

**DECLARATION OF CONDOMINIUM
OF
BAY VILLAS**

A condominium

EUROPCO TREUHAND GMBH, Inc., the owner, hereinafter referred to as "Developer", on behalf of itself and its successors and assigns, and to its successors and assigns, does hereby declare that the land and improvements hereinafter described are and shall be dedicated to the condominium form of ownership as legally authorized by the legislature of the State of Florida pursuant to the provisions of Chapter 718, Florida Statutes, entitled "Condominium Act", in accordance with the terms and conditions of this Declaration of Condominium, as hereinafter set forth:

I.

NAME

The name by which this Condominium shall be entitled shall be Bay Villas, a Condominium.

II.

DESCRIPTION

The legal description of land submitted to the Act is attached as Exhibit A.

III.

DEFINITIONS

A. "Assessment" means a share of the funds required for the payment of Common Expenses which from time to time is assessed against the Unit Owner.

B. "Association" means Bay Villas Condominium Association, Inc., a non-profit corporation responsible for the operation of this Condominium.

C. "Board" or "Board of Directors" means the Board of Directors of Bay Villas Condominium Association, Inc.

D. "Common Elements" means the portions of Condominium Property not included in the Units, specifically including any space between ceilings and floors and walls separating Units and also space below the ground floor slab.

E. "Common Expenses" means the expenses for which the Unit Owners are liable to the Association in proportion to their ownership of Common Elements.

F. "Common Surplus" means the excess of all receipts of the Association, including but not limited to the assessments, rents, profits, and revenues on account of the Common Elements, over the amount of Common Expenses.

G. "Condominium" is that form of ownership created pursuant to the provisions of Chapter 718, Florida Statutes, which is comprised of units that may be owned by one or more persons, and there is, appurtenant to each unit, and undivided share in the Common Elements and the Common Surplus.

H. "Condominium Documents" means this Declaration, the By-Laws, the Articles of Incorporation and the Rules and Regulations of the Association, as each may be respectively amended from time to time.

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I. "Condominium Property" means and includes the land, land improvements, the improvements constituting the Units (including fixtures), the Common Elements, and the personal property owned by the Association and all easements and rights appurtenant thereto intended for use in connection with this Condominium.

J. "Developer" means Europco Treuhand GMBH, Inc., or its designated successors or assigns.

K. "Institutional First Mortgage" means a first mortgage originally executed and delivered to any bank, savings and loan association, Massachusetts business trust, insurance company, the Developer, mortgage company creating a first mortgage lien on any unit, or any mortgage executed by the Developer.

L. "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, and without limiting the foregoing specifically includes the exterior windows, entrance doors, balconies, patios and decks attached to a Unit.

M. "Majority" or Majority of Owners" means Unit Owners with a majority or more of the votes assigned in the By-Laws of the Association to the owners of Units for voting purposes.

N. "Management Agreement" means any management agreement entered into by the Board of Directors of the Association with any management company for the purpose of operating, maintaining, repairing, replacing and administering the Condominium Property.

O. "Operation" or "Operation of the Condominium" means and includes the administration and management of the Condominium Property.

P. "Person" means an individual, corporation, partnership, trust or other legal entity capable of holding title to real property, or any combination thereof.

Q. "Unit Owner" or "Owner" means the person or persons, whose estates or interests, individually or collectively aggregate fee simple ownership of a Unit.

R. "Unit" means a part of this Condominium Property which is subject to exclusive ownership, and as further described in paragraph VI. C. below and as designated on the Plot Plan attached hereto as Exhibit B.

IV.

DECLARATION AND EXHIBITS

The document by which the Condominium will be established is the Declaration of Condominium, hereinafter called Declaration, which sets forth the nature of the property rights in the Condominium and the covenants running with the land which govern those rights. Attached to this Declaration are the following Exhibits which are incorporated herein by reference:

A. Legal description of the land submitted to the Act is marked as Exhibit A.

B. Plot plan of property, location plan, floor plan and elevation, pursuant to the provisions of Chapter 718, Florida Statutes, duly certified as required under said Statute, which is marked as Exhibit B.

C. The Percentage Interest Chart which states the number of each Unit with each Unit's Percentage Interest in the Common Elements and Common Surplus and the Share of Common Expenses is marked as Exhibit C.

D. Articles of Incorporation of the Association, a non-profit corporation, which corporation will administer and operate the condominium for the use and benefit of the owners of the Units, which is marked Exhibit D.

E. By-Laws of the Association, which is marked Exhibit E.

V.

DEVELOPER'S RIGHTS

A. The Developer reserves the right to sell, repurchase, lease, mortgage, refinance, pledge or otherwise deal with all of the Units owned by it without the necessity of obtaining the approval of the Board of Directors or officers of the Association, or of the Association or any of the owners of any individual Units.

B. The Developer reserves the right to assign parking spaces.

C. The Developer shall have the right to control the Board of Directors of the Association in accordance with the provisions of Chapter 718.301, Florida Statutes.

D. The Developer shall pay regular maintenance assessments on all unsold Units in the same manner as all other Unit Owners.

E. The Developer shall have the right to transact on the Condominium Property any business necessary to complete any necessary work contemplated by it and the promotion and sale of Units, including but not limited to consummating the sale of Units, maintaining a general or sales office and model Units in the building, displaying signs and employing sales personnel and others for the consummation sale or employing independent real estate brokers or salesmen for the purpose of selling the Units. In this connection the Seller shall have full use of the Common Elements and the right to show Units. The Developer's office, signs, general office and sales office, fixtures, furniture and furnishings and any other tangible personal property owned by the Developer in connection with the development or sale of said Units shall remain the property of the Developer.

F. This Article shall not be subject to amendment without the written consent of the Developer.

VI.

OWNERSHIP OF UNITS, MAINTENANCE AND ALTERATIONS

Each Unit shall include the following interests, rights, easements and appurtenances in this Condominium:

A. Real Property: Each Unit, together with all appurtenances thereto, shall for all purposes constitute a separate parcel of real property which may be owned in fee simple and which may be conveyed, transferred and encumbered in the same manner as any other parcel of real property, independently of all other parts of the Condominium Property, subject only to the provisions of the Condominium Documents.

B. Possession: Each Unit Owner shall be entitled to the exclusive possession of his Unit.

C. 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:

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

(a) Upper Boundary. The horizontal plane of the unfinished lower interior surface of the ceiling.

(b) Lower Boundary. The horizontal plane of the upper unfinished surfaces of the floor slab.

(2) Perimetrical Boundaries. The perimetrical boundaries of the Unit shall be the following boundaries extended to an intersection with the upper and lower boundaries:

(a) Exterior Building Walls. The intersecting vertical planes, adjacent to and which include the interior unfinished surface of the outside walls of the building bounding a Unit and fixtures thereon. Exterior windows and entrance doors are not included in a Unit.

(b) Interior Building Walls. The vertical planes of the interior unfinished walls bounding a Unit extended to intersections with other perimetrical boundaries, and the vertical planes of any interior wall or column furnishing structural support to other Units or the Common Elements.

D. Appurtenances:

(1) The ownership of each Unit shall include, and there shall pass with each Unit as appurtenances thereto, whether or not separately described, all of the right, title and interest of a Unit Owner in the Condominium Property, which shall include but not be limited to an undivided share of the Common Elements and Common Expenses and shall have an undivided share in the Common Surplus; and each Unit Owner shall have the exclusive right to use such portion of the Common Elements as may be reserved for said Unit.

(2) The number of each Unit and the undivided share in the Common Elements, the Common Expenses and Common Surplus assigned to each Unit is set forth in Exhibit C. In the event of the termination of this Condominium, each Owner's interest in the Common Elements and the Common Surplus shall be in the proportion set forth in Exhibit C.

(3) The aggregate number of votes for all Unit Owners shall be 100, and shall be divided among the respective Unit Owners in accordance with each Unit's percentage of ownership in the Common Elements. All Unit Owners shall be members of the Association and entitled to vote their Units' respective vote in the affairs of the Association.

E. Easement to Air Space: The appurtenances shall include an exclusive easement to the use of the air space occupied by the Unit as it exists at any particular time and as the Unit may be altered or reconstructed from time to time, which easement shall be terminated automatically in any air space which is vacated from time to time.

F. Cross Easements: The appurtenances shall include the following easements from each Unit Owner to each other Unit Owner and to the Association.

(1) Ingress and Egress: Easements through the Common Elements for ingress and egress necessary to provide reasonable access to public ways.

(2) Maintenance, repair and replacement: Easements through the Units and Common Elements for maintenance, repair and replacement of the Units and Common Elements. Access to the Units shall be only during reasonable hours except that access may be had at any time in case of emergency. Access shall only be exercised by the Board of Directors or its authorized agents or employees.

