Lucie County, Florida, all the above being described as follows:

COMMENCING at the Southwest corner of said Tract 'R'; thence Northerly along the Easterly Right-of-Way line of State Road A 1 A, said Right-of-Way line being a curve concave to the East and having as its elements a radius of 2814.93 feet, a central angle of 00 25' 18", for an arc distance of 20.72 feet to the POINT OF BEGINNING; thence continue Northerly along said Right-of-Way line and along the last described curve through a central angle of 03 11' 07" for an arc distance of 156.49 feet; thence continue Northerly along said Right-of-Way line tangent to said curve for a distance of 28.34 feet to the Northwest corner of said Tract 'S'; thence continue northerly along said Right-of-Way line for a distance of 141.93 feet to a line that is 339.00 feet north of and parallel with the South line of said Tract 'R'; thence easterly along said parallel line for a distance of 620.56 feet to the Mean High Water line of the Atlantic Ocean; thence southerly along said Mean High Water line to its intersection a line that is 20.00 feet North of and parallel with the South line of said Tract 'R'; thence Westerly along said parallel line for a distance of 615.72 feet to the POINT OF BEGINNING. Said lands containg 4.54 acres more or less.

1.3 UNIT INFORMATION FOR THE CONDOMINIUM

The Condominium consists of one 15-story Building containing eighty-two (82) residential units. The number of bedrooms, dens, and bathrooms in each Unit in the Building and a description of the Common Elements are set forth in Section 3 of this Circular, with the specific location for each Unit within the Building being set forth in Exhibit B to the Declaration.

1.4 UTILITIES

Utility lines for electricity and telephone will be placed underground with electric service being supplied by Florida Power and Light and telephone service provided by Southern Bell Telephone and Telegraph Co. Water supply is metered for the entire Condominium with potable water and sewage disposal services supplied by North Hutchinson Services, a Florida Partnership.

1.5 DEVELOPER

The Developer of The Sands on the Ocean, A Condominium, Section I was the The Sands Ocean View Development, a Florida Partnership. The development entity was established in 1980 and acquired the property constituting The Sands on the Ocean on January 5, 1980.

SECTION 2: DISCUSSION OF CONDOMINIUM DOCUMENTS AND RESTRICTIONS CONTAINED THEREIN

This Section is devoted to a discussion of the Condominium Documents for The Sands on the Ocean, A Condominium, Section I, and attempts to highlight certain points contained within these documents. However, this Section is not intended to serve as a substitute for the reading of the documents themselves.

2.1 DECLARATION OF CONDOMINIUM AND RULES AND REGULATIONS AND RESTRICTIONS CONTAINED THEREIN

The Declaration is the document which established the Condominium. The Declaration has no stated length of term, can be terminated as set forth in Section 27 therein. The original Declaration executed by the Developer will be recorded amongst the Public Records of St. Lucie County, Florida. The form of the Declaration is attached hereto as Exhibit 1. The Declaration also sets forth the percentage interest in the Common Elements, Common Expenses, and Common Surplus (as those terms are defined therein) appurtenant to each Unit. The percentage interest of the Units has been determined based upon a comparison of the approximate floor area in square feet of the Units within the Condominium, but not including balconies. The Act requires the Developer to assign a percentage interest in the Common Elements to each Unit. Each Unit Owner has an obligation to pay Common Expenses for the operation and maintenance of the Condominium. There are provisions for assessing these Common Expenses set forth in Section 8 of the Declaration and Section 4 of this Circular.

2.1.1 Obligation of Maintenance and Repair of Units

The obligation of maintenance and repair of the Condominium Property is either that of the Association or of the Unit Owner, as set forth in Sections 10 through 13 of the Declaration. Section 10.1 of the Declaration provides that

the Association is responsible to maintain, repair and replace all of the Common Elements and the Limited Common Elements. The exterior of a Unit, the maintenance of which is the obligation of the Association, shall not be painted, decorated or modified by any Unit owner. However, Section 10 of the Declaration provides that the Unit Owner is responsible to maintain in good condition and to repair and replace at his expense all portions of his Unit, including the exterior glass, window casings and sliding glass doors within his Unit or forming the boundary thereof. In undertaking the aforementioned repairs, a Unit Owner is not to make any alteration or repair which would jeopardize or impair the architectural design, the safety or soundness of the Condominium Property without the prior written approval of the Board, which approval the Board may grant or withhold in its sole and absolute discretion. Plumbing and electrical repairs within a Residential Unit shall be the financial obligation of the Unit Owner.

2.1.2 Restrictions on Sale, Lease, Transfer and Mortgaging of a Unit. In order to promote a community of congenial Unit Owners, Sections 18 and 19 of the Declaration provide that any sale, mortgaging or transfer by gift (except to the spouse or children of the Unit Owner) of a Unit is subject to the approval of the Board of Directors of the Association. The following is a summary of the material terms and conditions of such restrictions on the sale, transfer, or mortgaging of a Unit:

THE SALE, LEASE, OR TRANSFER OF YOUR UNIT IS RESTRICTED OR CONTROLLED, IN THAT THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC. HAS THE RIGHT TO APPROVE THE SALE, LEASE, OR TRANSFER OF SUCH UNIT.

(I.) No Unit Owner may dispose of his Unit by sale without approval of the Association except to the spouse or children of such Unit Owner. He shall give written notice to the Association of such intention.

(II.) Within thirty (30) days after receipt of such notice, the Association is required to either approve or disapprove the transaction. Failure of the Association to act within such thirty (30) day period shall be deemed to constitute approval. If the Association disapproves the transaction, it must, within such thirty (30) day period, give notice of and furnish a purchaser approved by the Association who will approve the transaction upon terms as favorable as those originally offered by the Unit Owner, except that a purchaser furnished by the Association is entitled to have thirty (30) days from such notice from the Association of the substituted purchaser within which to close the transaction. The Unit Owner giving such notice shall be bound to consummate the transaction with the purchaser furnished by the Association.

(iii.) No Unit Owner may mortgage his Unit or any interest therein without the approval of the Association, except to a bank or life insurance company or a federal or state savings and loans association, or a mortgage or real estate investment trust, or a pension and profit sharing fund, or a credit union, or a Massachusetts Business Trust, or any agency of the United States Government, or a lender generally recognized in the community as an institutional lender; or except for a purchase money mortgage accepted by a Unit Owner as part of a sales transaction of the Unit. The approval or disapproval of any other mortgagees shall be within the sole and absolute discretion of the Board of Directors of the Association, and approval may be unreasonably withheld. An Institutional Mortgagee (other than a Unit Owner who accepted such a purchase money mortgage), which has become a Unit Owner as a result of a foreclosure sale or by deed in lieu of foreclosure, shall have the unqualified right to sell, lease, mortgage or otherwise transfer or encumber said Unit, including the fee ownership thereof, without prior offer to the Association, subject to the terms and conditions of the Declaration.

(iv.) Any person who has obtained a Unit by gift, inheritance or by another method not heretofore considered (except for the spouse or children of the immediately previous Unit Owner of such Unit) shall give to the Association notice of the fact obtaining such Unit, together with such information concerning the person obtaining the Unit as may be reasonably required and a certified copy of the instrument by which the unit was obtained. If the notice to the Association herein required is not given, then at any time after receiving knowledge of the gift, inheritance or other transaction, the Association may, at its election, approve or disapprove the transaction. In such cases, the Association shall proceed as if it had received the required notice on the date of receipt of such knowledge.

(v.) Within thirty (30) days of receipt of notice or knowledge, as the case may be, the Association must either approve or disapprove the transfer of title by gift, inheritance or otherwise to the person receiving the same. Failure of the Association to act within such thirty (30) day period shall be deemed to constitute approval. If the Association shall disapprove, then it shall find a purchaser at a price equal to fair market value determined either by M.A.I. appraisers or by mutual agreement by the purchaser and the person holding title. If the Association shall fail to provide a purchaser within the time provided for or if the purchaser furnished by the Association shall default in his acquisition, then the Association shall be required to approve such passage of title, which was previously disapproved.

(vi.) No Unit Owner may lease his Unit to anyone for a period of less than thirty (30) days or more than one hundred-eighty (180) days without the prior approval of the Association.

The foregoing provisions have been established in order to maintain a community of congenial residents in the Condominium and to assure the approval and responsibility of each Unit Owner to pay those obligations required to be paid by said Unit Owner. Under no circumstances may the provisions hereof be used to foster discrimination or to deny the purchase of any Unit on account of a person's race, religion, creed or place of national origin. THE FOREGOING RESTRICTIONS ON THE SALE, TRANSFER, LEASE OR MORTGAGING OF A UNIT ARE OF A SUMMARY NATURE ONLY AND SECTIONS 18 AND 19 OF THE DECLARATION SHOULD BE READ IN THEIR ENTIRETY.

2.1.3 Restrictions on Occupancy and Use of Units.

Certain restrictions affecting the Unit Owners regarding the occupancy and use of Units, and pets, among other things, are set forth in the Declaration. The Declaration provides that the Units shall be used for single-family residences only and that no separate part of a Unit may be rented and no trade, business, profession or other type of commercial activity may be conducted in any Unit. Children are permitted to reside at The Sands on the Ocean. Under the Rules and Regulations of the Association, children shall be only allowed to play in those areas designated for play from time to time by the Association. Furthermore, common household pets such as dogs and cats shall be permitted only if permitted by the Rules and Regulations of the Association and then only in accordance with such Rules and Regulations. All pets must be hand carried in all covered common areas in which they are permitted. In all other instances, pets must be leashed and will only be permitted in certain designated areas. If a dog or other animal becomes obnoxious to other Unit Owners by barking or otherwise, the Unit Owner thereof must cause such problem to be corrected; and if it is not so corrected, the Unit Owner, upon written notice of the Association, may be required to permanently remove such animal from the Condominium Property.

2.1.4. Parking Provisions. The Declaration provided that when the Developer assigns a Parking Space to an individual Unit, the Parking Space becomes appurtenant to the Unit and, upon the transfer of title to the Unit to which the use of the Parking Space is appurtenant, the use of the Parking Space shall also be transferred to the new title holder of the Unit. The use of a Parking Space may also be transferred in accordance with Section 7 of the Declaration. There must always be the use of at least one (1) Parking Space appurtenant to each Unit. Additional unassigned Parking Spaces within The Condominium are available for the use of guests and invitees of the Unit

Owners. Notwithstanding the fact that some of the Parking Spaces will be assigned for the specific use of Units, they remain Common Elements and are maintained, repaired and replaced, and the Unit Owners are assessed for such maintenance, repair and replacement in the same manner as other Common Elements. The use of the Parking Spaces, including the use thereof by certain types of vehicles, is regulated and limited as provided in Section 29 of the Declaration.

2.1.5. Easements. As set forth in the Declaration, the Condominium Property shall be subject to all utility easements reflected in the Survey or in the Public Records of St. Lucie County, Florida. In accordance with the requirements of the Act, easements have been established across, over, under and upon the Condominium Property so as to provide a means of ingress and egress and for other purposes for the convenience and benefit of members of the Association, their family members, guests, invitees, lessees or licensees. Also, the right has been reserved under Section 6 of the Declaration, to impose upon the Common Elements of the Condominium Property such easements, including those for the installation and repair of facilities, including utilities, as deemed to be in the best interest of the Condominium.

2.1.6. Termination of Condominium. The Declaration and condominium form of ownership of the Condominium may be terminated by the affirmative written consent of eighty (80) percent of the Unit Owners and the written consent of all Institutional Mortgagees encumbering Units in the Condominium; provided, however, that the Board of Directors of the Association consents to such termination by a vote of three-fourths (3/4) of the entire Board of Directors. Such election to terminate must be executed by all of the aforementioned parties, and such instrument or instruments shall be recorded in the Public Records of St. Lucie County, Florida. In the event the Condominium is terminated, the Condominium Property shall be deemed removed from the provisions of the Act and shall be owned in common by the Unit Owners, pro rata, in accordance with the percentage each Unit Owner shares in the Common Elements. After termination of the Condominium, any and all lien rights provided in the Declaration or elsewhere shall continue to run with the real property designated in the Declaration as Condominium Property and shall encumber respective undivided shares of the Unit Owners thereof as tenants in common. (Refer to Section 7 of the Declaration)

2.2 ARTICLES OF INCORPORATION

The Condominium is operated by The Sands on the Ocean, A Condominium, Section I Association, Inc., a Florida

corporation not-for-profit. The legal document which established this corporation and sets forth the powers and purposes is the Articles of Incorporation ("The Articles") See Section 2 of this Circular which provide a summary of the provisions set forth in the Articles.

The Articles set forth the qualifications for members of the Association's Board of Directors (hereinafter referred to as the "Board") and name the Initial Board of Administration (the "First Board") and officers of the Association.

2.2.1 Membership Classification, Voting Rights and Election of Board of Directors. The Articles provide that membership in the Association shall be comprised of Unit Owners in the Condominium. A member of the Association is entitled to one (1) vote for each Unit owned by him. No member may assign, hypothecate or transfer in any manner his membership in the Association except as a part of his Unit. Each Unit Owner in the Condominium shall become a member of the Association by acquisition of ownership of title to any Unit evidenced by the recording of the instrument of conveyance amongst the Public Records. New Members are required to deliver a true copy of the recorded deed or other instrument of acquisition of title to the Association.

2.2.2 Election of Officers. Article VII, Paragraph B of the Articles provides that the Directors shall elect the President, Vice President, the Secretary and the Treasurer of the Association.

2.3 BY-LAWS.

The Association By-Laws specifically detail the everyday working features of The Sands on the Ocean, A Condominium, Section I and the Association. For example, the By-Laws describe how and when members' meetings are held and the powers and duties of the Board. The By-Laws also detail the duties of the officers of the Association.

Provisions of the By-Laws set forth the items that make up the budget. Under the By-Laws, the Board will assess against each Unit Owner a charge for the maintenance of the Common Elements including, among other items, payment of necessary insurance premiums, real estate taxes on the Common Elements and the items described in Section 4 of this Circular (hereinafter referred to as the "Condominium Expenses"). The Common Expenses will be apportioned among the Unit Owners in the manner hereinafter described in Section 4 of this Circular.

The Board shall also determine what, if any, "Limited Assessments" (as defined in the Declaration) shall be made to pay for repairs, replacement or modification of the "Limited Common Elements" (as defined in the Declaration.)

2.4 MISCELLANEOUS DOCUMENTS

Certain other documents attached as Exhibits to this Circular and not previously mentioned include:

2.4.1. Form of Assignment of Use of Parking Space, which is the instrument used to assign a specific Parking Space.

2.4.2. Receipt for Condominium Documents which is utilized in conjunction with delivery of this Circular.

2.4.3. The Floor Plans of the each of the six types of Units comprising the 82 Units of the Condominium.

SECTION 3: DESCRIPTION OF UNITS, COMMON ELEMENTS, FACILITIES FOR COMMON USE OF UNIT OWNERS IN THE CONDOMINIUM

3.1 DESCRIPTION OF UNITS.

The following schedule shows the types of Units in the Condominium, the number of Units of each type, and the bedrooms, bathrooms, and dens contained in each Unit type.

<u>Types of Units</u> <u>See Notes</u>	<u>No. of</u> <u>Units</u>	<u>No. of</u> <u>Bedrooms</u>	<u>No. of</u> <u>Bathrooms</u>	<u>No. of</u> <u>Dens</u>
A	14	2	2	1
B	14	1	2	1
C	13	2	2	0
D	13	2	2	0
E	14	1	2	1
F	14	2	2	1

Note 1: These designations do not prevent or prohibit the combining of two (2) or more units into one (1) unit (the foregoing combining maybe either horizontal or vertical combining of units) or, if combined, the subsequent severance of those Units into their component parts, provided that the foregoing modifications are in accordance with the Declaration of Condominium.

Note 2: These designations do not preclude rooms in a unit from being combined, nor do they prevent or require the use of any specific room in any manner which is otherwise lawful, nor prevent the conversion of any such room into a bedroom or another use.

3.2 DESCRIPTION OF COMMON ELEMENTS

The walkways, roadways, service areas, and grassed areas, as shown on the survey, comprise the Common Elements of Condominium and are all available for the use of the unit owners and their guests, invitees, licensees and lessees,

subject to the Condominium Documents. There are approximately 125 Parking Spaces located west of the building in the parking lot, all as more particularly shown on the Survey, which are Common Elements that shall be assigned and used in accordance with the Section 7 of the Declaration as more fully discussed in Section 2 of this Circular.

3.3 INFORMATION REGARDING FACILITIES FOR COMMON USE OF UNIT OWNERS IN THE CONDOMINIUM

In addition to the halls, stairwells, elevators, elevator lobbies, trash chutes, mechanical rooms and employee rooms within the building, the recreational and other facilities described in the following chart are Common Elements and are reserved for the exclusive use of Unit Owners and their guests, invitees, licensees and lessees. Descriptions as to locations, areas, capacities, numbers, volumes or sizes are approximations. Nevertheless, the facilities substantially conform to such approximations.

Subject to the terms of this Circular, the following is a description of the recreational and other commonly used facilities that will be used only by the Unit Owners of this Condominium:

<u>Description of Room</u>	<u>Location</u>	<u>Approximate</u>	
		<u>Sq. Feet</u>	<u>Capacity</u>
Entry Lobby	Grnd. Level	250	16
Main Lobby	"	1362	30
Business Office	"	189	6
Security Room	"	15	N/A
Manager's Office	"	150	2
Card Room	"	1000	50
Catering Kitchen	"	169	4
Grnds. Maint. Room	"	170	N/A
Service Vestibule-1	"	240	N/A
Service Vestibule-2	"	270	N/A
Men's Toilet-N.L.	"	34	1
Women's Toilet-N.L.	"	30	1
Exercise Room	"	381	15
Men's Sauna	"	357	7
Women's Sauna	"	357	7
Pump Room	"	350	N/A
Storage Room	"	231	N/A
Transformer Room	"	330	N/A
Electric Room	"	243	N/A
Generator Room	"	233	N/A
Trash Room 1	"	99	N/A
Trash Room 2	"	90	N/A
Janitor Closet	"	64	N/A
Storage Room	"	1094	N/A
Elevator Lobby 1	"	335	15
Elevator Lobby 2	"	301	15
Mechanical Room	2nd level	149	N/A

Storage Room	"	149	N/A
Elevator Lobby 1	2-15th level	235	15
Elevator Lobby 2	"	235	15
Trash Room-N.	"	11	N/A
Trash Room-S.	"	11	N/A
<u>Pool</u>			
20' X 40' Pool	S.E. of Bldg.	800	30
Pool Deck	"	2356	N/A

SECTION 4: MONETARY OBLIGATIONS OF ACQUISITION; EXPENSES OF OWNERSHIP.

4.1 METHOD USED FOR ALLOCATING EXPENSES: THE CONDOMINIUM ASSOCIATION.

Under the Act, Unit Owners must pay assessments for Common Expenses. The share of common expenses due from each Unit Owner with respect to assessments made by the Association is based on each Unit Owner's percentage share of Common Elements set forth in Exhibit C of the Declaration. The actual dollar amount is determined by multiplying each Unit's percentage share by the total Common Expenses.

4.2 BUDGETARY MATERIALS - THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION 1 ASSOCIATION.

4.2.1. Method for Assessing Annual Assessment. The Board of the Condominium Association shall adopt a budget for each year. The budget is made up of several groups of items set forth in Section 7 of the By-Laws. Assessments based upon the Budget are payable quarterly, in advance, on the first day of each quarter. A copy of the proposed Budget and the proposed fees are transmitted to each Unit Owner by the Board in accordance with Section 7 of the By-Laws.

The actual amount required for the operation, maintenance, repair or replacement of the Common Elements and such other expenses for which the Unit Owners are liable to the Association pursuant to the Act and the "Condominium Documents" (as defined in the Declaration) will be fixed and assessed, from time to time, by the Board. These expenses will include operating expenses of the Condominium Property; payment for any items of betterment; insurance premiums; legal and accounting fees; management fees; maintenance expenses; cost of repairs and replacements; charges for the utilities used in common for the benefit of the Condominium; charges for cleaning and janitorial expenses used in the common for the benefit of the Association; expenses and liabilities incurred by the Association in the

enforcement of its rights or duties against its members or others; reserve accounts for capital expenditures and deferred maintenance; and expenses of indemnifying its officers and Board.

4.2.2. Method for assessing Special Assessments. In addition to the Annual Assessment, the Unit Owners shall be obligated to pay any Special Assessment as shall be levied by the Board against Units as a result of:

- (a) Extraordinary items of expense;
- (b) The failure or refusal of other Unit Owners to pay their respective Annual Assessment;
- (c) Such other reason or basis determined by the Board which is not inconsistent with the terms of the Condominium Documents or the Act.

4.3 LIENS FOR NON-PAYMENT

Under the Act and Section 13 of the Declaration, upon the default by any Unit Owner in the payment of any "Assessment" (as that term is defined in the Declaration) of Common Expenses including Special Assessments and Limited Assessments (as those terms are used in the Declaration), the Association will have a lien upon such Owner's Unit and a share of the Common Elements appurtenant of such unit in the amount of such unpaid Assessment, plus interest at the rate of eighteen (18%) percent per year thereon. In addition to other remedies, the Association may accelerate all remaining installments of an Annual Assessment. A Unit Owner so defaulting will also be liable to the Association for court costs and reasonable Attorney's fees at all trial and Appellate levels incurred by the Association in the collection of such unpaid Common Expenses and the enforcement of its lien, the payment of which will also be secured by such lien. Such a lien will be effective upon the recording of a Claim of Lien in the Public Records of St. Lucie County and will remain in force until all amounts secured thereby, plus interest thereon, have been fully paid. Notwithstanding the foregoing, if the Unit Owner, as provided by Section 718 of the Act records a Notice of Contest of Lien ("Notice"), the Claims of Lien shall be void if the Association does not file an action to enforce the lien within ninety (90) days of mailing of the Notice by the Clerk of Circuit Court. Such a Claim of Lien includes such assessments of Common Expenses as are due and payable when the Claim of Lien is recorded. Any such Lien shall be subordinate to liens of real estate taxes on the Unit and to the mortgages of certain Institutional Mortgagees as is more particularly discussed in Section 13 of the Declaration.

The lien may be foreclosed by a suit brought in the name of the Association, acting on behalf of the Unit Owners, in the same manner as the foreclosure of a mortgage on real property, or an action may be brought by the Association to recover the unpaid Common Expenses without foreclosing the lien. At any judicial sale held in connection with the proceedings to enforce such a lien, the Association may bid on the Unit and hold, lease, mortgage or convey such Unit as the Board may determine.

SECTION 5: OTHER DOCUMENTS

This SUMMARY CIRCULAR is not intended to present a complete statement of all provisions of the Condominium Documents. It does, however, contain a fair SUMMARY of certain provisions. This SUMMARY is qualified by reference to all Condominium Documents.

EXHIBIT 1

DECLARATION OF CONDOMINIUM OF
 THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I
 ST. LUCIE COUNTY, FLORIDA

THE SANDS ON THE OCEAN, a Florida Corporation, makes the following Declaration:

SECTION 1: PURPOSE

The purpose of this Declaration is to submit the land and improvements described herein to condominium form of ownership and use in the manner provided in Chapter 718 of the Florida Statutes, herein called "The Condominium Act".

SECTION 2: NAME

The name by which this condominium is to be identified is "THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC."

SECTION 3: THE LAND

The following property is hereby submitted to the condominium form of ownership: the lands owned in fee simple by the Unit Owners, lying and being situated in St. Lucie County, Florida, as more particularly set forth in Exhibit A attached hereto, which lands are called "The Land".

SECTION 4: DEFINITIONS

As used in this Declaration and all Exhibits attached hereto, unless the context otherwise provides or requires, the following terms shall have the meanings or definitions listed below. Unless the context otherwise requires, all other terms used in this Declaration shall be assumed to have the meaning attributed to said term by the Condominium Act.

Act means and refers to the Condominium Act, Chapter 718, Florida Statutes, 1991, as the Statutes exist on the day this Declaration is executed. (Florida Statute 718, et. seq).

Articles means the Articles of Incorporation of the Association as they exist from time to time and as they may be amended from time to time.

Assessment means a share of the funds required for the payment of Common Expenses which from time to time are assessed against an Owner.

Association or Corporation means the Sands on the Ocean, A Condominium, Section I Association, Inc., a not-for-profit Florida Corporation, which is the entity responsible for the operation of the Condominium.

Board means the Board of Directors of the Association which is synonymous with the Board of Administration.

By-Laws means the By-Laws of the Association as they exist from time to time and as they may be amended from time to time.

Common Elements shall include within its meaning, in addition to the items as listed in the Florida Condominium Act, the following items:

- (i) An undivided share in the Common Surplus.
- (ii) Cross-easements for ingress, egress, support, maintenance, repair, replacement and utilities.
- (iii) Easements or encroachments by the perimeter walls, ceilings and floors surrounding each Condominium Unit caused by the settlement or movement of the building or caused by minor inaccuracies in building or rebuilding which now exist or hereafter exist, and such easements shall continue until such encroachment no longer exists.
- (iv) Easements for overhanging troughs or gutters, downspouts, and the discharge therefrom of rainwater and the subsequent flow thereof over Condominium Units.
- (v) All of the real property, other than the Units and Limited Common Elements as the same are defined herein, which are more particularly described and set forth in Exhibit B, Common Elements shall include easements through Units for all conduits, pipes, ducts, plumbing, wiring and all other facilities for the furnishing of utility services to Units and Common Elements and easements of support in every portion of a Unit which contributes to the support of the Improvements, and shall further include all tangible personal property held and maintained for the joint use and enjoyment of all of the Owners of all such Units or as required for the maintenance of the Common Elements and Limited Common Elements.

Common Expenses shall mean the expenses and the contributions to reserves for which the Unit Owners are liable to the Association including, but not limited to, expenses of operation, maintenance, repair, replacement, or other expenses incurred on account of Common Elements, expenses of administration and management of the Condominium Property, contributions to the reserve fund necessary in the opinion of the Board of Directors of the Association for the

replacement of the Common Elements, and the payment of expenses declared Common Expenses by the Association.

Common Surplus shall mean the excess of all receipts of the Association including, but not limited to, Assessments, rents, profits, and revenues on account of the Common Elements over the amount of Common Expenses.

Condominium means that form of ownership of Condominium Property under which Units or Improvements are subject to ownership by one or more Owners and there is appurtenant to each Unit, as a part thereof, and undivided share in Common Elements.

Condominium Documents means the Declaration and all Exhibits attached hereto as the same may be amended from time to time.

Condominium Parcel means the Condominium Unit, together with an undivided share in the Common Elements appurtenant thereto.

Condominium Property shall mean the Land, Building, and personal property that are subjected to Condominium ownership under this Declaration, all improvements on the Land, and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

Condominium Unit or Unit means a part of the property which is subject to private ownership; said Unit being a Unit space designated as "Condominium Unit" on the plot plan, survey and graphic descriptions attached hereto and marked as Exhibit B.

Co-Tenant means an Owner owning a Condominium Parcel in conjunction with another Owner.

Declaration means this instrument and all Exhibits attached hereto as same may be amended from time to time.

Directors means the Directors of the Association which is synonymous with Administrators.

Institutional Mortgage means a mortgage owned or held by an Institutional Mortgagee.

Institutional Mortgagee means the owner and holder of a mortgage encumbering a Condominium Parcel, which owner and holder of said mortgage is either a bank or life insurance company or a Federal or State Savings and Loan Association, or a mortgage or real estate investment trust, or a pension and profit sharing fund or a Credit Union, or a Massachusetts Business Trust, or an agency of the United

States Government, or a lender generally recognized in the community as an institutional lender.

Insurance Trustee means that Florida bank having trust powers designated by the Board to receive proceeds on behalf of the Association, which proceeds are paid as a result of casualty or fire loss covered by insurance policies.

Limited Assessment means a share of funds required to pay for repairs, replacements, or modifications of Limited Common Elements deemed by the Board to be an expense which the Board, in its discretion, has determined must be paid by the Unit Owners of the Units having the right to use the Limited Common Elements in question.

Limited Common Elements means and includes those Common Elements which are reserved for the use of a certain Unit or Units to the exclusion of other Units.

Member means an Owner or Co-Tenant who is a member of the Sands on the Ocean, A Condominium, Section I Association, Inc., a not-for-profit Florida corporation, hereinafter referred to as "Association" or "Corporation."

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

Owner or Unit Owner means that person or entity owning a Condominium Parcel.

Property or Condominium Property means and includes the real property submitted to Condominium ownership, whether or not contiguous, all improvements thereon, and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

SECTION 5: DESCRIPTION OF CONDOMINIUM

5.1 The Improvements One multi-Unit building containing residential Condominium Units (the "Building") and all the Common Elements and Improvements appurtenant thereto, as more particularly set forth in the plot plan, survey and graphic descriptions of improvements as shown in Exhibit B attached hereto and made part hereof as though set out in full, and referred to collectively as "the Improvements."

5.2 Identification of Units The Condominium Units and all other improvements constructed on the Condominium Property are set forth in detail in Exhibit B attached hereto and made a part hereof. Each Condominium Unit is described in Exhibit B in such a manner that there can be determined therefrom the identification, location, and dimensions of such Unit and of the Common Elements and Limited Common Elements thereto. Exhibit B consists of a survey of the Land, a graphic description of the Building in which the Units are located, floor plans for each type of Unit, a plot plan and graphic description thereof, which are collectively referred to as "the Survey."