(3) Support: Every portion of a Unit which contributes to the support of a building shall be burdened with an easement of support for the benefit of all other Units and Common Elements in a building.

(4) Utilities: Easements through the Units and Common Elements for conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services to other Units and the Common Elements, provided, however, that such easement through a Unit shall be only according to the plans and specifications for the building unless approved in writing by the Owner of the Unit.

G. Maintenance: The responsibility for maintenance shall be as follows:

(1) By the Association: The Association shall as a Common Expense maintain, repair and replace the following:

(a) Common Elements.

(b) All conduits, ducts, plumbing, wiring and other facilities used to furnish utility services which are contained in the portions of the Unit contributing to the support of a building or within interior boundary walls; and all such facilities contained within a Unit which service part or parts of the condominium in addition to the Unit within which contained.

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

(2) By the Unit Owner: The responsibility of the individual Unit Owner shall be as follows:

(a) To maintain, repair and replace, at Owner's expense, all portions of the Unit except the portions to be maintained, repaired and replaced by the Association.

(b) If due to the act or neglect of a Unit Owner, or his agent, servant, tenant, family member, invitee or licensee damage shall be caused to the Common Elements or to a

Unit or Units owned by other, or maintenance, repair or replacement are required which would otherwise be a Common Expense, then to pay for such damage or such maintenance, repair and replacement as may be determined by the Association.

(c) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of a building without the written consent of the Board of Directors of the Association.

(d) To promptly report to the Association any defect in or need for repairs to improvements which are the responsibility of the Association.

(3) Notwithstanding anything contained in this paragraph VI. G. to the contrary, at the discretion of the Board of Directors, maintenance of, repairs to and replacements of the Limited Common Elements and all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portion of the Unit contributing to the support of a building or within interior boundary walls and all such facilities contained within a Unit which service part or parts of the Condominium Property in addition to the Unit within which such facilities are contained, may be performed at the discretion of the Board of Directors and assessed in whole or in part to Unit Owners benefited thereby; and, further at the discretion of the Board of Directors, the Board of Directors may direct Unit Owners who stand to be benefited by such maintenance, repairs and replacements to arrange for such maintenance, repairs and replacements in the name of and in the account of such benefited Unit Owners pay the cost thereof with their own funds and procure and deliver to the Board such lien waivers and contractors and subcontractors' affidavits as may be required to protect the property from all mechanics' and materialmen's liens that may arise therefrom.

H. Alteration and Improvement: No Unit Owner shall make any alteration or do any work which would adversely affect the safety or soundness of the Common Elements or any portion of the Condominium Property.

Each Unit Owner shall have the right to make changes, alterations, or modifications within his Unit; provided, however, no such modification, alteration or change shall be made by said Unit Owner which will impair the structural strength of the building. Any such changes or modifications shall be done at the exclusive expense of said Unit Owner and neither the Association nor any of the other owners of Units in this shall be responsible for paying the cost of the same.

No Unit Owner may change, alter or modify the exterior appearance of his Unit or any Common Element without the prior written approval of the Board of Directors which approval may be arbitrarily withheld.

I. Common Elements: The Board of Directors of the Association shall have the power to rent or grant the use of such parts of the Common Elements including the parking spaces upon such terms and conditions as the Board of Directors deems appropriate. The Board of Directors shall also have the power to pay others or to subsidize others for the making available on the Condominium Property such goods and services as the Board deems appropriate.

VII.

ASSESSMENTS BY BOARD

A. Assessments Against Unit Owners: Assessments for Common Expenses and other charges against the Unit Owners shall be made, collected, secured by liens, and enforced in accordance with the By-Laws of the Association. Further, the Association shall be entitled to reasonable attorneys fees for collection of any unpaid assessment of any nature. The Board of Directors shall have the right to determine what expenses shall be Common Expenses.

B. Assessments Against First Mortgages, Etc.: In the event of foreclosure sale of a first mortgage encumbering a Unit, the purchaser at such sale, his successors or assigns, shall not be liable for the share of assessments pertaining to such Unit chargeable to the former owner of such Unit which became due prior to the foreclosure sale of such Unit. Such unpaid share of the assessment shall be an obligation of the former owner and if not collected may be deemed to be Common Expenses collectible from all of the Unit Owners, including the purchaser, his successors or assigns. The foregoing provision shall also be applicable to the conveyance of a Unit to a first mortgagee in lieu of foreclosure.

C. Liability For Assessments: The owner of a Unit and, in the event of a sale, his, her or its grantees, shall be jointly and severally liable for all unpaid assessments against the Unit. Such liability may not be avoided by waiver of the use or enjoyment of any common facilities or by abandonment of the Unit for which the assessments are made. Provided, however, a purchaser of a unit at a judicial sale shall be liable only for assessments coming due after such sale and for his units' portion of due assessments deemed Common Expenses for the period before the date of such sale.

VIII.

ADMINISTRATION

The administration of this Condominium, including the acts required to be performed by the Association by the Condominium Documents, the maintenance, repair and operation of the Common Elements, and the maintenance and repair of all portions of Units required to be maintained by the Association, shall be the responsibility of the Association and shall be governed by the following provisions:

A. The Association has been incorporated as a corporation not for profit under the laws of the State of Florida under Articles of Incorporation, a copy of which is attached hereto as Exhibit D.

B. The By-Laws of the Association are attached hereto as Exhibit E and shall remain in effect until such By-Laws are amended as therein provided.

C. The duties and powers of the Association, the exercise of which is vested in the Board of Directors, are those set forth in Chapter 617, Florida Statutes (Corporation Not For Profit), Chapter 718, Florida Statutes (Condominium Act), those duties and powers set forth in the Condominium Documents, together with those powers and duties reasonably implied to effect the purpose of the Association and this Condominium. Such powers and duties shall be exercised in the manner provided by the Condominium Documents. In the event of any dispute or disagreement between any Unit Owners relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, By-Laws or Articles, the determination thereof by the Board shall be final and binding on each and all such Unit Owners.

D. Notice: Notice for annual or special meeting of the Unit Owners may be given by the Association to Unit Owners and by Unit Owners to the Association in the manner provided for in the By-Laws of the Association.

E. Trust: All funds and the title to all properties acquired by the Association and the proceeds thereof shall be held only for the use and benefit of the Unit Owners and for the purposes herein stated.

F. Insurance: The insurance which shall be carried upon this Condominium Property shall be governed by the following provisions:

(1) Purchase; name insured:

(a) Purchase. The insurance policies upon the Condominium Property shall be purchased by the Association or its agent as directed by the Association and shall be issued by an insurance company authorized to do business in Florida.

(b) Name Insured. The name insured shall be the Association individually and as agent for the Unit Owners without naming them, and shall include the mortgagees of Units which are listed in the roster of mortgagees. Such policies shall provide that payments for losses thereunder by the insurer shall be paid to the Association. Unit Owners may obtain insurance coverage at their own expense for their own personal property, improvements to the Unit, personal liability and living expense.

(c) One copy of each insurance policy and of all endorsements thereon shall be mailed by the Association to each mortgagee included on the mortgagee roster upon request.

(2) Coverage:

(a) Casualty. The Condominium Property and all personal property included in the Common Elements shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection against:

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

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

(b) Public liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association, including but not limited to hired automobile and nonowned automobile coverages, and with cross-liability endorsement to cover liabilities of the Unit Owners as a group to a Unit Owner.

(c) Workmen's Compensation policy to meet the requirements of law.

(d) Directors and officers liability coverage and such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

(3) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association as a Common Expense. Evidence of such payment shall be furnished by the Association to each mortgagee listed in the roster or mortgagees upon request.

(4) Shares of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the Unit Owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association. The duty of the Association shall be to receive such proceeds as are paid and hold the proceeds in trust for the purposes elsewhere stated in this instrument and for the benefit of the Unit Owners and their mortgagees in the following shares.

(a) Common Elements. Proceeds on account of damage to Common Elements shall be held in undivided shares for each Unit Owner, such share being the same as the undivided share in the Common Elements appurtenant to his Unit.

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

(i) When the improvements are to be restored -- for the owners of damaged Units, in proportion to the cost of repairing the damage suffered by each Unit which costs shall be determined by the Association.

(ii) When the improvements are not to be restored -- for the owners of damaged Units, an undivided share for each Unit, such share being as follows:

<u>Unit Numbers</u>	<u>Percentage of Proceeds for each Unit</u>
101,104	7.537
201,204	8.043
301,304	9.309
102A,103B	4.679
102B,103A	2.909
202A,203B	5.033
202B,203A	3.162
302A,303B	5.792
302B,303A	3.536

The above percentages are for the purposes of this paragraph VIII F (4)(b)(ii) and paragraph XII C only.

(c) Mortgagees. In the event a mortgagee endorsement has been issued to a Unit, the share of the 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, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions thereof made to the Unit Owner and mortgagee pursuant to the provisions of this Declaration.

(5) Distribution of Proceeds: Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them.

(b) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them.

(6) Association as Agent: The Association is hereby irrevocably appointed agent for each Unit Owner and for each owner of a mortgage or other lien upon a unit and for each owner of any other interest in the condominium property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

(7) Benefit of Mortgagees: Certain provisions in this Paragraph F entitled "Insurance" are for the benefit of mortgagees of Units, and all of such provisions are covenants for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

G. Reconstruction or Repair After Casualty:

(1) Determination to reconstruct or repair: If any part of this Condominium Property shall be damaged by casualty, whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common Element. If the damaged improvement is a Common Element, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that this Condominium shall be terminated.

(b) Condominium Building.

(1) Lesser Damage. If the damaged improvement includes Units and if Units to which 25% of the Common Elements are appurtenant are found by the Board of Directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired unless sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that this Condominium shall be terminated.

(ii) Major Damage. If the damaged improvement includes Units and if Units to which more than 75% of the Common Elements are appurtenant are found by the Board of Directors of the Association to be not tenatable, then the damaged property will not be reconstructed or repaired and the Condominium will be terminated without agreement as elsewhere provided, unless within sixty (60) days after the casualty the owners of 60% of the Common Elements agree in writing to such reconstruction or repair.

(2) Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original improvements or, if not, then according to plans and specifications approved by the Board of Directors of the Association.

(3) Responsibility: In all instances except for damage to personal property of Unit Owner the responsibility of reconstruction and repair after casualty shall be that of the Association.

(4) Estimate of Costs: Immediately after a determination is made to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

(5) Assessments: If the proceeds of insurance are not sufficient to defray the estimated costs of construction and repair by the Association, or if at any time during reconstruction and repair, or upon completion or reconstruction and repair, the funds for the payment of the cost thereof are insufficient, assessments shall be made against all Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments shall be in proportion to the owners' shares in the Common Elements.

(6) Construction Funds: The funds for payment of costs of reconstruction and repair, after casualty, which shall consist of proceeds of insurance and funds collected by the Association from assessments against Unit Owners, shall be disbursed in payments of such costs in the following manner:

(a) Association. The construction fund shall be disbursed in payment of such costs upon the order of the Board of Directors of the Association.

(b) Unit Owner. The portion of insurance proceeds representing damage for which the responsibility of reconstruction and repair lies with a Unit Owner shall be paid by the Association to the Unit Owner, or if there is a mortgage endorsement as to such Unit then to the Unit Owner and the mortgagee jointly, who may use such proceeds as they may determine.

(c) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial owner which is not in excess of assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

H. Taxes and Special Assessments:

(1) Anticipated Taxes: It is anticipated that taxes and special assessments upon the Units and Common Elements will be assessed by the taxing authorities to the Unit Owners.

(2) Other Assessments: Any taxes and special assessments upon the Condominium Property which are not assessed against the Unit shall be assessed against the Unit Owners and payable at the discretion of the Board of Directors.

I. Nonliability of Board, Directors, Officers and Declarant.

Neither the Board, the Directors, nor the officers of the Association, shall be personally liable to the Unit Owners for any mistake of judgment or for any other acts or omissions of any nature whatsoever as such Board, Directors, or officers except for any acts or omissions found by a court to constitute gross negligence or fraud. The Unit Owners shall indemnify and hold harmless each of the Board, Directors, and officers and their respective devisees, legatees, heirs, executors, administrators, legal representatives, successors and assigns in accordance with the provisions of the By-Laws.

IX.

USE RESTRICTIONS

A. The Common Elements of this Condominium shall be used for the purpose for which they are intended subject to the use restrictions herein contained and the rules and regulations in effect or adopted by the Condominium Association from time to time.

B. Nuisances: No nuisance shall be allowed upon the Condominium Property nor any use or practice which interferes with the peaceful possession and proper use of the Property by its residents. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate nor any fire hazard allowed to exist.

C. Lawful Use: No immoral, improper, offensive, or unlawful use shall be made of the Condominium Property nor any part thereof; and all laws, zoning ordinances, and regulation of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Condominium Property shall be the same as the responsibility for the maintenance and repair of the Property concerned.

D. Regulations: The regulations concerning the use of the Condominium Property, in addition to those set forth in this Article shall be established by the Board of Directors of the Association and binding upon all of the Owners and occupants of Units in this Condominium. Said regulations may be amended from time to time and additional reasonable regulations concerning the use of the Condominium Property and Units may be enacted by a majority of the Board of Directors.

E. Rentals: Rental of the Unit is expressly permitted, including but not limited to seasonal and overnight rentals. Such rental of a Unit shall not be considered a nuisance and shall not cause the Unit Owner to be liable for a greater share of the Common Expenses than is appurtenant to his Unit as shown in Exhibit C. A Unit Owner renting his Unit shall not be relieved from any of the terms and conditions of the Condominium Documents and shall be jointly and severally liable for any damages caused to the Common Elements by the renter or the renter's guests, invitees, or visitors. This paragraph IX E may not be amended except by the approval of 100% of the Unit Owners.

F. Notice of Ownership or Mortgagee of a Unit:

(1) It shall be the responsibility of each Unit Owner to provide the Association with his, her or its name and current mailing address.

(2) It shall be the responsibility of each Unit Owner to provide the Association with the name and address of each holder of a mortgage on his, her or its Unit.

G. Liens:

(1) Protection of Property: All liens against a Unit other than for mortgages, taxes or special assessments shall be satisfied or otherwise removed within one hundred eighty (180) days from the date the lien attached. All taxes and special assessments upon a Unit shall be paid before they become delinquent.

(2) Notice of Lien. A Unit Owner shall give notice to the Association of every lien against his, her or its Unit other than permitted mortgages, taxes and special assessments within five (5) days after the lien attaches.

(3) Notice of Suit: A Unit Owner shall give notice to the Association of every suit or other proceeding which may affect the title to his, her or its Unit, such notice to be given within five (5) days after the Unit Owner receives notice thereof.

(4) Failure to comply with this section concerning liens will not affect the validity of any judicial sale.

H. Compliance and Default. Each Unit Owner shall be governed by and shall comply with the terms of the Condominium Documents and regulations adopted pursuant thereto and said documents and regulations as they may be amended from time to time. A default shall entitle the Association or other Unit Owners to the following relief:

(1) Legal Proceedings: Failure to comply with any of the terms of the Condominium Documents and regulations adopted pursuant thereto shall be grounds for relief, which relief may include but shall not be limited to any action to recover sums due for damages or injunctive relief or both and which actions may be maintained by the Association or in a proper case by an aggrieved Unit Owner.

(2) Negligence: A Unit Owner shall be liable for the expense of maintenance, repair, or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family or his or their guests, employees, agents or lessees. Such liability shall include any increase in insurance rates occasioned by use, misuse, occupancy, or abandonment of a Unit.

(3) Costs and Attorney's Fees: In any proceeding arising because of a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceedings and such reasonable attorney's fees as may be awarded by the Court, including but not limited to such fees incurred prior to institution of litigation or in litigation including trial and appellate review, and in bankruptcy or other administrative or judicial proceedings.

(4) No Waiver of Rights. The failure of the Association or any Unit Owners to enforce any covenant, restriction or other provision of the right to do so thereafter.

X.

**ALTERATION OF THE COMMON ELEMENTS FOR THE
EXCLUSIVE USE OF ADJACENT UNITS**

That part of the Common Elements separating and located between and exclusively serving two or more adjacent Units used together (including, without limitation, portions of any hallway and any walls) may be altered to afford ingress and egress to and from such Units and to afford privacy to the occupants of such Units when using such Common Elements, and that part of the Common Elements so altered may be used by the Unit Owner or Owners of such Units as a licensee pursuant to a written license agreement with the Association, provided (i) such alterations shall not weaken, impair or endanger any of the Common Elements or any Unit; (ii) the unit Owner or Owners desiring to make such alterations shall provide the Board with plans for such alteration drafted by a Florida licensed architect; (iii) the plans are approved in writing by the Board; (iv) the alterations comply with the plans; (v) the expense of making such alterations shall be paid in full by the Unit Owner or Owners making such alterations; (vi) such Unit Owner or Owners shall pay in full the expense of restoring such Common Elements to their conditions prior to such alteration in the event such Units shall cease to be used together; and (vii) such alteration shall not interfere with use and enjoyment of the Common Elements (other than the part of the Common Elements separating such adjacent Units), including, without limitation, reasonable access and ingress to and egress from the other Units. The license agreement shall be in recordable form (and at the option of the board, be recorded in the Official records of Okaloosa County, Florida) and contain the above provisions.