Each Condominium Unit is identified by a separate numerical designation, as shown on Exhibit B, so that no Unit bears the same designation as any other Unit.

5.3 Unit Boundaries The following is a description of the Unit boundaries. Each Unit shall include that part of the building containing the Unit that lies within the boundaries of the Unit, which boundaries are as follows:

5.3.1. Upper and Lower Boundaries The upper and lower boundaries of the Unit shall be the following boundaries extended to an intersection with the following perimetrical boundaries:

(i) Upper Boundaries The plane of the lowest surfaces of the unfinished ceiling. In a Unit containing a room in which any part of the ceiling is raised above the level of the ceiling in the rest of the Unit, the ceiling shall include the vertical slab or wall connecting the raised ceiling with the ceiling of the remaining portion of the Unit and the upper boundary shall include the plane of the unfinished surface of the vertical slab or wall that joins the planes of the lowest surfaces of the unfinished horizontal portions of the ceiling.

(ii) Lower Boundaries The plane of the lowest unfinished floor slab. In the Unit containing a room in which any part of the floor is raised above the level of the floor in the rest of the Unit, the floor slab shall include the vertical slab or wall connecting the raised floor with the floor of the remaining portion of the Unit and the lower

boundary shall include the plane of the lowest surfaces of the unfinished horizontal portions of the floor slabs.

5.3.2. Perimetrical Boundaries The perimetrical boundaries of the Unit shall be the vertical planes of the unfinished interior of the walls bounding the Unit extending to intersections with each other and with the upper and lower boundaries with the following exceptions: when the vertical planes of the unfinished interior do not intersect with each other on the unfinished interior surfaces of the bounding walls or within an intervening partition, the vertical planes of the unfinished interior surfaces of the bounding walls shall be extended to intersect with the plane of the center line of the intervening partition and that plane shall be one of the perimetrical boundaries of the Unit.

5.3.3. Balconies, Terraces, etc. A balcony, terrace, patio or similar area to which there is direct and exclusive access from a Unit shall be for the exclusive use of such Unit and constitutes a Limited Common Element of the Unit.

5.4. Storage Spaces

5.4.1. Assignment of Spaces The Board of Directors shall have the right to assign to any Unit the exclusive use of one storage space. Such assignment shall be made by separate written assignment which will indicate that it is made under this subsection, but it may not be recorded among the Public Records. Except as hereinafter provided, a Unit Owner may at any time assign said space to another Unit or to the Association by a written assignment also not to be recorded in the Public Records, but which will note the further free assignability thereof. The Association may not divest a Unit of the space assigned to it pursuant to this Subsection, unless the Unit is reassigned another space.

5.4.2. Nature of Assignment An assignment of any storage space grants only the exclusive use thereof as a Limited Common Element appurtenant to the particular Unit and does not convey any title thereto. Any transfer, or subsequent assignment, as contemplated above, shall operate to transfer only the exclusive use of such space.

SECTION 6: EASEMENTS

Each Owner's interest in a Condominium Parcel is subject to the following easements, which are intended to comply with Section 718 of the Act, to wit:

6.1 Utility Services; Drainage Easements are reserved under, through and over the Condominium Property as may by

required for utility services and drainage in order to serve the Condominium. A Unit Owner shall do nothing within or outside his Unit that interferes with or impairs the utility services using these easements. The Board of Directors of the Association or its designee shall have a right of access to each Unit to inspect the same, to maintain, repair or replace the pipes, wires, ducts, vents, cables, conduits and other utility service facilities and Common Elements contained in the Unit or elsewhere in the Condominium Property and to remove any Improvements interfering with or impairing the utility services or easements herein reserved; provided, however, that such right of access shall not unreasonably interfere with the Unit Owners permitted use of the Unit, except in the event of an emergency, and entry shall be made on not less than one (1) days notice. The Condominium Property shall be subject to all utility easements reflected in the Public Records of St. Lucie County, Florida.

6.2. Perpetual Nonexclusive Easement to Public Ways

The driveway portions of the Common Elements and any walks or other rights-of-way on the Condominium Property as shown on the Survey or hereafter located thereon, shall be and the same are hereby declared to be, subject to a perpetual nonexclusive easement for ingress and egress and access to, over and across the same public ways, including dedicated streets, which easement is hereby created in favor of all the Unit Owners in this Condominium for their use and the use of their family members, guests, invitees, lessees or licensees for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended. The Association shall have the right to establish the rules and regulations governing the use and enjoyment of the Common Elements and all easements over and upon same. The easements described herein and set forth herein are intended to comply with Section 718 of the Act.

6.3 Easement for Unintentional and Nonnegligent Encroachments If a Unit shall encroach upon any Common Element, Limited Common Element, or upon any other Unit, by reason of original construction or by the non-negligent act of the Unit Owner then an easement appurtenant to such encroaching Unit to the extent of such encroachment shall exist so long as such encroachment shall exist. If any Common Element or Limited Common Element shall encroach upon any Unit by reason of original construction or the non-negligent act of the Association, then an easement appurtenant to such Common Element or Limited Common Element to the extent of such encroachment shall exist so long as such encroachment shall exist.

6.4 Support The Association hereby grants to heirs, successors, and assigns, and all third party beneficiaries, including Condominium Unit Owners, their lessees, guests,

invitees, servants, and employees, the right of support for all structures on any portion of the land of the Condominium.

6.5 Maintenance The Association (including its designees, successors and/or assigns) shall have the right, but not the obligation in its sole discretion from time to time, to enter the Condominium Property for the purpose of repair, replacement, and maintenance purposes where the Unit Owner fails to do so, provided same does not prevent or unreasonably interfere with the Unit Owner's use or enjoyment of the Condominium Property.

6.6 Additional Easements The Association reserves the right to impose and grant upon the Common Elements such additional water, sewer, electric, telephone, gas or other utility easements, television transmission, security, and the like, and to relocate any existing utility easements in any portion of the Condominium Property, and to grant access easements and relocate any existing access easements in any portion of the Condominium Property, as the Association shall deem necessary or desirable for the proper operation and maintenance of the improvements, or any portion thereof, or for the general health or welfare of the Unit Owners, or for the purpose of carrying out any provisions of this Declaration; provided, however, that such easements or the relocation of existing easements will not prevent or unreasonably interfere with the use of the Units for dwelling purposes.

6.7 Covenant All easements, of whatever kind or character, whether heretofore or hereafter created, shall constitute a covenant running with the land, shall survive the termination of the Condominium and, notwithstanding, any other provisions of this Declaration, may not be substantially amended or revoked in any way which would unreasonably interfere with its proper and intended use and purpose. Owners do hereby designate the Association as their lawful attorney in fact to execute any and all instruments on their behalf for the purposes of creating all such easements as are contemplated by the provisions hereof.

SECTION 7: OWNERSHIP OF COMMON ELEMENTS AND RESTRICTIONS THERETO

The owner of each Unit shall own a share in certain interest in the Condominium Property which is appurtenant to his Unit, which includes, but is not limited to, the following items which are appurtenant to the several Units, as indicated:

7.1 Common Elements The undivided shares, stated as percentages, in the Common Elements appurtenant to each of

the Condominium Units is set forth on the schedule attached hereto and made a part hereof by reference as Exhibit C.

7.2 Common Surplus Each Unit Owner shall own any Common Surplus of his Condominium in the same percentage as the Common Elements appurtenant to each Unit are shared as set forth in Exhibit C. This ownership, however, does not include the right to withdraw or require payment or distribution of the same.

7.3 Automobile Parking Spaces At the time of a conveyance of a Unit from the developer, there was assigned to each Unit Owner the use of one (1) parking space, (the "Parking Space"). The assignment by the Developer to the Unit Owner of the use of a parking space was made by a written "Assignment of Use of Parking Space" (the "Assignment") in which the particular Parking Space is described. The Assignment was delivered at the time of delivery of the deed to the Unit. The Association shall maintain a book (the "Book") for the purpose of recording the current assignee of each Parking Space. Each assignee shall have the exclusive right to the use an assigned space.

7.3.1. The use of an assigned Parking Space may be transferred by a Unit Owner to another Unit Owner provided that the transferor shall execute a written Assignment which shall describe the Parking Space, the Unit to which it was appurtenant, the name of the transferee and the transferee's Unit Number, and furnish a true copy of the same to the Association which shall record the Assignment in the Book.

7.3.2. Notwithstanding any provisions herein contained to the contrary, there shall always be at least one (1) Parking Space appurtenant to each Unit and no transfer shall be made which shall result in a Unit having no Parking Space appurtenant thereto. The Association retains the right to reassign Parking Spaces if required for future projects.

7.3.3. No Parking Space shall bear the same identifying number as any other.

7.3.4. The Association may add additional parking spaces to the parking areas at any time in the event that the St. Lucie County Zoning Code allows additional spaces to be added for the Condominium and, in such event, the Association may add such spaces without approval from any other party whatsoever.

SECTION 8: COMMON EXPENSES

The Common Expenses of the Condominium shall be shared by the Unit Owners in the proportion of each Unit Owner's percentage share in the Common Elements as set forth in Exhibit C, which is attached to this Declaration and a part

hereof. The ratio of sharing Common Expenses and all Assessments shall remain, regardless of the purchase price of the Condominium parcels, their locations, or the Building square footage included in each Condominium Unit, except as otherwise provided herein.

SECTION 9: THE CONDOMINIUM ASSOCIATION/VOTING RIGHTS OF UNIT OWNERS

9.1 Governing Entity The affairs of the Condominium shall be conducted by a corporation incorporated pursuant to the Florida Statutes governing a not-for-profit corporation. The name of the corporation to conduct the affairs of the Condominium shall be "The Sands on the Ocean, A Condominium, Section I Association, Inc." A copy of the Articles of Incorporation of the Association and the By-Laws of the Association are attached hereto as Exhibits D and E, respectively, and made a part hereof.

9.2 Board of Directors All the affairs, policies, regulations, and properties of the Association shall be controlled and governed by the Board of Directors of the Association, consisting of voting Members.

9.3 Powers of the Association The Association shall have all of the powers and duties reasonably necessary to operate this Condominium as set forth in this Declaration, the By-Laws and the Articles of Incorporation of the Association, and as the same may be amended. In addition, the Association shall have all the powers and duties of an Association as set forth in the Condominium Act, as well as all powers and duties granted to or imposed upon it by this Declaration including, without limitation:

9.3.1. The irrevocable right to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any Common Elements therein, or for making emergency repairs therein which are necessary to prevent damage to the Common Elements or to other Units.

9.3.2. The power to make and collect Assessments and to lease, maintain, repair and replace the Common Elements.

9.3.3. The duty to maintain accounting records according to good accounting practices, which shall be open to inspection by Unit Owners at all reasonable business hours.

9.3.4. The power to enter into contracts with others for a valuable consideration including, but not limited to, contracts for vending machines, doorman and valet parking service, security service, landscaping

maintenance, elevator maintenance, pest control, water treatment and for the maintenance and management of the subject Condominium Property, including the normal maintenance and repairs of the Common Elements; and, in connection therewith, the power to delegate to the service company the duty and responsibility to maintain and preserve the landscaping, gardening, painting, repairing and replacement of the Common Elements, but shall not relieve the Condominium Unit Owner from his personal responsibility to maintain and preserve the interior surface of his individual Condominium Unit and to paint, clean, decorate, maintain and repair his individual Condominium Unit. Each Unit Owner, his heirs, successors and assigns shall be bound by any management agreement in the event a management agreement is entered into by the Association, or amendments or revisions thereof to the same extent and effect as if he had executed such management agreement for the purposes therein expressed including, but not limited to, adopting, ratifying, confirming and consenting to the execution of same by the Association, covenanting and promising to perform each and every of the covenants, promises and undertakings to be performed by Unit Owners as required under said management agreement and acknowledging all of the terms and conditions thereof, including the manager's fee, if any, and agreeing that the persons acting as Directors and Officers of the Association entering into such an agreement have not breached any of their duties or obligations to the Association.

9.3.5. The power to adopt reasonable rules and regulations for the maintenance and conservation of the Condominium Property, and for the health, comfort, safety and welfare of the Condominium Unit Owners, all of whom shall be subject to the rules and regulations.

9.3.6. To grant or contract for easements, license and other privileges and duties on behalf of the membership where no Member's rights are substantially affected.

9.3.7. Notwithstanding the duty of the Association to maintain and repair part of the Condominium Property, the Association shall not be liable to Unit Owners for injury or damage, other than the cost of maintenance and repair caused by latent conditions of the Condominium Property.

9.3.8. The Association is authorized to enter into agreements to acquire possessory or use interests in real property and to provide therein that the expenses of said real property and any improvements thereon including, but not limited to, taxes, insurance, maintenance and repairs, are Common Elements.

9.3.9. In the event of conflict between the powers and the duties of the Association as set forth in the

Declaration, the Articles of Incorporation, and the By-Laws, the Declaration shall take precedence; and in the event of conflict between the powers and duties of the Association as set forth in the Articles of Incorporation and the By-Laws of the Association, the Articles of Incorporation shall take precedence over the By-Laws.

9.4. Voting Rights of Unit Owners - Members All parties hereafter owning Condominium Parcels (Owners) in this Condominium whose interests are evidenced by recordation of the proper instruments in the Public Records of Saint Lucie County, Florida, shall automatically be Members of the Association in accordance with the provisions the Articles as hereinbefore defined, and such membership shall automatically terminate when such persons have divested themselves of such interests.

9.5. Voting Rights of Unit Owners- Votes An Owner or Owners of a single Condominium Parcel shall collectively be entitled to one (1) vote in the Association with respect to matters on which a vote of Unit Owners is taken under Condominium Documents or the Act. If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, the Member entitled to cast a vote for the Unit shall be designated by a Certificate signed by all of the Record Owners of the Unit filed with the Secretary of the Association. If a Unit is owned by a Corporation, the person entitled to cast the vote for the Unit shall be designated as a Member by a Certificate of Appointment signed by the President or the Vice-President and attested by the Secretary or the Assistant Secretary of the said Corporation, and filed with the Secretary of the Association. Such Certificate shall be valid until revoked or until superseded by a subsequent Certificate or until a change in the ownership of the Unit concerned. A Certificate designating the person entitled to cast the vote of a Unit may be revoked by any owner thereof. Failure by any Owner of any Condominium Parcel to file the aforementioned written Certificate with the Secretary of the Association no less than 24 hours in advance of a Members' Meeting will result in depriving such Owner of a Condominium Parcel of a vote at such Meeting.

SECTION 10: MAINTENANCE, ALTERATIONS AND IMPROVEMENTS

The responsibility for the maintenance of the Condominium Property and restrictions upon its alteration and improvement shall be as follows:

10.1 By the Association The Association shall maintain, repair and replace at the Association's own expense:

10.1.1. All Common Elements and Limited Common Elements.

10.1.2. All portions of the Units (except interior wall surfaces) contributing to the support of the Building, which portions shall include, but not limited to, the outside walls of the Building and load bearing columns.