XI.

AMENDMENT

A. Declaration of Condominium. Except as otherwise provided, amendments to the Declaration shall be adopted as follows:

(1) Notice. Notice of the subject matter of the proposed amendment shall be included in the notice of any meeting at which a proposed amendment is to be considered.

(2) Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the Unit Owners meeting as members of the Association. Directors and Unit Owners not present at the meeting considering the amendment may express their approval or disapproval in writing prior to the meeting. Such approvals must be by not less than 75% of the votes assigned in the Condominium Documents to the owners of Units for voting purposes, except, no amendment, unless otherwise provided in this Declaration or the By-Laws of the Association, may change the proportion or percentage by which the Unit Owner shares the Common Expenses and owns the Common Surplus unless the record owner of the Unit and all record owners of liens on the Unit join in the execution of the amendment and unless all records owners of all other Units approve the amendment.

(3) Except as otherwise provided, no amendment shall be valid without the prior written consent of the holder of any Institutional First Mortgage or any Unit; provided, if said holder of a mortgage does not object in writing to said proposed amendment within 30 days from receipt of notice of said proposed amendment, said amendment shall be considered as automatically approved.

(4) Recording: A copy of each amendment shall be certified by the appropriate officers of the Association as having been duly adopted and shall be effective when recorded among the Public Records of Okaloosa County, Florida.

B. Articles of Incorporation and By-Laws: The Articles of Incorporation and the By-Laws of the Association may be amended in the manner provided by such documents.

C. Proviso: Provided, however, that no amendment of any Condominium Documents shall discriminate against any Unit Owner, group of owners or mortgagees unless the parties so affected shall consent to such amendment, and that any vote to amend the Declaration relating to a change in percentage of ownership in the Common Elements or sharing of the Common Expenses must be by secret ballot.

D. Developer's Additional Rights: Irrespective of anything else herein contained, no amendment may be made to this Declaration, the Articles of Incorporation, the By-Laws or the Rules and Regulations of this Condominium without the written consent of the Developer, so long as it retains the ownership of twenty five percent (25%) of the Units, provided, however, the Developer's right to require its written consent to any such amendment shall expire four (4) years from the date of recording of this Declaration.

The Developer reserves the right at any time prior to the closing of any of the purchases by individual owners of Units in the Condominium, to make amendments to the Declaration, Articles of Incorporation, By-Laws, Rules and Regulations, condominium deeds, or the plat or plans attached to the Declaration of Condominium, so long as said amendments do not affect the percentage of ownership in the Common Elements, assessments, voting rights, or location of any Unit as to any Unit sold to any purchaser prior to the time of said amendment. No such amendment shall be effective, however, as to any Unit encumbered by the lien of Institutional First Mortgage until the written consent of said mortgagee has been obtained and filed of record, as well as the written consent of said prior purchasers.

XII.

TERMINATION

This Condominium may be terminated in the following manner:

A. Agreement: The termination of this Condominium may be effected by the unanimous agreement of the Unit Owners and all Institutional or approved First Mortgagees, which agreement shall be evidenced by an instrument executed in the same manner as required for the conveyance of land. The termination shall become effective when such agreement has been recorded in the Public Records of Okaloosa County, Florida.

B. Destruction: In the event it is determined as is elsewhere provided that this Condominium shall not be rebuilt after destruction, the condominium form of ownership shall be terminated and the condominium documents revoked; such determination not to rebuild shall be evidenced by a certificate of the Association certifying the facts affecting the termination, which certificate shall be recorded among the Public Records of Okaloosa County, Florida.

C. Shares of Ownership after Termination: After termination of this Condominium the Unit Owners shall own the Condominium Property as tenants in common in undivided shares in proportion to the percentages as set forth in paragraph VIII F (4)(b)(ii). Any mortgagee holding a mortgage or lien or holding a lien against any Unit shall have their respective mortgage and lien vest upon the respective shares of the Unit Owner against whom said mortgagee or lien holds said mortgage or lien.

XIII.

COVENANTS RUNNING WITH THE LAND

All provisions of the Condominium Documents 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 of any part thereof or interest therein, and his, her or its heirs, and executors, administrators, successors and assigns shall be bound by all of the provisions of the Condominium Documents.

IX.

SEVERABILITY

The invalidity of any covenants, restriction or other provision in any condominium document shall not affect the validity of the remaining portion thereof.

XV.

NOTICES TO MORTGAGE HOLDERS AND INFORMATION

A. Notices: Upon written request to the Association, a mortgage holder, issuer, or guarantor of a loan secured by a Unit will be entitled to timely written notice of:

- (1) Any condemnation or casualty loss that affects either a material portion of the Condominium Property or the Unit securing its mortgage.
- (2) Any 60-day delinquency in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage.
- (3) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- (4) Any proposed action that requires the consent of a specified percentage of mortgage holders.

The written request shall identify the mortgage holder, insurer, or guarantor and the Unit Number or address.

B. Information: The Association shall make available to Unit Owners, lenders and holders, insurers or guarantors of any first mortgage, during normal business hours or under other reasonable circumstances, current copies of the Condominium Documents and the books, records and financial statements of the Association.

IN WITNESS WHEREOF, the Developer, by its appropriate officers, has executed this Declaration this 15 day of June, 1983, and caused its seal to be affixed.

Signed, sealed and delivered
in the presence of:

[Signature]
[Signature]

EUROPCO TREUHAND GMBH, INC.

By: [Signature]
Vice President

Attest: [Signature]
Secretary

STATE OF
COUNTY OF

I HEREBY CERTIFY that on this day before me, an officer authorized to take acknowledgements in said county and state, personally appeared Jerome A ZIVAT and Stuart Weisman known to me to be the Vice President and Secretary of Europco Treuhand GMBH, Inc., that then and there said individuals acknowledged the seal affixed to the foregoing instrument to be the seal of the said corporation, that their names are officially subscribed thereto and that the foregoing is the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the county and state last aforesaid, this 15th day of June, 1983.

Robert H. Howell
Notary Public

My Commission Expires

Notary Public, Georgia State
My Commission Expires Jan

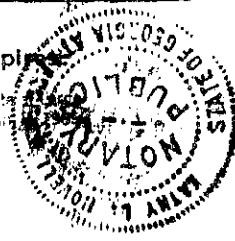


EXHIBIT A

A parcel of land lying in fractional Section 16, Township 1 South, Range 22 West, Okaloosa County, Florida, more particularly described as follows:

Commence at a U.S. general land office monument at the southeast corner of fractional Section 16, Township 1 South, Range 22 West, Okaloosa County, Florida; thence go north 88 degrees 58 minutes 43 seconds west along the south line of the aforesaid Section 16 a distance of 80.00 feet to a point on the curved westerly right-of-way of Bay Drive (80' R/W) being concave easterly having a radius of 359.33 feet and the point of beginning; thence go northerly along the aforesaid curve having a radius of 359.33 feet an arc distance of 0.19 feet (CH = 0.19', CH BRG = N 01 degrees 02 minutes 21 seconds E) to the point of tangency; thence go north 01 degrees 04 minutes 10 seconds east along the aforesaid westerly right-of-way of Bay Drive a distance of 222.10 feet; thence go south 81 degrees 57 minutes 39 seconds west a distance of 26.72 feet; thence go south 65 degrees 47 minutes 09 seconds west a distance of 32.20 feet to a point of curvature; thence go northwesterly along a curve concave northerly and having a radius of 40.26 feet an arc distance of 34.58 feet (CH = 33.53', CH BRG = N 89 degrees 36 minutes 27 seconds W) to a point of compound curvature; thence go northwesterly along a curve concave northeasterly and having a radius of 71.37 feet an arc distance of 29.90 feet (CH = 29.68', CH BRG = N 58 degrees 00 minutes 02 seconds W) to the point of tangency; thence go north 41 degrees 00 minutes 00 seconds west a distance of 7.75 feet; thence go south 49 degrees 00 minutes 00 seconds west a distance of 32.61 feet; thence go south 84 degrees 24 minutes 04 seconds west a distance of 182.46 feet; thence go south 14 degrees 35 minutes 56 seconds east a distance of 191.39 feet to a point on the aforesaid south line of Section 16; thence go south 88 degrees 58 minutes 43 seconds east a distance of 272.00 feet to the point of beginning.

The above described parcel of land is situated in fractional Section 16, Township 1 South, Range 22 West, Okaloosa County, Florida and contains 1.395 acres or 5,644 square meters.

A CONDOMINIUM
PLATBOOK PAGE

BAY VILLAS, A CONDOMINIUM

IN A PORTION OF FRACTIONAL SECTION 18, TOWNSHIP 1-SOUTH, RANGE 22-WEST, OKALOOSA COUNTY, FLORIDA

PREPARED BY
R. J. ALLEN
ENGINEER
MAY 1983



CIRCUMVALARCI BAY



DESCRIPTION
A PORTION OF FRACTIONAL SECTION 18, TOWNSHIP 1-SOUTH, RANGE 22-WEST, OKALOOSA COUNTY, FLORIDA, CONTAINING 1.00 ACRES OF LAND, MORE OR LESS, TO BE DEVELOPED AS A CONDOMINIUM. THE CONDOMINIUM SHALL BE DEVELOPED AS A RESIDENTIAL COMMUNITY OF APARTMENTS, WITH A COMMON ELEMENTS AREA INCLUDING A SWIMMING POOL, TENNIS COURTS, AND OTHER RECREATIONAL FACILITIES. THE CONDOMINIUM SHALL BE DEVELOPED IN ACCORDANCE WITH THE DEED AND THE CONDOMINIUM ACT, CHAPTER 718, F.S., AS AMENDED.

GENERAL NOTES
1. THE CONDOMINIUM SHALL BE DEVELOPED IN ACCORDANCE WITH THE DEED AND THE CONDOMINIUM ACT, CHAPTER 718, F.S., AS AMENDED.
2. THE CONDOMINIUM SHALL BE DEVELOPED IN ACCORDANCE WITH THE DEED AND THE CONDOMINIUM ACT, CHAPTER 718, F.S., AS AMENDED.
3. THE CONDOMINIUM SHALL BE DEVELOPED IN ACCORDANCE WITH THE DEED AND THE CONDOMINIUM ACT, CHAPTER 718, F.S., AS AMENDED.

LEGEND
1. --- 1/4" THICK CONCRETE CURB
2. --- 1/4" THICK FLUSH
3. --- 1/4" THICK CURB AND FLUSH
4. --- 1/4" THICK CURB
5. --- 1/4" THICK CURB AND FLUSH



Signature
REGISTERED SURVEYOR

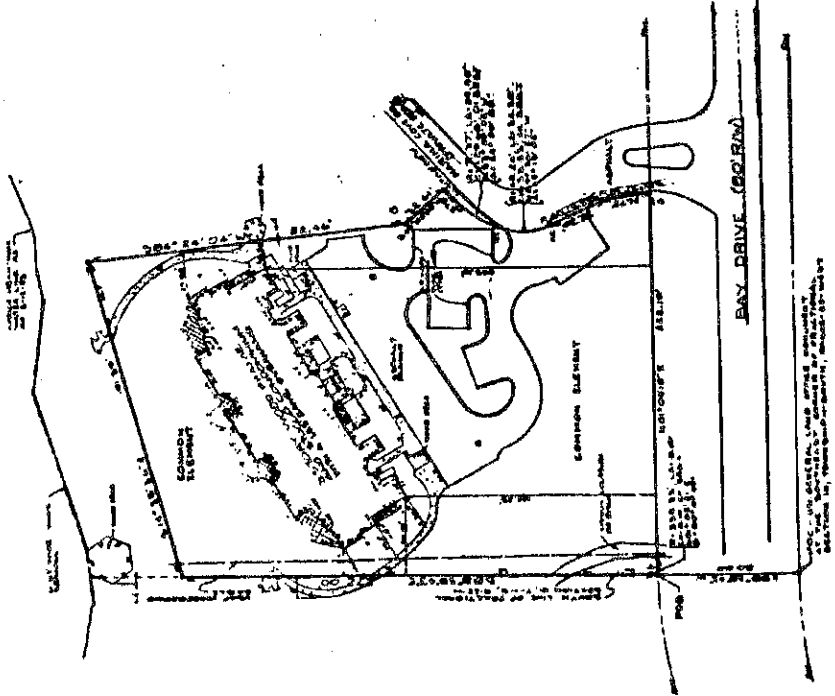
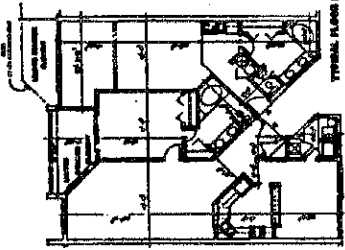
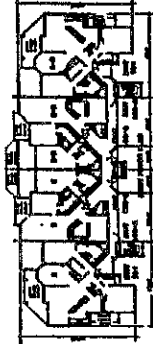
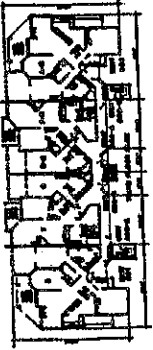


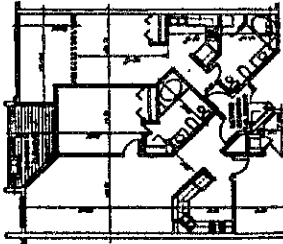
Exhibit B

Sheet 2 of 3

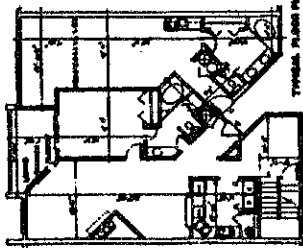
ALL DIMENSIONS IN FEET
ALL WALLS 1/2" THICK
ALL DOORS 3' 0" WIDE
ALL WINDOWS 6' 0" WIDE



TYPICAL FLOOR PLAN UNIT 6



SPECIAL FLOOR PLAN UNIT 6

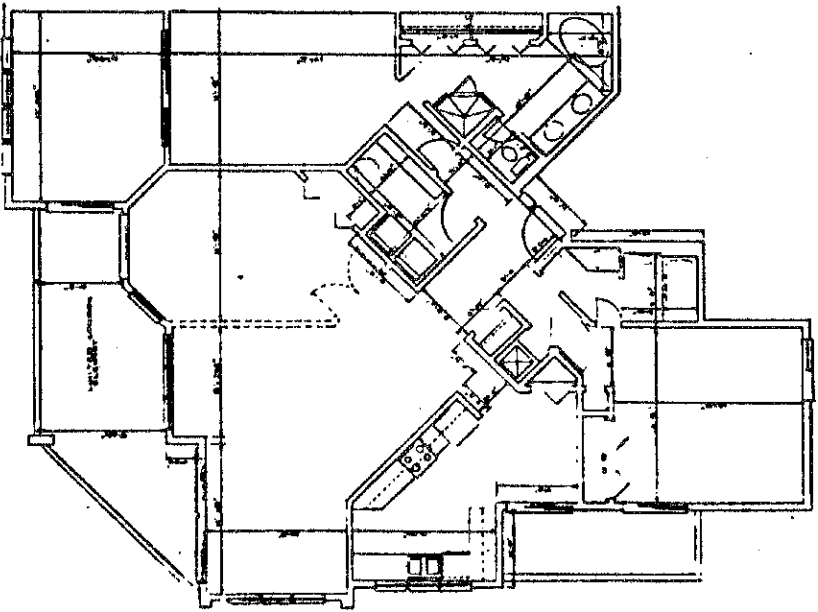


TYPICAL FLOOR PLAN UNIT 7

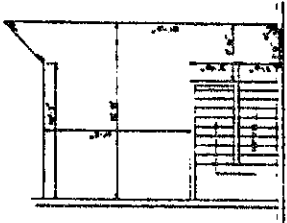
AMERICAN INC.
MAY 1983



APPROVED FOR
MAY 1983



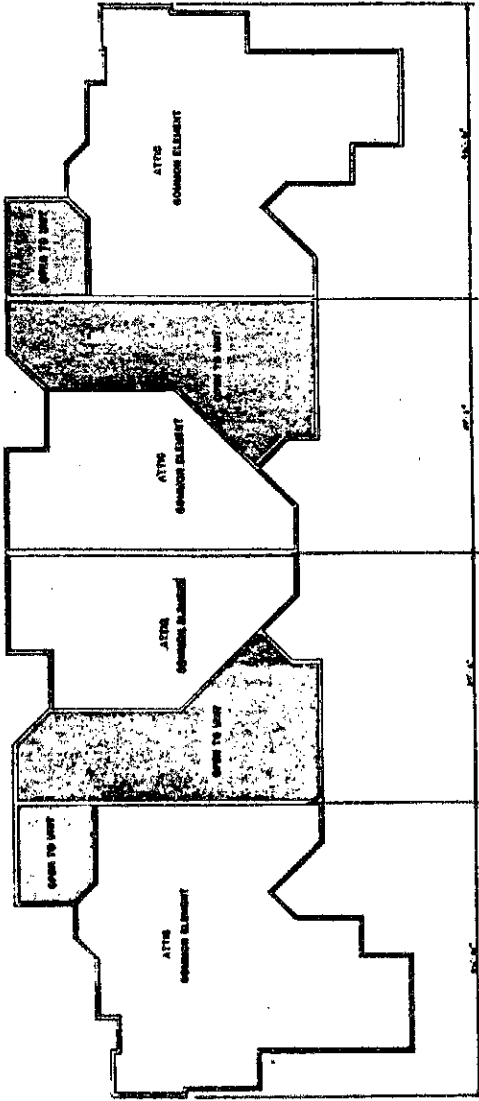
TYPICAL FLOOR PLAN UNIT A
1/4"=1'-0"