10.1.3. All conduits, ducts, plumbing, air-conditioning, wiring and other facilities for the furnishing of utility services which are contained in the portions of the Unit contributing to the support of the Building or within interior boundary walls, and all such facilities contained within a Unit which service other part(s) of the Condominium in addition to the Unit within which contained.

10.1.4. All property owned by the Association.

10.1.5. All incidental damage caused to a Unit by such work shall be promptly repaired at the expense of the Association.

10.1.6. The Association shall have the right to make or cause to be made structural changes and improvements to the Common Elements, which are approved by the Board and which do not prejudice the right of any Unit Owner or Institutional Mortgagee, provided that the cost of same does not exceed \$5,000.

10.2. By the Condominium Parcel Owner The responsibility of the Condominium Parcel Owner shall be as follows:

10.2.1. To maintain, repair and replace at his expense all portions of the Unit except the portions to be maintained, repaired and replaced by the Association. Included within the responsibility of the Unit Owner shall be windows, screens and doors opening into or onto his Unit, sliding glass doors and plate glass. All such maintenance, repairs and replacements shall be done without disturbing the rights of other Unit Owners.

10.2.2. To maintain, repair and replace at his own expense his individual air-conditioning and heating system inside and outside his individual Condominium Unit.

10.2.3. With the Unit, to maintain, repair and replace at his expense all fans, stoves, refrigerators, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power telephone, sewage, and sanitary services to his Condominium Unit. Any covering placed on the balcony floor such as carpet or tile, shall be the responsibility of Condominium

Unit Owner. The Unit Owner is also responsible for upkeep, repair and acceptable appearance of any furniture, weather shutters or screening that has been added to or placed on a balcony.

10.2.4. Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the Building including balconies, patios or terraces or any stucco portion of the Unit.

10.2.5. To promptly report to the Association any defects or need for repairs, the responsibility for the remedy of which is that of the Association.

10.2.6. No Condominium Parcel Owner shall make any alterations in the portions of the Building which are to be maintained by the Association, or remove any portion thereof or make any additions thereto or do any work which would jeopardize the safety or soundness of the Building or impair any easement without first obtaining written approval from the Board of Directors of the Association.

10.3 Alterations and Improvements There shall be no material alterations or substantial additions to the Common Elements or Limited Common Elements except as the same are authorized by the Board of Directors and ratified by the affirmative vote of the members in compliance with the Condominium Act. The cost of the foregoing shall be assessed as Common Expenses of this Condominium. Where any alterations or additions as aforescribed are exclusively or substantially exclusively for the benefit of the Unit Owner(s) requesting same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit Owners exclusively or substantially exclusively benefitting, and the assessment shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors of the Association. Where such alterations or additions exclusively or substantially exclusively benefit Unit Owners requesting same, said alterations or additions shall be made only when authorized by the Board of Directors and ratified by the members (Unit Owners) of the Association in compliance with the Condominium Act.

SECTION 11: ENFORCEMENT OF MAINTENANCE

In the event the Owner of a Unit fails to maintain it as required in the foregoing Section 10.2, the Association or any other Unit Owner shall have the right to proceed in court to seek compliance with the foregoing provisions, or the Association shall have the right to assess the Unit Owner and the Unit for the necessary sums to put the

Improvements within the Unit in good condition. After such assessment, the Association shall have the right to have its employees or agents enter the Unit and do the necessary work to enforce compliance with the above provision. Further, in the event a Unit Owner violates any of the provisions of Section 10 above, the Association shall have the right to take any and all such steps as may be necessary to remedy such violation including, but not limited to, entry of the subject Unit with or without consent of the Unit Owner.

**SECTION 12: DETERMINATION OF COMMON EXPENSES AND
FIXING OF ASSESSMENTS THEREFOR**

The Board of Directors shall from time to time and at least annually prepare a budget for the Condominium, determine the amount of Assessments payable by the Unit Owners to meet the Common Expenses of the Condominium (the "Annual Assessment"), and allocate and assess such expenses among the Unit Owners in accordance with the provisions of this Declaration, The Articles of Incorporation and the By-Laws. The Board of Directors shall advise all Unit Owners promptly in writing of the amount of the Assessment payable by each of them as determined by the Board of Directors and shall furnish copies of each budget on which such Assessments are based to all Unit Owners and, if requested in writing, to their respective Institutional Mortgagees. The Common Expenses shall include the expenses of the operation, maintenance, repair and replacement of the Common Elements, costs of carrying out of the powers and duties of the Association and any other expenses designated as Common Expenses by the Act, this Declaration, the Articles of Incorporation or the By-Laws of the Association.

Notwithstanding such method of allocation of expenses, Unit Owners shall be obligated to pay special Assessments as shall be levied in addition to the Annual Assessment by the Board against Units as a result of (a) extraordinary items of expense; (b) the failure or refusal of other Unit Owners to pay their respective Annual Assessments or to otherwise pay their proportionate share of Common Expenses assessed; and (c) such other reason or basis determined by the Board which is not inconsistent with the terms of the Condominium Documents or the Act.

SECTION 13: ASSESSMENTS

13.1 Share of Common Expenses Each Unit Owner shall be personally liable to the Association for the payment of the Annual Assessment, and special Assessments or Limited Assessments levied by the Association and for all costs of collecting such Assessments, including interest, delinquent Assessments, and attorney's fees at all trial and appellate levels. The Common Expenses of the Condominium shall be shared by and among Unit Owners in the manner determined

under Section 8. Special Assessments and Limited Special Assessments shall be shared as determined by the Board or as otherwise provided in the Condominium Documents and the Act. Each Unit Owner shall have a share in the Common Surplus in the percentages as set forth in Exhibit C. The share of the Common Surplus shall not vest nor create in any Unit Owner the right to withdraw or receive distribution of his share of the Common Surplus.

13.2 Payments The Association shall make, levy and collect Annual Assessments to pay the costs and expenses incident to the maintenance, operation and management of the Condominium and to fix and determine from time to time the sums necessary and adequate as may be provided for in the Declaration and the Exhibits attached hereto. Annual Assessments may, in the discretion of the Board, be made payable in either quarterly or monthly installments, in advance, during the year in which such Annual Assessments apply. In the event of a default by a Unit Owner in the payment of an installment of an Annual Assessment or of a Special Assessment or Limited Assessment, the Board may accelerate any remaining installments of the Annual Assessment of such Unit Owner upon written notice thereof to such Unit Owner, whereupon the entire unpaid balance of all such Assessments shall become due upon the date stated in such notice, which date shall not be less than ten (10) days after the date of such notice. In the event any Assessments or Special Assessment or Limited Assessment, installment of an Annual Assessment, or accelerated Annual Assessment is not paid within twenty (20) days after its respective due date, the Association, by action of the Board, may proceed to enforce and collect any of such delinquent Assessments against the Unit Owner owing the same in any manner provided for under the Act or the Condominium Documents including, but not limited to, foreclosure and sale of the Unit. The Association may at any time require Unit Owners to maintain with the Association a deposit to cover future Assessments.

13.3 Liability for Assessments Each Unit Owner shall be personally liable to the Association for the payment of all Assessments, Annual or Special. No Unit Owner may exempt himself from liability for any Assessment levied against such Owner and his Unit by waiver of the use or enjoyment of any of the Condominium Property, or for any service or services furnished to a Unit Owner or to a Unit, or abandonment of the Unit, or in any other manner. In addition to the unpaid Assessment, the Unit Owner shall be personally liable for the interest thereon at the rate of 18% per annum from the date due until paid, and the cost of collecting such Assessment or installment thereof and the interest thereon, including reasonable attorney's fees, whether suit be brought or not. All payments will first be applied to the interest charge and then to the assessment payment first due. In a voluntary conveyance of a Unit, the

grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the grantor for the grantor's share of the Common Expenses due and unpaid up to the time of the conveyance, without prejudice to any right the grantee may have to recover from the grantor the amount paid by the grantee.

13.4 Lien for Assessments It is specifically acknowledged that the provisions of Section 718 with respect to the lien rights of the Association are applicable to this Condominium. The Association shall have a lien on each Unit for any unpaid Assessments, late charges and for interest thereon against the Owner thereof, which lien shall also secure reasonable costs of collecting such Assessments and reasonable attorney's fees incurred by the Association incident to the collection of such Assessment or enforcement of such lien. The lien shall be effective from and after the time a claim of lien signed and verified by an Officer of the Association stating the description of the Unit, the name of the record Owner thereof, the amount due and the date when due, has been recorded in the Public Records of St. Lucie County, Florida, and said lien shall continue in effect until all sums secured by the lien shall have been fully paid. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien. The liens shall be subordinate to the lien of a mortgage or other liens recorded prior to the date of recording the claim of lien. Liens for Assessment and acceleration may be foreclosed by suit brought in the name of the Association in like manner as a foreclosure of a mortgage on real property. In any such foreclosure, the Unit Owner shall be required to pay a reasonable rent for the Unit and the Association shall be entitled, as a matter of law, to the appointment of a receiver to collect the same. The Association may also sue to recover a money judgment for the unpaid assessment and acceleration without waiving the lien securing the same or election of remedies.

13.5 Institutional Mortgagees It is specifically acknowledged that the provisions of Section 718 of the Act are applicable to this Condominium to the extent herein provided and where an Institutional First Mortgagee (other than a purchase money mortgage which is not an Institutional Mortgagee) of a mortgage of record or other buyer of a Unit or Bankers Trust Company, a New York banking corporation or its assignee during such time as the mortgage it holds is a lien of record against the Condominium, obtains title to the Unit as a result of foreclosure of such mortgage, or by deed given in lieu of foreclosure, such acquirer of title, its successors and assigns, shall not be liable for the share of the Common Expenses or Assessments of the Association pertaining to such Unit or chargeable to the former Unit Owner of such Unit which became due prior to acquisition of title in the manner above provided, unless

such share is secured by a claim of lien for Assessments that are recorded prior to the recording of such foreclosed mortgage, and the Assessment shall be cancelled as to that Unit, effective with the passage of title to such acquirer of title. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectable from all of the Unit Owners including such acquirer, its successors and assigns. However, an Institutional First Mortgagee acquiring title to a Unit as a result of foreclosure, or a deed in lieu of foreclosure, may not, during the period of its ownership of such Unit, whether or not such Unit is unoccupied, be excused from the payment of some or all of the Common Expenses coming due during the period of such ownership.

13.6 Estoppel Certificate A Unit Owner and an Institutional Mortgagee having a lien on a Unit have the right to require the Association to execute and deliver a certificate showing the amount of the unpaid Assessments against the Unit Owner with respect to the Condominium Parcel.

SECTION 14: INSURANCE

Insurance, other than title insurance, which shall be carried upon the Condominium Property, shall be covered by the following provisions:

14.1 Authority to Purchase All Insurance policies upon the Condominium Property shall be purchased by the Association for the benefit of the Association and, in the case of insurance covering damage to Improvements, for the benefit of Unit Owners and their mortgagees for all purposes under Sections 15 and 16 hereof (which term shall include all contractual lien holders against Units although not designated as a "mortgage" in the instrument creating such lienhold rights) as their interests may appear, and provisions shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of Unit Owners. In the case of insurance policies covering damage to a Building, the kind, amounts, valuation and forms of such policies and the insurance companies issuing the same shall be subject to the approvals of the Institutional Mortgagee holding the greatest dollar amount of first mortgages encumbering Units in the Condominium Building and the mortgagee whose loan provided funds for the construction of the existing Improvements until such construction loan has been satisfied. Such policies and endorsements thereon shall be deposited with the Insurance Trustee. It shall not be the responsibility or duty of the Association to obtain personal liability insurance or insurance coverage upon the personal property or living expenses of any Unit Owner. The Unit Owner may obtain such insurance at his own expense provided such insurance may not be of a nature to affect

policies purchased by the Association. Unit Owners shall furnish the Association with the name, address, phone number and policy number of their insurance agent. Copies of all insurance policies obtained by the Association shall be available for inspection by all Unit Owners at reasonable times.

14.2 Coverage

14.2.1. Casualty The Condominium Property shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined by the Directors, subject always to approval and final determination by the Institutional Mortgagee holding the greatest dollar amount of first mortgages on Units in the Condominium Property and the entity providing construction mortgage financing for the existing Improvements (until such loan has been satisfied). Such coverage shall afford protection against:

(i) Loss or damage by fire and other hazards covered by a standard fire, extended coverage and other perils policy.

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings, similar in construction, location and use as to that of the Condominium Property including, but not limited to, vandalism and malicious mischief.

(iii) As required by Section 718, Florida Statutes, as Amended, 1991.

14.2.2 Public Liability Public liability insurance shall be provided in such amounts and such coverage as may be required by the Directors of the Association and with cross liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner. In any legal action in which the Association may be exposed to liability in excess of insurance coverage protection of it and Unit Owners, the Association shall give notice of the exposure within a reasonable time to all Unit Owners who may be exposed to the liability who shall have the right to intervene and defend.

14.2.3. Workmen's Compensation Workmen's compensation insurance coverage shall be provided to meet the requirements of law.

14.2.4. Other Insurance Such other insurance as the Directors shall determine from time to time to be desirable or as may be reasonably required by the Institutional Mortgagee holding the greatest dollar amount of first mortgages on Units in the Condominium Property and the entity providing construction mortgage financing for the existing Improvements.

14.3 Premiums Premiums for insurance placed by the Association shall be Common Expenses and shall be paid by the Association. Should the Association fail to pay such premiums when due, or should the Association fail to comply with other insurance requirements of the Institutional Mortgagee holding the greatest dollar volume of first mortgages on Units and the entity providing construction mortgage financing for the existing Improvements, such Institutional Mortgagee and construction mortgage financing entity shall have the right, at its option, to order insurance policies and advance such sums as are required to maintain or procure such insurance and, to the extent of the money so advanced, together with interest thereon at the maximum rate permitted by law, said Institutional Mortgagee or construction mortgage financing entity shall be subrogated to the assessment and lien rights of the Association as against individual Unit Owners and Units for the payment of such item of Common Expense.

14.4 Insurance Trustee Share of Proceeds All property casualty insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owner and their Institutional Mortgagees and construction mortgage financing entity as their interests may appear and shall provide that all proceeds covering losses shall be paid to an Insurance Trustee, being an institution having offices in either St. Lucie, Broward, or Dade Counties, Florida, and possessing trust powers as may from time to time be approved by the Directors of the Association, which Trustee is herein referred to as "Insurance Trustee"; provided, however, that the foregoing right of the Directors of the Association to select the Insurance Trustee shall be subject to the approval of the Institutional Mortgagee holding the greatest dollar amount of first mortgages on Units in the Condominium. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purpose elsewhere herein stated for the benefit of the Unit Owners and their mortgagees (sometimes collectively referred to hereinafter as "beneficial owners") in the following shares but which shares need not be set forth on the records of the Insurance Trustee:

14.4.1. Common Elements Proceeds received for damage to Common Elements shall be an undivided share for each Unit Owner owning a Unit in the damaged Condominium Building, such share being the same as an undivided share in the Common Elements appurtenant to the Unit.