TYPICAL LOFT PLAN
1/4"=1'-0"
NOTED FOR UNIT 2027A



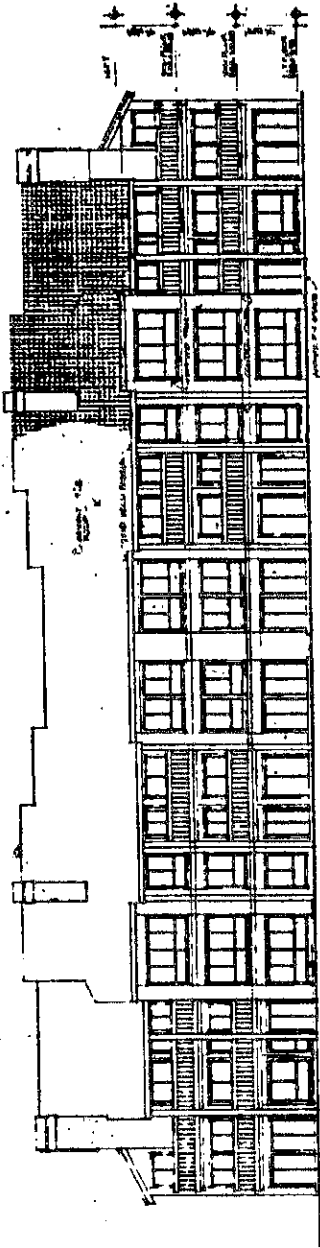
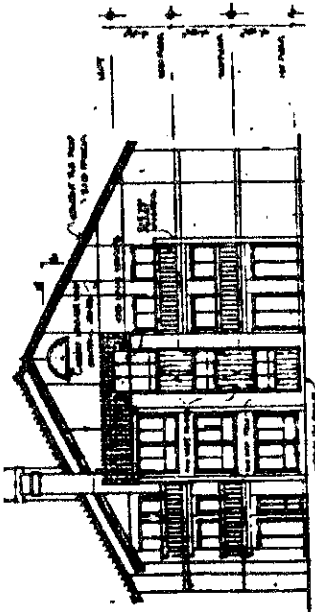
ENGINEERS, INC.
MAY 1963



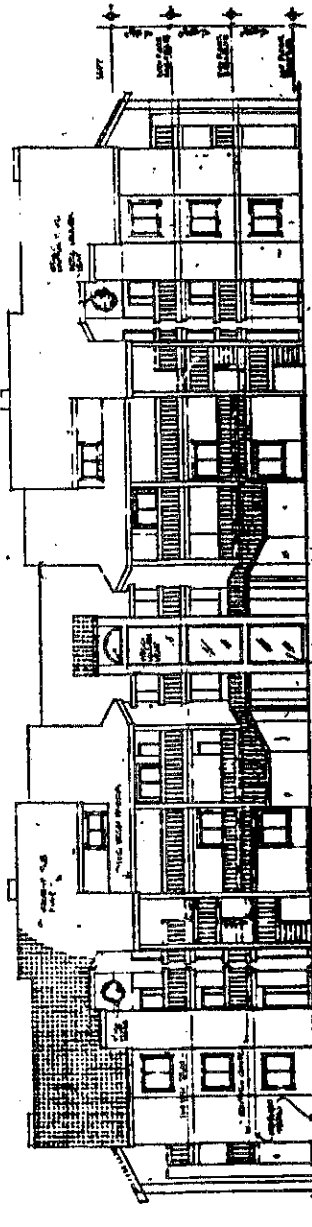
ATTIC PLAN
SCALE 1/8"=1'-0"



ENGINEERS, INC.
MAY 1933



MAIN SIDE ELEVATION
SCALE 1/8" = 1'-0"



ENTRY SIDE ELEVATION
SCALE 1/8" = 1'-0"

SHEET 5 OF 5



EXHIBIT C
PERCENTAGE INTEREST CHART

<u>Unit Number</u>	<u>Percentage Interest in Common Elements and Common Surplus and Share of Common Expenses</u>
101	8.82%
102A	4.85
102B	2.68
103A	2.68
103B	4.85
104	8.82
201	8.82
202A	4.85
202B	2.68
203A	2.68
203B	4.85
204	8.82
301	8.82
302A	5.80
302B	2.68
303A	2.68
303B	5.80
304	8.82

State of Florida



Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of BAY VILLAS CONDOMINIUM ASSOCIATION, INC., a corporation not for profit organized under the Laws of the State of Florida, filed on June 15, 1982, as shown by the records of this office.

The charter number for this corporation is 763686.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
16th day of June, 1982.



George Firestone
George Firestone
Secretary of State

Exhibit D

** OFFICIAL RECORDS **
BK 1196 PG 669
ARTICLES OF INCORPORATION
OF
BAY VILLAS CONDOMINIUM ASSOCIATION, INC.

FILED
JUN 15 11 25 AM '82
SECRETARY OF STATE
TALLAHASSEE, FLA.

THE UNDERSIGNED hereby associate themselves for the purpose of forming a corporation not for profit, under Chapter 617, Florida Statutes, and certify as follows:

ARTICLE I

NAME

The name of the corporation shall be BAY VILLAS CONDOMINIUM ASSOCIATION, INC.

ARTICLE II

DEFINITIONS

As used in these Articles of Incorporation, unless the context otherwise requires:

- A. Association means the corporation created by these Articles of Incorporation.
- B. Condominium refers to the condominium building bearing the name Bay Villas, a Condominium.
- C. Condominium Unit means a portion of the improvements susceptible of private ownership.
- D. Corporation means the corporation formed by these Articles of Incorporation.
- E. Member or Members means the owner or owners of individual Condominium Units in the Condominium who, by virtue of these Articles of Incorporation, are members of the corporation.
- F. Owner or Owners means the owner or owners of individual Condominium Units in the Condominium.

ARTICLE III

PURPOSE

The purpose for which the corporation is organized is as follows:

For the purpose of operating and managing a Condominium for the use and benefit of the Owners of the Condominium Units as the agent of said Owners.

ARTICLE IV

POWERS

- A. To operate and manage a Condominium and other facilities for the use and benefit of the individual Owners of the Units as the agent of said owners.
- B. To carry out all of the powers and duties vested in it pursuant to the Declaration of Condominium of Bay Villas and the Bylaws.
- C. The Corporation shall be authorized to exercise and enjoy all of the powers, rights, and privileges granted to or conferred upon corporations of a similar character by the provisions of Chapter 617, Florida Statutes, entitled "Florida Corporation Not for Profit" now or hereafter in force, and to do any and all of the things necessary to carry out its operations as a natural person might or could do.
- D. The Corporation shall be authorized to exercise and enjoy all of the powers, rights and privileges granted to or conferred upon corporations of a similar character by the provisions of Chapter 718, Florida Statutes, entitled "The Condominium Act" now or hereafter in force.
- E. No compensation shall be paid to Directors for their services as Directors. Compensation may be paid to a Director in his or her capacity as an officer or employee or for other services rendered to the corporation outside of his or her duties as a Director. In this case, however, said compensation must be approved in advance by the Board of Directors, and the Director to receive said compensation shall not be permitted to vote on said compensation. The Directors shall have the right to set and pay all salaries or compensation to be paid to officers, employees or agents or attorneys for services rendered to the corporation.
- F. All funds and the titles to all properties acquired by this corporation and the proceeds thereof shall be held in trust for the Owners of Units in accordance with the provisions of the Declaration of Condominium and its supporting documents.
- G. All of the powers of this Corporation shall be subject to and shall be exercised in accordance with the provisions of the Declaration of Condominium together with its supporting documents which govern the use of the land to be operated and administered by this Corporation.
- H. The Corporation is expressly authorized to enter into a management agreement with such individual or legal entity as may be approved by the Board of Directors of the Association.