14.4.2. Units Proceeds on account of damage to Units shall be held in the following undivided shares:

(1) When the Building is to be repaired, the proceeds shall be held for the Owners of damaged Units in

proportion to the cost of repairing the damage suffered by each Unit owner, which cost shall be determined by the Board of Directors. In making such determination, the Directors may not act in an arbitrary fashion or discriminate against any Unit or type of Unit.

(11) When the Building is not to be repaired, the proceeds shall be held for each Unit Owner owning a Unit in the damaged Condominium Building with each Unit Owner having an undivided share therein in proportion to the share of such Unit Owner in the Common Elements appurtenant to the Unit.

14.4.3. Mortgagees In the event a mortgagee endorsement has been issued as to a Unit, the share of a Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired except as provided in this Declaration, nor shall any mortgagee have the right to apply insurance proceeds received by the Insurance Trustee to repayment of its loan unless such proceeds are distributed to a Unit Owner and/or their respective mortgagees.

14.4.4. Exculpation The Insurance Trustee shall not be liable in any manner for the payment of any premiums on policies, the renewal of policies, the sufficiency of the coverage of such policies, or any failure to collect any insurance proceeds under such policies.

14.5 Distribution of Proceeds Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or applied for the benefit of the "beneficial owners" in the following manner:

14.5.1. Expense of Trust All expenses of the Insurance Trustee shall be first paid or provisions made therefor.

14.5.2. Reconstruction or Repair If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds, together with special Assessments shall be disbursed to defray the cost thereof. The Insurance Trustee shall disburse the insurance proceeds and other applicable funds held in trust in accordance with the provisions for progress payments to be contained in such construction contract; provided, however, prior to any payment of such funds, the payees of such funds shall deliver to the Insurance Trustee paid bills, waivers of liens under any lien laws, and executed affidavits required by law, the Board, or any Institutional Mortgagee. Any proceeds remaining after defraying such costs shall be

distributed to the beneficial owners with remittances to Unit Owners and mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

14.5.3. Failure to Reconstruct or Repair If it is determined in the manner provided in this Declaration that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the "beneficial owners" with remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

14.5.4. Certificate In making distribution to Unit Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association made by its President or Secretary as to the names of Unit Owners and their respective shares of the distribution.

14.5.5. Mortgagee's Rights Notwithstanding anything herein to the contrary, all proceeds paid as a result of a casualty claim shall be paid by the Insurance Trustee solely to the mortgagee who is the owner of a mortgage encumbering a Condominium Unit in the event that:

(i) The proceeds paid as a result of a claim or a casualty is insufficient to defray the cost of reconstruction or repair and the Association and Unit Owners fail or refuse to contribute by specific assessment, or otherwise, sufficient funds to pay for such reconstruction or repairs; or

(ii) The Condominium is terminated in compliance with this Declaration of Act.

If the Condominium Building is to be reconstructed, no Institutional Mortgagee or any mortgagee shall have the right to require or to elect to apply insurance proceeds to the reduction of any mortgage, except to the extent of any excess of insurance payments over the cost of reconstruction or repair after casualty damage has been suffered, and then only after the damage has been repaired and reconstructed. The amount of the payment will be limited to the Unit Owner's share of said insurance proceeds.

14.5.6. Insured Losses In the event a loss, insured under the policies held by the Insurance Trustee, occurs to any Improvements within any of the Units without any loss to any Improvements within the Common Elements, the Insurance Trustee shall immediately pay all proceeds received as a result of such loss directly to the Unit Owners of the Units damaged and their Institutional Mortgagees, if any, as their interests may appear; and it

shall be the duty of such Unit Owners to use such proceeds to effect the necessary repairs to the Units and to return the Units to their prior condition according to the standards required under the Condominium Documents. The Insurance Trustee must rely upon the written statement of the Association as to whether a Unit or a Common Element or both have suffered damage insured under any policies held by the Insurance Trustee.

14.6 Written Approval The section of this Declaration regarding insurance shall not be amended without the written consent and approval of the Institutional Mortgagee holding the greatest dollar amount of first mortgages on Units in the Condominium Property and the entity providing construction mortgage financing for the existing Improvements.

14.7 Power of Attorney The Board of Directors is hereby irrevocably appointed agent for each Unit Owner to adjust and settle all claims under insurance policies purchased by the Association in which Unit Owners have or may have an interest, and may execute appropriate releases in favor of any such insurer for any further liability arising from an occurrence so settled.

SECTION 15: RECONSTRUCTION AND REPAIR AFTER CASUALTY

15.1 Determination to Reconstruct or Repair If any part of the Condominium Property shall be damaged by casualty, whether or not it be reconstructed or repaired, shall be determined in the following manner:

15.1.1. Partial Destruction If the loss or damage is less than "very substantial", as hereinafter defined, then the Condominium Property shall be reconstructed or repaired and, if the net insurance proceeds available for such restoration are not sufficient, the Unit Owner shall be specifically assessed for the additional amount necessary to effect the reconstruction and repair thereof.

15.1.2. Very Substantial Damage As used herein, the term "very substantial damage" shall mean damage whereby 75% or more of the amount of casualty insurance required in Section 15 hereof becomes payable; damage whereby the cost of reconstruction and repair exceeds 75% of the appraised value of the Condominium Parcel, exclusive of Land, immediately prior to said loss or damage; or damage whereby 75% or more of the Units in the Building are rendered untenable. Estimates and appraisals required pursuant to the foregoing sentence shall be made by qualified persons designated by the Association. Should "very substantial damage" occur, then:

(i) The Directors of the Association shall promptly obtain reliable and detailed estimates of the cost of repair and restoration thereof and ascertain the net amount of insurance proceeds available for repair and restoration.

(ii) A membership meeting of Unit Owners in the damaged Condominium Building shall be called by the Directors of the Association, to be held not later than thirty (30) days after the casualty, to determine the wishes of the Members owning Units in the damaged Building with reference to the abandonment and termination of the Condominium or the repair and reconstruction of the Condominium Building, subject to the following:

If the net insurance proceeds available for restoration and repair are sufficient to cover all costs thereof so that no special Assessment is required, then the Building shall be repaired and restored unless 75% of the Members in the damaged Building shall vote to abandon Condominium ownership thereof, in which case, Condominium ownership of the Condominium Building shall be terminated as hereinafter provided. Each Unit Owner shall be obligated to replenish and replace insurance funds paid or payable to the mortgagee holding a mortgage on said Owner's Unit.

If the net insurance proceeds available for restoration and repair are insufficient to cover the cost thereof so that a special Assessment shall be required to augment the insurance proceeds with sufficient funds to cover the cost of said restoration and repair, then the Condominium shall be abandoned and Condominium ownership terminated unless a majority of the Members owning Units within the damaged Building present and voting shall consent to such restoration and such Assessment, in which event all such Unit Owners shall be bound. Such Assessment need not be uniform as to all Units, but may be in accordance with such factors as the Board shall consider to be fair and equitable under the circumstances. Any and all funds received from the Unit Owners pursuant to such Assessment shall be delivered to the Insurance Trustee for disbursement. Nothing herein contained is intended to bar the creation of another condominium or condominiums affecting all or any portion of the same Property.

15.1.3. Certificate The Insurance Trustee may rely upon a certificate of the Association made by its President or Secretary to determine whether or not the Unit Owners, where so provided, have made a decision whether or not to reconstruct or repair.

15.2 Plans and Specifications Any reconstruction or repair must be substantially in accordance with the architectural plans and specifications of the original Building and Improvements; or, if not, then according to

plans and specifications approved by the Board of Directors of the Association and with the approval of the Institutional Mortgagee holding the greatest dollar amount of first mortgages on Units in the Condominium Property and the entity providing construction mortgage financing for the existing Improvements, until such construction loan has been satisfied, which approvals shall not be unreasonably withheld.

15.3 Responsibility If the damage is only to those parts of Units for which the responsibility of maintenance and repair is that of Unit Owners, then the Unit Owners shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association. The Association is hereby irrevocably appointed agent for each Unit Owner for the purpose of compromising and settling claims arising under insurance policies purchased by the Association, and to execute and deliver releases therefor upon the payment of the claims.

15.4 Fund for Reconstruction and Repair The funds for the payment of costs for reconstruction and repair after casualty shall consist of the proceeds of insurance and funds collected by the Association from special Assessments against Unit Owners for such purpose, all of which shall be held and disbursed by the Insurance Trustee as provided in Section 15 hereof. Notwithstanding anything herein contained to the contrary:

15.4.1. Personal Property Insurance proceeds and Assessments received for the loss or damage to personal property owned by the Association shall be paid, held and disbursed by the Association pursuant to the terms of this Declaration.

15.4.2. Small Fund Should the insurance proceeds resulting from a casualty claim and Assessments to be used for reconstruction and repair after casualty be less than \$25,000, such sum need not be deposited with the Insurance Trustee but shall be paid directly to the Association to be held and disbursed for reconstruction and repair.

SECTION 16: CONDEMNATION

16.1 Deposit of Awards with Insurance Trustee The taking of Condominium Property by condemnation shall be deemed to be a casualty, and the awards for that taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the Insurance Trustee. Even though the awards may be payable to Unit Owners, the Unit Owners shall deposit the awards with the Insurance Trustee; and, in the event of failure to do so, in

the discretion of the Board of Directors of the Association, a special Assessment shall be made against a defaulting Unit Owner in the amount of his award, or the amount of that award shall be set off against the sums hereafter made payable to that Owner.

16.2 Determination Whether to Continue Condominium

Whether the Condominium will be continued after condemnation will be determined in the manner provided for determining whether damaged Property will be reconstructed and repaired after a casualty.

16.3 Disbursement of Funds

If the Condominium is terminated after condemnation, the proceeds of the awards and special Assessments will be deemed to be Condominium Property and shall be owned and distributed in the manner provided for Insurance proceeds if the Condominium is terminated after a casualty. If the Condominium is not terminated after condemnation, the size of the Condominium will be reduced, the Owners of the condemned Units will be made whole, and the Property damaged by the taking will be useable in the manner provided below. The proceeds of the awards and special Assessments shall be used for these purposes and shall be disbursed in the manner provided for disbursement of funds by the Insurance Trustee after a casualty.

16.4 Unit Reduced But Tenantable

If the taking reduces the size of a Unit, and the remaining portion of the Unit can be made tenantable (in the sole opinion of the Association), the award for the taking of a portion of the Unit shall be used for the following purposes in the order stated and the following changes shall be effected in the Condominium.

16.4.1. Restoration of Unit

When the Unit shall be made tenantable, if the cost of the restoration exceeds the amount of the award, the additional funds required shall be assessed against the Owner of the Unit.

16.4.2. Distribution of Surplus

The balance of the award in respect of the Unit, if any, shall be distributed to the Owner of the Unit and to each mortgagee of the Unit, the remittance being made payable jointly to the Owner and such mortgagees.

16.4.3. Adjustment of Shares in Common Elements

If the floor area of the Unit is reduced by the taking, the percentage representing the share in the Common Elements and of the Common Expenses and Common Surplus appurtenant to the Unit shall be reduced by multiplying the percentage of the applicable Unit prior to reduction by a fraction, the numerator of which shall be the area in square feet of the Unit after the taking and the denominator of which shall be

the area in square feet of the Unit before the taking. The shares of all Unit Owners in the Common Elements, Common Expenses and Common Surplus shall then be restated as follows:

(i) Add the total of all percentages of all Units after reduction as aforesaid (the "Remaining Percentage Balance"); and

(ii) Divide each percentage for each Unit after reduction as aforesaid by the Remaining Percentage Balance.

The result of such division for each Unit shall be the adjusted percentage for such Unit.

16.5 Unit Made Untenantable If the taking is of the entire Unit or so reduces the size of a Unit that it cannot be made tenantable (in the sole opinion of the Association), the award for the taking of the Unit shall be used for the following purposes in the order stated and the following changes shall be made to the Condominium:

16.5.1. Payment of Award The award shall be paid first to the Institutional Mortgagee holding a first mortgage on the Unit in an amount sufficient to pay off the mortgage due from the Unit those Units which is not tenantable; second, to Bankers Trust Company, or its assignee, but only if the mortgage it holds is a record lien against the Condominium at the time such award is paid; third, to the other mortgagees of the affected Unit to the extent of their respective liens; and fourth, to the affected Unit Owner. In no event shall the total of such distributions in respect of a specific Unit exceed the market value of such Unit immediately prior to the taking. The balance, if any, shall be applied to repairing and replacing the Common Elements.

16.5.2. Addition to Common Elements The remaining portion of the Unit, if any, shall become part of the Common Elements and shall be placed in a condition allowing, to the extent possible, for use by all of the Unit Owners in the manner approved by the Board of the Association; provided that, if the cost of the work therefor shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for further improvements to the Common Elements.

16.5.3. Adjustment of Shares in Common Elements The shares in the Common Elements, Common Expenses and Common Surplus appurtenant to the Unit that continues as part of the Condominium shall be adjusted to distribute the shares in the Common Elements, Common Expenses and Common Surplus among the reduced number of Unit Owners (and among reduced Units). This shall be effected by restating the shares of continuing Unit Owners as follows:

(1) Add the total of all percentages of all Units of continuing Owners prior to this adjustment, but after any adjustments made Subsection 16.4.3. hereof (the "Percentage Balance"); and

(ii) Divide the percentage of each Unit of a continuing Owner prior to this adjustment, but after any adjustments made necessary by Subsection 16.4.3 hereof, by the Percentage Balance.

The result of such division for each Unit shall be the adjusted percentage for such Unit.

16.5.4 Assessments If the amount of the award for the taking is not sufficient to pay the market value of the condemned Unit to the Owner and to re-condition the remaining portion of the Unit for use as a part of the Common Elements, the additional funds required for those purposes shall be raised by Assessments against all of the Unit Owners who will continue as Owners of Units after the changes in the Condominium effected by the taking. The Assessments shall be made in proportion to the share of those Owners in the Common Elements after the changes effected by the taking.

16.5.5 Arbitration If the market value of a Unit prior to the taking cannot be determined by the agreement between the Unit Owner and Institutional Mortgagees of the Unit and the Association within thirty (30) days after notice by either party, the value shall be determined by arbitration in accordance with the existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance upon the decision rendered by the arbitrators may be entered in any court of competent jurisdiction. The cost of arbitration proceedings shall be assessed against all Unit Owners in proportion to the shares of the Owners in the Common Elements as they exist prior to the changes effected by the taking.

16.6 Taking of Common Elements Awards for the taking of Common Elements shall be used to make the remaining portion of the Common Elements useable in the manner approved by the Board of Directors of the Association; provided that, if the cost of the work shall exceed the balance of the funds from the awards for the taking, the work shall be approved in the manner elsewhere required for further improvement of the Common Elements. The balance of the award for the taking of Common Elements, if any, shall be distributed to the Unit Owners in the shares in which they own the Common Elements after adjustment of these shares on account of the condemnation. If there is a

mortgage on a Unit, the distribution shall be paid jointly to the Owner and the mortgagee of the Unit.

16.7 Amendment of Declaration The changes in Units in the Common Elements and in the ownership of the Common Elements that are effected by condemnation shall be evidenced by an Amendment of the Declaration that may be approved only by a majority of the Board of the Association.

SECTION 17: CONVEYANCE, SALE, LEASE OR OTHER TRANSFER

In order to maintain a community of congenial residents, protect the value of the Units and to assure the financial ability of each Unit Owner to pay Assessments, the transfer of Units by an Owner shall be subject to the following provisions which each Unit Owner covenants to observe.

17.1 Transfers Subject to Approval

17.1.1. Sale and Gift A Unit Owner may not sell, convey or transfer a Unit or any interest therein without the approval of the Association.

17.1.2. Lease A Unit Owner may not lease a Unit or any interest therein for a term of less than thirty (30) consecutive days nor more than one hundred eighty (180) consecutive days without the approval of the Board.

17.2 Transfers Not Subject to Approval

17.2.1. Devise or Inheritance If any Unit Owner shall acquire his title by devise or inheritance, the same shall not be subject to the approval of the Association.

17.2.2. Family Transfers Any transfer of a Unit to the Unit Owner's spouse or children shall not be subject to the approval of the Association.

17.2.3. Seasonal Leasing Any lease of a Unit for thirty (30) or more consecutive days and less than 181 consecutive days shall not be subject to approval of the Association. Except for the limitations contained in Section 17.1.2. herein, a Unit Owner may lease his Unit to any responsible adult provided, however, that the Unit Owner shall be responsible to the Association for the repair or replacement of any property of the Association damaged or destroyed by the lessee, or guests, invitees, or visitors thereof. Written notice of the rental to said lessee, together with a listing of all proposed occupants, the names, ages, occupations and permanent addresses thereof, shall be furnished by the Unit Owner or its agent to the Secretary of the Association (or the representative of the Association upon the premises in the absence of the

Secretary) no less than 24 hours prior to the time of occupancy by said lessee.

17.3 Approvals The approvals when required for the transfer of ownership or lease of a Unit shall be obtained in the following manner:

17.3.1. Notice to Association

(I) Sale A Unit Owner intending to make a bona fide sale of his Unit or any interest therein shall give to the Association notice, in writing, of such intention, together with the name and address of the intended purchaser and such other information concerning the intended purchaser as the Association may reasonably require. Such notice may include a demand by the Unit Owner that the Association furnish a purchaser if the proposed purchaser is not approved and, if such demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell, which contract shall be executed by the purchaser and seller and is to contain a provision reciting that the contract is subject to the approval of the Association as provided in the Declaration of Condominium, or words of similar effect.

(II) Lease A Unit Owner intending to make a bona fide lease of his Unit for a term which requires approval shall give to the Association notice, in writing, of such intention, together with the name and address of the intended lessee, such other information concerning the intended lessee as the Association may reasonably require.

(III) Gift A Unit Owner intending to make a gift or other transfer of his Unit or any interest therein shall give to the Association notice, in writing, of such intention, together with the name and address of the intended grantee, such other information concerning the intended grantee as the Association may reasonably require, and an executed copy of the proposed documents of conveyance.

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

17.3.2. Certificate of Approval Within thirty (30) days after receipt of notice to the Association as required above, the Association shall either approve or disapprove the proposed transaction. All approvals shall be evidenced by certificates executed by the President or Vice

President or Secretary of the Association which certificates shall be in recordable form, delivered to the seller, and recorded in the Public Records of St. Lucie County, Florida, except that Certificates of Approval relating to the transfer of a leasehold interest are to be in non-recordable form. If the prospective transferee of a Unit or an interest therein is a corporation, trust or other non-personal entity, the approval may be conditioned upon the requirement that all persons occupying the Unit be approved by the Association.

17.4 Disapproval by Association If the Association shall disapprove of the sale, lease, conveyance or transfer of a Unit, which transaction is subject to the approval of the Association, the following provisions shall be applicable to the transaction:

17.4.1. Sale Within thirty (30) days after receipt by the Association of the documents described in Section 17.3 hereof, the Association shall deliver or mail by certified mail to the Unit Owner an agreement to purchase, duly executed by a purchaser who may be the Association or a purchaser approved by the Association. The Unit Owner shall sell the Unit upon the following terms:

(i) The price to be paid by the purchaser provided by the Association shall be the same as that stated in the disapproved contract of sale. The terms, conditions and provisions of the contract of sale shall be as stated in the disapproved contract except that the purchaser may elect to pay all cash at the time of closing. The duty and obligation of the Unit Owner to sell the Unit in compliance with the provisions contained herein is enforceable by the Association or the purchaser by specific performance in any court of competent jurisdiction against the Unit Owner executing the contract of sale with a purchaser disapproved by the Association, whether or not the Unit Owner executes a contract of sale with the purchaser approved by the Association.

(ii) The sale shall be closed within thirty days after the delivery or mailing to the Unit Owner of the agreement to purchase, or upon the date set forth in the contract of sale in which the purchaser was disapproved by the Association, whichever is the later.

(iii) If the Association shall fail to purchase or provide a purchaser upon the demand of the Unit Owner in the manner provided, or if a purchaser provided by the Association shall default in the agreement, the proposed transaction shall be deemed to have been approved by the Association and the Association shall forthwith furnish a Certificate of Approval as elsewhere provided.

17.4.2. Lease If the Unit Owner shall be advised in writing of the Association's disapproval of the lease, then the lease shall be void and of no effect and the lessee

shall have no leasehold interest. Failure of the Association to approve or disapprove the rental or lease of the Unit within thirty (30) days after the notice is given shall constitute approval of the rental or lease.

17.4.3. Gift Within thirty (30) days after receipt by the Association of the documents described in Section 17.3 hereof, the Association shall deliver or mail by certified mail to the Unit Owner, an agreement to purchase executed by either the Association or a person approved by the Association. The Unit Owner shall sell the Unit upon the following terms:

(i) The sale price shall be the fair market value determined in the manner hereinafter provided. The duty and obligation of the Unit Owner to sell the Unit in compliance with the provisions contained herein is enforceable by the Association or the purchaser by specific performance in any court of competent jurisdiction against the Unit Owner executing the proposed document of conveyance.

(ii) The purchase price shall be paid in cash at closing and the closing shall be within thirty (30) days following the determination of the sale price.

(iii) If the Association shall fail to purchase or provide a purchaser as herein required, or if a purchaser furnished by the Association shall default in his agreement to purchase, then, notwithstanding the approval, such ownership shall be deemed to have been approved by the Association and the Association shall furnish a Certificate of Approval.

(iv) The fair market value of the Unit will be determined by one of the following methods: (a) by three M.A.I. appraisers, one of whom shall be selected by the proposed purchaser, one by the person holding title, and one by the two appraisers so selected; (b) by mutual agreement between the purchaser and the person holding title; (c) by one M.A.I. appraiser mutually agreed upon by the purchaser and the person holding title. All costs for such appraisal shall be paid by the purchaser.

17.5 Separation of Interests A transfer of a Unit shall include all appurtenances and appurtenances may not be separated, hypothecated, or subject to partition.

17.6 Construction Mortgagee The entity providing the construction mortgage financing for the Improvements, or its designee, shall have, regarding transfers, the same rights, duties and obligations as the Developer.

SECTION 18: MORTGAGING

18.1 Consent No Unit Owner may mortgage his Unit or any interest therein without the approval of the

Association, except to an Institutional Mortgagee or to a purchase money mortgagee accepted by a Unit Owner as part of a sales transaction of the Unit or to the Federal National Mortgage Association, Government National Mortgage Association and Federal Home Loan Mortgage Corporation as the transferee of a mortgage encumbering any Unit which mortgage was originally held by an Institutional Mortgagee. The term "Institutional First Mortgagee" shall mean such Institutional Mortgagee whose mortgage is a first mortgage lien on the Unit. The approval or disapproval of any other mortgagees shall be within the sole and absolute discretion of the Board.

18.2 Rights of Institutional Mortgagee in Event of Foreclosure Notwithstanding any provisions in the Declaration to the contrary, an Institutional First Mortgagee (other than a purchase money mortgagee which is not an institution described in Section 18.1 hereof), or Bankers Trust Company, upon becoming a Unit Owner through foreclosure or by deed in lieu of foreclosure, or whomsoever shall become a Unit Owner as a result of a foreclosure sale by an Institutional First Mortgagee or as a result of a foreclosure sale by Bankers Trust Company, shall have the unqualified right to sell, lease, mortgage or otherwise transfer or encumber said Unit without prior approval of the Board, and the provisions of Section 17, Sale and Lease, hereof shall not apply to such persons.

18.3 Rights of Institutional Mortgagee to Receive Notices Upon receipt by the Association from any Institutional Mortgagee of a copy of the mortgage held by such mortgagee on a Unit, the Association shall timely deliver to such mortgagee the following:

18.3.1. Thirty (30) days prior written notice of the cancellation or termination by the Association of any policy of insurance held by the Association;

18.3.2. Written notice of any damage to the Common Elements, the cost of repair of which is estimated by the Association to be in excess of \$10,000;

18.3.3. Written notice of any damage to a Unit encumbered by a mortgage held by the Institutional Mortgagee in question, the cost of repair of which is estimated by the Association to be in excess of \$1,000;

18.3.4. Written notice of any damage or destruction of the Condominium Property or any portion thereof which gives rise to net insurance proceeds therefor being available for distribution to any Unit Owner or Owners;

18.3.5. Written notice of any condemnation or eminent domain proceeding or proposed acquisition arising therefrom with respect to the Condominium Property;

18.3.6. Written notice of any material amendment to this Declaration or the abandonment or termination of this Declaration and the Condominium; and

18.3.7. Written notice of any default in the performance by the Unit Owner whose Unit is encumbered by the mortgage of any obligation of such Unit Owner under the Condominium Documents which is not cured within sixty (60) days of such default.

18.4 Right of Institutional Mortgagee to Examine Books and Records Institutional Mortgagees shall have the right to inspect the books and records of the Association.

SECTION 19: RESTRAINT UPON SEPARATION AND PARTITION

Any transfer of a Condominium Parcel must include all elements thereof as aforescribed and appurtenances thereto whether or not specifically described including, but not limited to, the Condominium Parcel Owner's share in the Common Elements, the Unit, and the Association Membership. Therefore, the percentage of the undivided interest in the Common Elements appurtenant to each Condominium Parcel shall remain undivided and no Unit Owner shall bring any action for partition or division.

The provisions of Section 718 of the Act are specifically incorporated into this Declaration. Thus, any instrument, whether a deed, mortgage, or otherwise, which describes only a portion of any Unit, shall be deemed to describe such entire Unit and the interest in the Common Elements appurtenant thereto.

SECTION 20: COSTS AND ATTORNEY'S FEES

In any proceeding arising because of an alleged failure of a Unit Owner to comply with the terms of the Declaration, By-Laws, and rules and regulations adopted pursuant thereto, as same may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the court, provided no attorney's fees may be recovered against the Association in such action.

In addition to the foregoing, if a Unit Owner fails to comply with the terms of this Declaration, the By-Laws, and the rules and regulations adopted pursuant thereto, as same may be amended from time to time, and as a result of such failure it becomes necessary for either the Association or its agent to employ an attorney in order to insure that the Unit Owner complies with his said obligation, then and in such event, the Unit Owner will be obligated to reimburse the

Association for the costs of such attorney's fees, regardless of whether or not suit may be instituted, and until paid, such costs shall be a lien against the Unit.

SECTION 21: NO WAIVER OF RIGHTS

The failure of the Association, or any Unit Owner to enforce and covenant, restriction, or other provision of the Condominium Act, this Declaration, the Articles of Incorporation or the By-Laws of the Association, or the rules and regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

SECTION 22: COMPLIANCE AND DEFAULT

Each Unit Owner shall be governed by and comply with the terms of this Declaration, the Articles of Incorporation and the By-Laws and such rules and regulation adopted pursuant thereto and as they may be amended from time to time. Failure of a Unit Owner to comply therewith shall entitle the Association or other Unit Owners to the following relief in addition to other remedies provided in this Declaration, the Condominium Act, or other laws of the State of Florida:

22.1 Negligence A Unit Owner shall be liable for the expenses of any maintenance, repair or replacement rendered necessary by his negligent or careless act or by that of any member of his family, his lessees, or his or their guests, invitees, employees, or agents, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association.

22.2 Actions The failure of a Unit Owner to comply with the terms of the Declaration, the Articles of Incorporation or the By-Laws, or the rules and regulations adopted pursuant thereto as they may be amended from time to time, shall entitle the Association or any other Unit Owner to recover sums due for damages or injunctive relief or both and reasonable attorney fees and costs. Such relief shall not be exclusive of other remedies provided by law. Actions against all Unit Owners may be by class action and the Association shall be deemed as a fair representative of the Unit Owners.

SECTION 23: AMENDMENTS OF THE DECLARATION

23.1 Amendments-General Except as to matters described in Subsections 23.2, 23.3, 23.4, 23.5, and 23.6 herein, this Declaration may be amended by the affirmative vote of not less than two-thirds (2/3) of the Members entitled to vote at any regular or special meeting of the Unit Owners called and held in accordance with the By-Laws; provided, however, that any such amendment shall also be

approved or ratified by a majority of the Board. Such amendment shall be evidenced by a certificate executed by the Association in recordable form in accordance with the Act, and a true copy of such amendment shall be mailed via certified mail by the Association to all Institutional Mortgagees. The amendment shall become effective upon the recording of such certificate amongst the Public Records of St. Lucie County, Florida; provided, however, such certificate shall not be so recorded until thirty (30) days after the mailing of a copy thereof to all Institutional Mortgagees, unless such thirty-day period is waived in writing by all Institutional Mortgagees.

23.2 Amendments- Configuration of Units, etc. No amendment of the Declaration shall change the configuration or size of any Unit in any material fashion, materially alter or modify the appurtenances to such Unit, change the proportion or percentage by which any Unit Owner shares the Common Expenses or the Common Surplus or Common Elements, nor change any Unit Owner's voting rights in the Association, unless all of the record Owners of such Units and all of the Institutional Mortgagees of record holding mortgages on such Units shall join in the execution of the amendment and all other Owners of record of Units approve the execution of the amendment and all other Owners of record of Units approve the amendment. Any such amendment as hereinabove set forth in this Paragraph shall be voted on at a special meeting of the affected Unit Owners and their consent thereto shall be evidenced by a certificate joined in and executed by such Unit Owners and all Institutional Mortgagees holding mortgages thereon and recorded in the same manner as amendments provided in Subsection 23.1 herein.