ARTICLE V
MEMBERSHIP

The qualification of members, the manner of their admission and voting by members shall be as follows:

- A. This Corporation shall be organized without any capital stock.
- B. Each Unit Owner in the Condominium shall be a Member of the Corporation, and no other persons or other entities shall be entitled to membership, provided however, that until such time as the Declaration of Condominium of the Condominium has been placed of record with the Clerk of the Circuit Court, the owners of the land upon which said Condominium building has been erected shall constitute the Members of the Association.
- C. Membership in the corporation shall be established by the following methods:
 - 1. The owners of the land upon which the Condominium has been erected shall be Members of the Corporation until such time as the Declaration of Conominium has been recorded, after which time their membership shall cease, except that it shall continue with reference to any individual Condominium Unit still owned by the Owners of any of said land.
 - 2. Other persons shall become Members of the Association by the recording in the public records of Okaloosa County, Florida, of a deed or other instrument establishing change of record title to a Condominium Unit and the delivery to the Corporation of a recorded copy of such instrument, the new owners designated by such instrument thereby becoming a Member of the corporation, and the membership of the prior Owner shall at that time be terminated.
- D. The interest of any Member in any part of the real property or in the funds and assets of the Corporation cannot be conveyed, assigned, mortgaged, hypothecated or transferred in any manner, except as an appurtenance to the Condominium Unit.
- E. The aggregate number of votes for all Unit Owners in the affairs of the Corporation shall be 100 and shall be divided among the respective Unit Owners in accordance with their respective percentages or ownership interest in the Common Elements as provided for in the Declaration of Condominium and Bylaws of the Corporation.
- F. Voting rights shall be exercised in accordance with the provisions of the Declaration of Condominium and Bylaws of the Corporation.

ARTICLE VI
CORPORATE EXISTENCE

This Corporation shall continue to exist so long as the Condominium shall be in existence.

The Corporation may be terminated by termination of the Condominium in accordance with the conditions as set forth in the Declaration of Condominium and supporting documents.

ARTICLE VII
DIRECTORS

- A. The business of this Corporation shall be conducted by a Board of Directors of three (3) directors.
- B. The Directors shall be elected every two years by the Members of the corporation. The election of directors, their removal or the filling of vacancies on the Board of Directors shall be in accordance with the Bylaws of the Corporation.

ARTICLE VIII
DIRECTORS AND OFFICERS

The names and post office addresses of the first Board of Directors and the officers of the corporation who shall hold office until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Address</u>	<u>Title</u>
Jerome A. Zivan	120 Inland Drive Atlanta, Georgia 30342	President & Director
David Weaver	8 Marina Cove Village Niceville, Florida 32578	Vice President & Directors
Jim Story	300 Yacht Club Drive Niceville, Florida 32578	Vice President
Martin Luper	9800 Summer Oaks Drive Roswell, Georgia 30076	Treasurer & Director
Janet Langille	300 Yacht Club Drive Niceville, Florida 32578	Secretary

ARTICLE IX
INCORPORATORS AND SUBSCRIBERS

<u>Name</u>	<u>Address</u>
Jane Oliver	Suite 220, 5995 Barfield Road, Atlanta, Georgia 30328
Teresa Chitty	Suite 220, 5995 Barfield Road, Atlanta, Georgia 30328
Helene Harris	Suite 220, 5995 Barfield Road, Atlanta, Georgia 30328

ARTICLE X

The Bylaws of the Corporation shall be adopted by the Board of Directors. The amendment, alteration or rescission of said Bylaws shall be in accordance with the provisions of said Bylaws.

ARTICLE XI
AMENDMENTS TO ARTICLES OF INCORPORATION

Section 1. The Articles of Incorporation may be amended by the members at a duly constituted meeting for such purpose, provided, however, that no amendment shall take effect unless approved by a majority of the members of the Board of Directors and by Members representing at least sixty (60%) percent of the votes in the condominium, as set forth in the Declaration of Condominium. Any amendment to the Articles of Incorporation may also be approved by any member of the Board of Directors or by any Member by an instrument in writing executed before, during or after said duly constituted meeting. Notice of the subject matter of any proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 2. No amendment to the Articles of Incorporation shall be effective until the same has been recorded with the Clerk of the Circuit Court in Okaloosa County, Florida.

We, the undersigned, being the original subscribers and incorporators of the foregoing corporation do hereby certify that the foregoing constitutes the proposed Articles of Incorporation of BAY VILLAS CONDOMINIUM ASSOCIATION, INC.

WITNESS our hands and seals this 17 day of June, 1982.

Jane Oliver
Jane Oliver

Teresa Chitty
Teresa Chitty

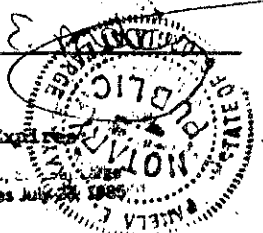
Helene Harris
Helene Harris

STATE OF GEORGIA
COUNTY OF FULTON

BEFORE ME, the undersigned authority, personally appeared Jane Oliver, Teresa Chitty and Helene Harris, to me well known as the persons described in and who executed and subscribed to the foregoing Articles of Incorporation, and they acknowledged before me that they executed and subscribed to the same for the purposes therein express.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this
10th day of JUNE, 1982.

Pamela E. [Signature]
Notary Public
My Commission Expires [unclear]
My Commission Expires July 24, 1985



**** OFFICIAL RECORDS ****
BK 1196 PG 675
CONSENT OF REGISTERED AGENT
FOR BAY VILLAS
CONDOMINIUM ASSOCIATION, INC.

FILED
JUN 15 11 25 AM '82
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

THE UNDERSIGNED hereby agrees to be the registered agent for BAY VILLAS CONDOMINIUM ASSOCIATION, INC. to accept service of process at the registered office, 300 Yacht Club Drive, Niceville, Florida 32578

FURTHER, the undersigned, agrees to comply with all of the relative statutes to properly and completely perform all of the duties required.

DATED this 4th day of June, 1982.


David C. Weaver, P.E.

Exhibit E

** OFFICIAL RECORDS **
BK 1196 PG 676

BY-LAWS OF
BAY VILLAS CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

Section 1. The name of this corporation shall be BAY VILLAS CONDOMINIUM ASSOCIATION, INC.

Section 2. Its principle place of business shall be located at 300 Yacht Club Drive, Niceville, Florida 32578.

ARTICLE II

PURPOSE

Section 1. This corporation has been organized as a non-profit corporation pursuant to the provisions of Chapter 617, Florida Statutes, for the purpose of operating and managing BAY VILLAS, a Condominium, pursuant to the provisions of Chapter 718, Florida Statutes. The Condominium to be operated and managed by this corporation shall be located upon the lands described in the Declaration of Condominium.

Section 2. BAY VILLAS CONDOMINIUM ASSOCIATION, INC., a non-profit corporation, was duly incorporated in the office of the Secretary of State of the State of Florida, on the 15th day of JUNE, 1982.

Section 3. The terms defined in the Declaration of Condominium of BAY VILLAS, a Condominium, shall have the same meaning when used in these By-Laws. The words "Member and "Members" as used in these By-Laws mean "Unit Owner" and "Unit Owners" as the case may be, as defined in the Declaration of Condominium of BAY VILLAS.

ARTICLE III

MEMBERS

Section 1. All of the owners of Units shall be Members of this corporation. Upon the recording of a deed or other instrument establishing a change of record title to a Unit in this Condominium, and the delivery to the corporation of a copy of said recorded instrument, or other evidence of title, the new owner designated by said instrument shall become a Member of the corporation, and the membership of the prior owner shall be thereby terminated.

Section 2. The aggregate number of votes for all Unit Owners shall be 100, and shall be divided among the respective Unit Owners in accordance with each Unit's percentage of ownership in the Common Elements. All Unit Owners, including the Developer, shall be entitled to vote in the affairs of the Association.

Section 3. No other person or legal entity may be a member of the corporation or vote in its affairs.

ARTICLE IV

MEMBERS' MEETING

Section 1. The annual meeting of the Members shall be held during the month of October each year at the principle office of the corporation, or at such other time and place as may be set forth in the notice of said meeting. At such meeting the members shall conduct such other business as may be authorized to be transacted by the members.

Section 2. A special meeting of the Members to be held at the same place as the annual meeting, or such other place as may be set forth in the notice of said meeting, may be called at any time by the President or in his absence by the Vice President, or by a majority of the Board of Directors. It shall be the duty of the Directors, President or Vice President to call such a meeting whenever so requested in writing by members holding thirty-three (33%) percent or more of the voting rights of the corporation except as provided in Article V, Section 2(b) and the Condominium Act.