23.3 Association's Right to Amend Declaration Whenever it shall appear to the Board that there is defect, error or omission in this Declaration or any other documentation required by law to establish this Condominium, the Association, through its Board, shall immediately call a special meeting of the Members to consider amending the Declaration or such other documents in accordance with Section 718 of the Act. Upon the affirmative vote of at least one-fourth (1/4) of the Members, with more such affirmative votes than negative votes, the Association shall amend the appropriate documents to correct such defect, error, or omission, and a true copy of such amendment shall be mailed via certified mail by the Association to all Institutional Mortgagees. Such amendment shall become effective upon the recording of the certificate amongst the Public Records of St. Lucie County, Florida, but such certificate shall not be recorded until thirty (30) days after the mailing of a copy thereof to all Institutional Mortgagees, unless such thirty-day period is waived in writing by all Institutional Mortgagees.

23.4 Amendment Due to Scrivener's Error If it appears that through scrivener's error a Unit has not been designated as owning an appropriate undivided share of the Common Elements or does not bear an appropriate share of the Common Expenses, or that all the Common Expenses or interest in the Common Surplus or all of the Common Elements in the Condominium have not been distributed in this Declaration, so that the sum total of the shares of Common Elements which have been distributed or the sum total of the shares of Common Expenses or ownership of Common Surplus falls to equal one hundred (100%) per cent or if it appears that more than one hundred (100%) per cent of the Common Elements or Common Expenses or ownership of the Common Surplus have been distributed, the error may be corrected by filing an amendment to this Declaration approved by the Board of Directors of the Association or a majority of the Unit Owners. To be effective, the amendment must be executed by the Association and the Unit Owners and the owners of mortgages thereon affected by the modification being made in the shares of Common Elements, Common Expenses, or Common Surplus. No other Unit Owner is required to join in or execute the amendment. The provisions of Section 718 of the Act are specifically incorporated herein.

23.5 Amendment-By-Laws This Declaration may be amended in the same manner as required for an amendment to the By-Laws when the Declaration is being amended solely for the purpose of setting forth or affixing an amendment of the By-Laws thereto.

23.6 Non-Impairment of Right of Institutional Mortgagees No amendment of this Declaration or any Section or portion hereof shall be passed which shall impair or prejudice the rights or priorities of Institutional Mortgagees without the specific written approval of the Institutional Mortgagees in question, as the case may be, and the provisions of Section 23 hereof are covenants for the benefit of the Institutional Mortgagees and may not be amended without their prior written consent.

SECTION 24: TERMINATION

The Condominium shall terminate upon the occurrence of any of the following events:

24.1 Casualty Determination by the Unit Owners and Institutional Mortgagees not to reconstruct or to repair the premises after casualty as provided in Section 16 hereof.

24.2 Condemnation Determination by the Unit Owner and the Institutional Mortgagee not to reconstruct or to repair the premises after a taking as provided in Section 17 hereof.

24.3 Agreement By the consent of eighty (80%) per cent of the Unit Owners evidenced by a recorded instrument and upon the written consent of all of the holders of recorded Institutional Mortgages encumbering Condominium Units.

24.4 When Effective Termination of the Condominium and removal from the provisions of Chapter 718, Florida Statutes, shall be effective upon recordation in the Public Records of St. Lucie County, Florida, an instrument duly executed and authorized evidencing the termination of the Condominium.

24.5 Effect of Termination Upon termination of the Condominium and removal of the Condominium Property from the provisions of Chapter 718, Florida Statutes, the Condominium Property shall be owned in common by the Unit Owners in the same undivided shares as each Unit Owner previously owned in the Common Elements. All mortgages and other liens shall encumber the undivided share in the Condominium Property attributable to the Unit originally encumbered by the mortgage or lien in its same priority.

24.6 Formation of New Condominium The termination of this Condominium shall not bar the creation of another condominium affecting all or a portion of the same Property.

SECTION 25: APPORTIONMENT OF TAX OR SPECIAL ASSESSMENT IF LEVIED AND ASSESSED AGAINST THE CONDOMINIUM AS A WHOLE

25.1 Ad Valorem Taxes In the event that any taxing authority having jurisdiction over this Condominium shall levy or assess any tax or special assessment against this Condominium as a whole rather than levying and assessing such tax or special assessment against individual Units, such tax (the "New Tax") shall be paid as a Common Expense by the Association. Any New Tax shall be included, if possible, in the estimated annual budget of the Association or, if not possible, shall be separately levied and collected as a special Assessment by the Association against all of the Unit Owners. Each Unit Owner shall be assessed by and shall pay to the Association a fraction of the New Tax equal to that percentage by which such Unit Owner shares in the Common Elements. In the event that any New Tax shall be levied, then the Association shall separately specify and identify that portion of the annual budget or of the special assessment attributable to such New Tax, and the portions of such New Tax allocated to a Unit shall be and constitute a lien upon such Unit to the same extent as though such New Tax had been separately levied by the taxing authority upon each Unit.

25.2 Other Taxes All personal property taxes levied or assessed against personal property owned by the

Association and all Federal and State income taxes levied and assessed against the Association shall be paid by the Association and shall be included as a Common Expense in the annual budget of the Association.

SECTION 26: UNIT OCCUPANCY AND USE RESTRICTIONS

In order to provide for congenial occupancy of the Condominium Property and for the protection of the values of the Units, the use of the Condominium Property shall have the following restrictions which shall be applicable to and be covenants running with the Land of the Condominium.

26.1 Occupancy Each Unit may only be occupied and used for residential purposes by a single family. A corporation may own a Unit.

26.2 Use No unlawful use shall be made of the Condominium Property or any part thereof and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. No separate part of a Unit may be rented and no trade business, profession or other type of commercial activity may be conducted in a Unit. Time share estates may not be created with respect to any Units herein.

26.3 Signs No "For Sale" or "For Rent" signs or other displays or advertising shall be maintained or permitted on any part of the Common Elements or Units except upon such bulletin board, as may be from time to time established and authorized by the Board of Directors.

26.4 Exterior Appearance No clothes, sheets, blankets, laundry of any kind, or other articles shall be hung out or exposed from any Unit balcony, or Limited Common Elements, or Common Elements, or Condominium Property. No reflecting materials including shades, screens, mirrors or otherwise shall be affixed to windows or glass doors in a manner that causes reflecting light to affect other Unit Owners. The Common Elements, Limited Common Elements and Condominium Property shall be kept free and clear of rubbish, debris and other unsightly material. Nothing shall be hung or displayed on the outside walls of the Condominium Building. No awning, canopy, shade, window guard, ventilator, fan, air-conditioning device, radio or television antenna may be affixed to or placed upon the exterior walls, roof, patio, or balcony, or any part thereof, nor may a balcony be enclosed, painted or altered in any way that would affect the exterior appearance without the prior consent of the Association. Should any of the foregoing provisions be breached, the Association shall have the right to restore or correct the condition causing the breach, at the cost of the Unit Owner or Owners in violation thereof, and the Association shall have a lien upon the Unit

or Units in violation of this provision for said costs as provided in the Declaration.

26.5 Pets A Unit Owner shall not keep a pet in his Unit, unless specifically permitted under the rules and regulations which may be promulgated by the Association from time to time, nor shall a Unit Owner keep any other animals, livestock or poultry in his Unit, nor may any of the same be raised, bred, or kept upon the Common Elements or any portion of the Condominium Property.

26.6 Vehicles A Unit Owner shall not be permitted to keep any commercial vehicle, trailer, or boat on any portion of the Condominium Property, unless if specifically permitted to do so by the rules and regulations.

26.7 Balconies No Unit Owner shall cause or permit any balcony which is appurtenant to his Unit to be enclosed, covered by an awning or otherwise, increased in size, or the configuration thereof altered, nor any improvements or changes made thereto, or to the exterior of the Building including, but not limited to, painting or other decoration of any aesthetic nature, the installation of electrical wiring, television antenna, machines or air-conditioning units which may protrude through the walls or roof of the Building, nor change the appearance of any portion of the Building without the prior approval of the Association.

26.8 Hazardous Materials A Unit Owner shall not permit or suffer anything to be done or kept in his Unit which will increase the insurance rates on his Unit or the Common Elements.

26.9 Use of Common Elements The Common Elements shall be used only for furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

26.10 Nuisances No nuisances shall be allowed on the Condominium Property, nor shall any use or practice be allowed which is a source of annoyance to its residents or occupants or which interfere with the peaceful possession or proper use of the Condominium Property by its residents or occupants. No Unit Owner shall annoy other Unit Owners by unreasonable noises or otherwise, nor shall any Unit Owner commit or permit to be committed any nuisance or immoral or illegal act in his Unit or on the Common Elements.

26.11 Regulations Rules and regulations adopted in accordance with Section 9.3.5. of this Declaration.

26.12 Restrictions of Record Restriction, conditions and limitations as appear on Public Record.

26.13 Leases and Sales The leasing and sales of Units are restricted as provided in Section 17.

SECTION 27: MISCELLANEOUS PROVISIONS

27.1 Severability If any provision of this Declaration, the Condominium Documents or the Act is held to be invalid, it shall not affect the validity of the remaining portions there not affected.

27.2 Covenants Running with the Land All provisions of the Condominium Documents, including the Exhibits attached hereto and incorporated herein, constitute covenants running with the land and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto and every Unit Owner and claimant of the Land or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns shall be bound by all of the provisions of the Condominium Documents.

27.3 Controlling Document The provisions of this Declaration of Condominium shall be controlling over any conflicting or inconsistent provisions of any of the other Condominium Documents, including any and all such documents which by reference are made a part of the Declaration of Condominium which shall be construed or determined to impair any of the rights of Owners or Land encumbered by easements benefitting Unit Owners of the Association.

27.4 Headings The headings as herein used are for convenience and reference only and shall not be deemed to vary the content of this Declaration of Condominium.

27.5 Successors All rights, duties, and obligations of the Unit Owners herein granted, imposed and reserved shall be binding upon their heirs, personal representatives, successors and assigns, unless otherwise provided herein.

27.6 Governing Law Should any dispute or litigation arise between any of the parties whose rights or duties are affected or determined by this Declaration, the Exhibits annexed hereto, or the rules and regulations adopted pursuant to such documents, as the same may be amended from time to time, said dispute or litigation shall be governed by the laws of the State of Florida.

27.7 Waiver No provisions contained in this Declaration shall be deemed to have been waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

27.8 Ratification Each Unit Owner, by reason of having acquired Unit ownership (whether by purchase, gift,

operation of law, or otherwise), shall be deemed to have agreed that all the provisions of this Declaration, and the Articles and By-Laws of the Association, and the rules and regulations are fair and reasonable in all material respects.

27.9 Gender;Plurality Whenever the context so permits, the singular shall include the plural, the plural shall include the singular, and the use of any gender shall be deemed to include all genders.

27.10 Statutes Any reference to Chapter 718, Florida Statutes, 1991, is to that Chapter as it exists on the date this Declaration is executed.

EXHIBIT D

FILED
AUG 7 2 33 PM '91
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF INCORPORATION
OF
~~THE SANDS ON THE OCEAN, A CONDOMINIUM,~~
SECTION I ASSOCIATION, INC.
(A Florida Corporation Not-For-Profit)

In order to form a corporation not-for-profit, under and in accordance with Chapter 617 of the Florida Statutes, we, the undersigned, hereby associate ourselves into a corporation not-for-profit, for the purposes and with the powers hereinafter set forth and to that end, we do, by these Articles of Incorporation, certify as follows: The terms contained in these Articles, which are contained in the Condominium Act, Chapter 718, Florida Statutes, 1976, as heretofore amended (the "Act"), shall have the meanings of such terms as set forth in various sections of the Act, and for clarification the following terms will have the following meanings:

- A. "Act" means the Condominium Act, Chapter 718, Florida Statutes, 1976, as heretofore amended.
- B. "Administrator" and/or "Director" means a member of the Board.
- C. "Articles" means these Articles of Incorporation of the Association.
- D. "Assessment" means a share of the funds required for the payment of "Common Expenses" (as herein defined) which from time to time is assessed against a Unit Owner.
- E. "Association" means THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC., a Florida corporation not-for-profit, responsible for the operation of this Condominium.
- F. "Board" means the Board of Administration of the Association which is synonymous with the Board of Directors.
- G. "By-Laws" means the By-laws of the Association.
- H. "Common Elements" means all Land and all other portions of the Condominium Property not included in the Units.
- I. "Common Expenses" means the expenses for which the Unit Owners are liable to the "Association" (as herein defined), as set forth in various sections of the Act and in the Condominium Documents, which include costs of operation, maintenance, repair or replacement of the "Common Elements" (as herein defined), costs of carrying out the powers and duties of the Association, costs of fire and extended coverage insurance and any other expenses designated as "Common Expenses" by the Board.
- J. "THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I", or "THE SANDS ON THE OCEAN, SECTION I", or the "Condominium" mean certain land and improvements in St. Lucie County, Florida, which are hereafter submitted to condominium ownership pursuant to the "Declaration" (as herein defined).

K. "Condominium Documents" means in the aggregate the Declaration, these "Articles", the "By-Laws" (as herein defined) and all of the instruments and documents referred to therein and all amendments thereto.

L. "Condominium Property" means the Land and all improvements thereon (including the Units) and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

M. "Declaration" means the document by which the "Land and Improvements" (as defined in the Declaration) of THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I, are submitted to condominium ownership by Developer in accordance with the Act.

N. "Developer" means The Sands Ocean View Development, a Florida Partnership, and its successors and assigns; provided, however, a "Unit Owner" (as herein defined) shall not, solely by the purchase of a "Unit" (as herein defined), be deemed a successor or assign of Developer or of the rights of Developer under the Declaration, unless such Unit Owner is specifically so designated as a successor or assign of such rights in the respective instrument of conveyance or any other instrument executed by Developer.

O. "Limited Assessment" means a share of funds required to pay for repairs, replacement or modification of the "Limited Common Elements" (as herein defined) deemed by the "Board" (as herein defined) to be an expense which the Board, in its discretion, has determined must be paid by the Unit Owners of the Units having the right to use the Limited Common Elements in question.

P. "Limited Common Elements" means those Common Elements reserved in the Declaration for the use of a certain Unit or Units to the exclusion of other Units.

Q. "Member" means a member of the Association.

R. "Unit", as defined in the Act, is that part of the "Condominium Property" (as herein defined) which is subject to exclusive ownership.

S. "Unit Owner" or "Owner" is the owner of a Unit.

ARTICLE I

NAME

The name of this Association shall be THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC., whose present address is ~~3201~~ 3100 North A1A, Ft. Pierce, Florida 33450.

3100

2,494/9

ARTICLE II

PURPOSE OF ASSOCIATION

The purpose for which this Association is organized is to maintain, operate and manage THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I and to operate, lease, trade, sell and otherwise deal with the personal and real property thereof.

ARTICLE III

POWERS

The Association shall have the following powers, which shall be governed by the following provisions:

A. The Association shall have all of the common law and statutory powers of a corporation not-for-profit, which are not in conflict with the terms of the Condominium Documents or the Act.

B. The Association shall have all of the powers of a condominium association under the Act and shall have all of the powers reasonably necessary to implement the purposes of the Association, including, but not limited to, the following:

1. To make, establish and enforce reasonable rules and regulations governing THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I and the use of Units, Common Elements, Limited Common Elements, and Condominium Property;

2. To make, levy, collect and enforce Assessments against Unit Owners to provide funds to pay for the expenses of the Association and for the maintenance, operation and management of THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I in the manner provided in the Condominium Documents and the Act; and to use and expend the proceeds of such Assessments in the exercise of the powers and duties of the Association;

3. To maintain, repair, replace and operate the Condominium Property in accordance with the Condominium Documents and the Act;

4. To reconstruct improvements of the Condominium Property in the event of casualty or other loss;

5. To enforce by legal means the provisions of the Condominium Documents; and

6. To employ personnel, retain independent contractors and professional personnel, and enter into service contracts to provide for the maintenance, operation and management of the Condominium Property, and to enter into any other agreements consistent with the purposes of the Association.

ARTICLE IV

MEMBERS

The qualification of Members, the manner of their admission to membership in the Association, the manner of the termination of such membership and voting by Members shall be as follows:

A. Until such time as the Declaration is recorded in the Public Records of St. Lucie County, Florida, the Members of this Association shall be comprised solely of the Subscribers ("Subscriber Members") to these Articles and, in the event of the resignation or termination of any Subscriber Member, the remaining Subscriber Members may nominate and designate a successor Subscriber Member.

Each of the Subscriber Members shall be entitled to cast one vote on all matters requiring a vote of the Members.

B. Upon the Declaration being recorded in the Public Records of St. Lucie County, Florida, the Subscriber Members' rights and interests shall be automatically terminated and the Unit Owners (which in the first instance means the Developer as the owner of the Units) of Units then or thereafter, by amendment to the Declaration, included within THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I shall be entitled to exercise all of the rights and privileges of Members.

C. Membership in the Association shall be established by the acquisition of ownership of fee title to a Unit in THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I as evidenced by the recording of an instrument of conveyance amongst the Public Records of St. Lucie County, Florida, whereupon the membership in the Association of the prior Owner thereof, if any, shall terminate as to that Unit. Where title to a Unit is acquired from a party other than the Developer in the case of sale, acquisition, inheritance, devise, judicial decree or otherwise, the person or persons thereby acquiring such Unit shall not be a Member unless or until such acquisition is in compliance with Section 18 of the Declaration. New Members shall deliver a true copy of the deed or other instrument of acquisition of title to the Association.

D. No member may assign, hypothecate or transfer in any manner his membership in the Association or his share in the funds and assets of the Association except as an appurtenance to his Unit.

E. With respect to voting, the Members as a whole shall vote. Each Unit shall be entitled to only one vote, which vote shall be exercised and cast in accordance with the Declaration and By-Laws.

F. The following provisions shall govern the right of each Member to vote and the manner of exercising such right:

1. There shall be only one vote for each Unit, and if there is more than one Unit Owner with respect to a Unit as a result of the fee interest in such Unit being held by more than one person, such Unit Owners collectively shall be entitled to only one vote in the manner determined by the Declaration.

2. The Members shall elect the Board in the manner provided in Article IX of these Articles of Incorporation.

ARTICLE V

TERM

The term for which this Association is to exist shall be perpetual.

ARTICLE VI

SUBSCRIBERS

The names and residences of the Subscribers to these Articles of Incorporation are as follows:

JORGE DORTA-DUQUE

5645 SW 87 Street
Miami, Florida 33143

LUIS RABELL

3707 Le Jeune Road
Coral Gables, Florida 33134

RICHARD REMIREZ

1083 Jason Way
West Palm Beach, Florida 33406

ARTICLE VII

OFFICERS

A. The affairs of the Association shall be managed by a President, one or several Vice Presidents, a Secretary and a Treasurer and, if elected by the Board, an Assistant Secretary and an Assistant Treasurer, which officers shall be subject to the directions of the Board.

B. The Board shall elect the President, the Vice President, the Secretary, the Treasurer and as many other Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board shall from time to time determine appropriate. Such officers shall be elected annually by the Board at the first meeting of the Board; provided, however, such officers may be removed by such Board and other persons may be elected by the Board as such officers in the manner provided in the By-Laws. The President shall be an Administrator of the Association, but no other officer need be an Administrator. The same person may hold two offices, the duties of which are not incompatible; provided, however, the offices of President and Vice President shall not be held by the same person; nor shall the same person hold the office of President who holds the office of Secretary or Assistant Secretary.

ARTICLE VIII

FIRST OFFICERS

The names of the officers who are to serve until the first election of officers by the Board are as follows:

President	Jorge Dorta-Duque
Vice President	Luis Rabell
Secretary	Richard Ramirez
Treasurer	Jorge Galvez

ARTICLE IX

BOARD OF ADMINISTRATION

A. The number of Administrators on the first Board of Administration (the "First Board"), on the "Initial Elected Board" (as herein defined), and on all

Boards prior to the "Majority Election Meeting" (as herein defined) shall be three (3). The number of Administrators elected at, and subsequent to, the Majority Election Meeting shall be as provided in Paragraph F of this Article IX.

B. The names and addresses of the persons who are to serve as the First Board are as follows:

<u>NAME</u>	<u>ADDRESS</u>
JORGE DORTA-DUQUE	5645 SW 87 Street Miami, Florida 33143
LUIS RABELL	3707 Le Jeune Road Coral Gables, Florida 33134
RICHARD REMIREZ	1083 Jason Way West Palm Beach Florida 33406

Developer reserves the right to designate successor Administrators to serve on the First Board for so long as the First Board is to serve, as hereinafter provided.

C. Upon the conveyance by Developer of fifteen (15%) percent of the Total Units to Unit Owners other than Developer ("Purchaser Members"), the Purchaser Members shall be entitled to elect no less than one-third (1/3) of the Board, which election shall take place at a special meeting (the "Initial Election Meeting") to be called by the First Board within sixty (60) days of such conveyance. The Developer shall designate the remaining Administrators on the Board at the Initial Election Meeting. The Administrator to be so elected by the Purchaser Members and the Administrators to be designated by Developer are hereinafter collectively referred to as the "Initial Elected Board". The Initial Elected Board shall succeed the First Board upon their election and designation. Subject to the provisions of Paragraph D herein, the Initial Elected Board shall serve until the next "Annual Members Meeting" (as described in the By-Laws) whereupon one-third (1/3) of the Board shall be elected by all the Purchaser Members and the remaining members of the Board shall be designated by the Developer. Administrators shall continue to be so elected and designated at each subsequent Annual Members Meeting until such time as the Purchaser Members are entitled to elect not less than a majority of the Administrators on the Board.

D. Purchaser Members are entitled to elect not less than a majority of the Board upon the happening of any of the following events, whichever shall first occur (the "Majority Election Event"):

1. Three (3) years after fifty (50%) percent of the Total Units that will ultimately be operated by the Association have been conveyed to Purchaser Members as evidenced by the recording of instruments of conveyance amongst the Public Records of St. Lucie County, Florida; or

2. Three (3) months after ninety (90%) percent of the Total Units that will ultimately be operated by the Association have been conveyed to Purchaser Members as evidenced by the recording of Instruments of conveyance amongst the Public Records of St. Lucie County, Florida; or

3. When all of the Total Units that will ultimately be operated by the Association have been completed (as evidenced by the issuance of a Certificate of Occupancy for all of same) and some have been conveyed to Purchaser Members and none of the others are being offered for sale by the Developer in the ordinary course of business; or

4. When some of the Total Units that will ultimately be operated by the Association have been conveyed to Purchaser Members and none of the others which will ultimately be operated by the Association are being constructed or offered for sale by the Developer in the ordinary course of business.

E. The election of not less than a majority of Administrators by the Purchaser Members shall occur at a special meeting (the "Majority Election Meeting") to be called by the Board within sixty (60) days of the Majority Election Event.

F. At the Majority Election Meeting, Purchaser Members shall elect four (4) of the Administrators, and the Developer, until the "Developer's Resignation Event" (as that term is described in Paragraph I herein), shall be entitled to designate three (3) Administrators. Developer reserves the right, until the Developer's Resignation Event, to name the successor, if any, to any Administrators it has so designated.

G. The Board shall continue to be so elected and designated as described in Paragraph F above at each subsequent Annual Members Meeting until the Annual Members Meeting following the Developer's Resignation Event.

H. The Initial Election Meeting and Majority Election Meeting shall be called by the Association, through its Board, by written notice of such meeting which shall be forwarded to all Members in accordance with the By-Laws; provided, however, that the Members shall be given at least thirty (30) but not more than forty (40) days' notice of such meetings. The notices shall also specify the number of Administrators which shall be designated by Developer and the number of Administrators to be elected by the Purchaser Members.

I. Upon the earlier to occur of the following events ("Developer's Resignation Event"), the Developer shall cause all of its designated Administrators to resign:

(a) When the Developer no longer holds at least five (5%) percent of the Total Units for sale in the ordinary course of business; or

(b) When the Developer causes the voluntary resignation of all of the Administrators designated by it.

Upon the Developer's Resignation Event, the Administrators elected by Purchaser Members shall elect successor Administrators to fill the vacancies caused by the

resignation or removal of the Developer's designated Administrators. These successor Administrators shall serve until the next Annual Members Meeting and until their successors are elected and qualified.

J. At each Annual Members Meeting held subsequent to the year in which the Developer's Resignation Event occurs, all seven (7) of the Administrators shall be elected by the Members of the Association.

ARTICLE X INDEMNIFICATION

Every Administrator and every officer of the Association (and the Administrators and/or officers as a group) shall be indemnified by the Association against all expenses and liabilities including, but not limited to, damage to personal property and personal injury, and counsel fees (including, but not limited to, all trial and appellate levels) reasonably incurred by or imposed upon him or them in connection with any proceeding or litigation or settlement in which he may become involved by reason of his being or having been Administrator or officer of the Association. The foregoing provisions for indemnification shall apply whether or not he is an Administrator or officer at the time such expenses are incurred. Notwithstanding the above, in the event of a settlement, the indemnification provisions herein shall not be automatic and shall apply only when the Board approves such settlement and authorizes reimbursement for the costs and expenses of the settlement as in the best interest of the Association, and in instances where an Administrator or officer admits or is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties, the indemnification provisions of these Articles shall not apply. Otherwise, the foregoing rights to indemnification shall be in addition to and not exclusive of any and all rights of indemnification to which an Administrator or officer may be entitled whether by statute or common law.

ARTICLE XI BY-LAWS

The By-Laws of the Association shall be adopted by the First Board, and thereafter may be altered, amended or rescinded by the members and the Board in the manner provided for in the By-Laws and the Act.

ARTICLE XII AMENDMENTS

A. Prior to the recording of the Declaration amongst the Public Records of St. Lucie County, Florida, these Articles may be amended only by an instrument in writing signed by all of the Subscribers to these Articles and filed in the Office of the Secretary of State of Florida. The instrument amending these Articles shall identify the particular Article or Articles being amended and give the exact language of such amendment, and a certified copy of each such amendment shall

always be attached to any certified copy of these Articles and shall be an exhibit to the Declaration upon the recording of any such Declaration.

B. After the recording of the Declaration amongst the Public Records of St. Lucie County, Florida, these Articles may be amended in the following manner:

1. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting (whether of the Board or of the Members) at which such proposed amendment is to be considered; and

2. A resolution approving the proposed amendment may be first passed by either the Board or the Members. After such approval of a proposed amendment by one of said bodies, such proposed amendment must be submitted and approved by the other of said bodies. Approval by the Members must be by a vote of two-thirds (2/3) of the Members present at a meeting of the Members at which a quorum is present and approval by the Board must be by a majority of the Administrators present at any meeting of the Administrators at which a quorum is present.

C. No amendment may be made to the Articles which shall in any manner reduce, amend, affect or modify the terms, conditions, provisions, rights and obligations set forth in the Declaration.

D. A copy of each amendment shall be certified by the Secretary of State of Florida and recorded amongst the Public Records of St. Lucie County, Florida.

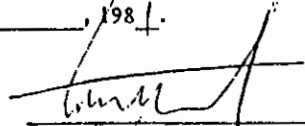
E. Notwithstanding the foregoing provisions of this Article XII, there shall be no amendment to these Articles which shall abridge, amend or alter the rights of the Developer, including the right to designate and select the Administrators as provided in Article IX hereof, without the prior written consent therefor by the Developer.

ARTICLE XIII

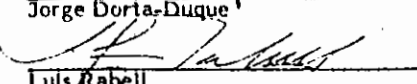
REGISTERED OFFICE AND REGISTERED AGENT

The street address of the initial Registered Office of the Association is 100 South Biscayne Boulevard, Suite 800, Miami, Florida 33131, and the initial Registered Agent of the Association at that address shall be MARC LIPSITZ, ESQUIRE, who shall also be Resident Agent.

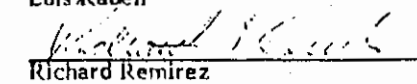
IN WITNESS WHEREOF, the Subscribers have hereunto affixed their signatures this 7 day of July, 1984.



Jorge Dorta-Duque



Luis Rabell

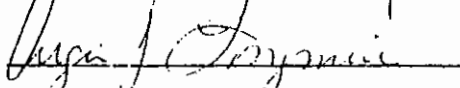


Richard Ramirez

STATE OF FLORIDA)
COUNTY OF DUNDEE) SS

I HEREBY CERTIFY that on this day, before me, a Notary Public duly authorized in the State and County named above to take acknowledgments, personally appeared Jorge Dorta-Duque, Luis Rabell, and Richard Ramirez, to me known to be the person(s) described as Subscribers in and who executed the foregoing Articles of Incorporation and they acknowledged before me that they executed the same for the purposes therein expressed.

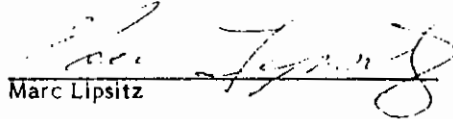
IN WITNESS WHEREOF, the Subscribers have hereunder affixed their signatures this 4 day of July, 1981.



Notary Public, State of Florida
My commission expires: Notary Public, State of Florida at Large
My Commission Expires Feb. 21, 1982
Bonded By American Title & Casualty Company

ACCEPTANCE

The undersigned hereby accepts the designation of Registered Agent and Resident Agent of THE SANDS ON THE OCEAN, A CONDOMINIUM, SECTION I ASSOCIATION, INC. as set forth in Article XIII of these Articles of Incorporation.


Marc Lipsitz