Section 3. Notice of the time and place of all annual and special meetings of the Members, except as otherwise provided hereinafter, shall be mailed by the President, Vice President or Secretary to each Member, at the Member's address posted in the corporation's books, by certified mail at least thirty (30) days prior to the date of the meeting. A certificate by the corporation officer mailing said notice shall be prima facie evidence that said notice was given. Written notice of each annual Members' meeting and special meeting shall be posted in a conspicuous place on the Condominium Property at least ten (10) days prior to such Members' meeting. It shall be the obligation of each Member to insure that his, her or its mailing address listed in the records of the corporation by the Secretary of the corporation is kept current.

A Unit Owner may waive in writing the right to receive notice of the annual meeting by certified mail and Unit Owners may waive notice of special Members' meetings. Unit Owners may take action by written agreement without meetings.

Section 4. The President, his nominee, or in his absence the Vice President, shall preside at all annual or special meetings of the Members.

Section 5. A quorum for Members' meeting shall consist of persons entitled to cast one third of the votes of the entire membership. In the event that a quorum is not present, the Members present at any meeting through less than a quorum, may adjourn the meeting to a future date.

Unless otherwise provided in the Declaration of Condominium or in these By-Laws, a majority of the Units represented at any meeting at which a quorum is present shall be entitled to make a decision or pass on any subject brought before said meeting.

The execution by any Member of a copy of the Minutes shall constitute the presence of such Member for the purpose of determining a quorum, and for the further purpose of waiving notice of said meeting and validating all of the actions taken at said meeting.

Section 6. Votes may be cast in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary and entered of record in the Minutes of the meeting. No proxy shall be valid unless the same is executed by the Member or Members having the right to vote the vote assigned to said Unit. Any proxy given shall be effective only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than 90 days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Unit Owner who executed it.

Section 7. Approval or disapproval of any course of action or amendment to the Declaration of Condominium, Articles of Incorporation, By-Laws, and Rules and Regulations may be expressed by any Member in writing, and the same will be considered as effective as if said Unit Owner expressing said approval had been present at any meeting of the Members or had voted by proxy.

Section 8. If any Unit Owner consists of more than one person, the voting rights of such Unit Owner shall not be divided but shall be exercised as if the Unit Owner consisted of only one person. If a Unit is owned by more than one person, they may, without being required to do so, designate in writing a voting Member. In the event they do not designate a voting Member, the following provisions shall apply:

- (a) If more than one of such Owners, whether or not all of them, are present at a meeting and are unable to concur in their decision upon any subject require a vote, they shall lose their right to vote on that subject at that meeting; however, such persons shall be counted for purposes of a quorum.
- (b) If only one is present at a meeting, the person present shall be counted for purposes of a quorum and may cast the vote for the Unit, just as though he or she owned it individually, and without establishing the concurrence of the absent person or persons.
- (c) If more than one of such owners, whether or not all of them, are present at a meeting and concur, either one may cast the vote for the Unit and shall be counted for purposes of a quorum.

The Developer may exercise the voting rights with respect to Units owned by it. If a Unit Owner is a corporation, partnership, or other entity, then the voting rights of said Unit Owner may be exercised by an officer, partner or employee of such Unit Owner as designated by the chief executive officer of said Unit Owner.

In the event that the approval or disapproval of the owner of a Unit is required upon any subject, whether or not the same is the subject of any meeting, said approval or disapproval shall be executed by the same person or persons who would be entitled to cast the vote of such owner at any corporation meeting.

ARTICLE V

DIRECTORS

Section 1. The business and affairs of the corporation shall be managed by a Board of Directors who shall be elected by a plurality of votes cast at a meeting at which a quorum is present. Said Board of Directors shall consist of three (3) persons who shall serve for a term of two (2) years each. Provided, however the Developer may appoint the members of the Board of Directors subject to the provision of Section 2 below.

The members of the Board of Directors shall determine the procedure for nomination of candidates to the Board of Directors provided that any Unit Owner desiring to be a candidate for Board membership may be nominated at a Members' meeting at which a directors' election is to be held.

Section 2.

- (a) When Unit Owners other than the Developer own 15 percent (15%) or more of the Units in Bay Villas, a Condominium, the Unit Owners other than the Developer shall be entitled to elect one-third of the Board of the Association. Unit Owners other than the Developer are entitled to elect not less than a majority of the Board of Directors of the association;
 - (A) Three years after 50 percent of the Units have been conveyed to purchasers;
 - (B) Three months after 90 percent of the Units have been conveyed to purchasers;
- (c) When all the Units have been completed, some of them have been conveyed to purchasers, and none of the other are being offered to for sale by the Developer in the ordinary course of business;
or

- (D) When some of the Units have been conveyed to purchaser and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, whichever occurs first.

The Developer is entitled to elect at least one member as long as the Developer holds for sale in the ordinary course of business at least five (5%) percent of the Units.

(b) Within 60 days after the Unit Owners other than the Developer are entitled to elect a Director or Directors of the Association the Association shall call and give not less than 30 days or more than 40 days notice of a meeting of Directors. The meeting may be called and notice given by any Unit Owner if the Association fails to do so.

Section 3. Except as otherwise provided, in the event of a vacancy occurring in the Board of Directors, the remaining Directors shall elect one of the members to serve as an interim Director for the unexpired portion of the term of the former Director. At the expiration of the term of said interim Director, said vacancy shall be filled by an election held by the members of the Association upon notice in the manner provided above in Article IV, Section 3. In the event of a vacancy in the Board of Directors of a director appointed by the Developer, the Developer shall have the right to appoint a new director to fill said vacancy.

Section 4. A Director may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of Unit Owners. A special meeting of the Unit Owners to recall a member or members of the Board of Directors may be called by ten (10%) percent of the Unit Owners giving notice of the meeting as required for a meeting of Unit Owners, and the notice shall state the purpose of the meeting. At said meeting a successor may then and there be elected to fill the vacancy created at such meeting. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 5. No compensation shall be paid to Directors for their services as Directors. Compensation may be paid to a Director in his or her capacity as a professional person or employee or for other services rendered to the corporation outside of his or her duties as a Director. In this case, however, said compensation must be approved in advance by the Board of Directors, and the Directors to receive said compensation shall not be permitted to vote on said compensation. The Directors shall have the right to set and pay all salaries or compensation to be paid to officers, employees or agents or attorneys for services rendered to the corporation.

Section 6. The first meeting of the Board of Directors after each annual meeting of the Members shall be held within thirty (30) days of said annual meeting at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly-elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present. Notice of said meeting shall be posted conspicuously on the condominium property at least forty-eight (48) hours in advance, except in an emergency, and said meeting shall be open to Unit Owners.

Section 7. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting. Notice of said meeting shall be posted conspicuously on the Condominium Property at least forty-eight (48) hours in advance, except in an emergency, and said meeting shall be open to Unit Owners.

The Directors may establish a schedule of regular meeting to be held in the office of the corporation and no notice shall be required to be sent to said Directors of said regular meetings, once said schedule has been adopted; provided, however, written notice of said meetings shall still be posted conspicuously on the Condominium Property at least forty eight (48) hours in advance except in an emergency, and said meeting shall be open to Unit Owners.

Section 8. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of two-thirds (2/3) of the Directors. Except in an emergency, not less than three (3) days' notice of the meeting shall be given to members of the Board, personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Notice of said meeting shall be posted conspicuously on the Condominium Property at least forty-eight (48) hours in advance, except in an emergency and said meeting shall be open to Unit Owners.

Section 9. Notice of any meeting where assessments against Unit Owners are to be considered for any reason shall specifically contain a statement that assessments will be considered and the nature of any such assessments.

Section 10. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice to members of the Board shall be required and any business may be transacted at such meeting.

Section 11. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at such a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there shall be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice to said Directors. The posting of notice required in Sections 6, 7 and 8 for the benefit of owners must still be complied with. The President of the corporation shall act as Chairman of the Board of Directors and he shall be entitled to vote as a member of the Board of Directors on all questions arising before the Board of Directors.

Section 12. The Board of Directors shall have all the powers vested in it under Common Law and pursuant to the provisions of Chapter 617 et seq., Florida Statutes, and Chapter 718, Florida Statutes, as amended, together with any powers granted to it pursuant to the terms of the Articles of Incorporation of the corporation and the Condominium Documents, subject only to such approval of the owners of the individual Units as may be required under these By-Laws, the Articles of Incorporation and the Condominium Documents.

Such powers shall include, but shall not be limited to the following:

- A. The management and operation of Bay Villas, a Condominium.
- B. The making and collecting of Assessments from Members for the purpose of operating and maintaining this Condominium in the manner set forth in the Declaration of Condominium.
- C. The maintenance, repair and replacement of the Condominium Property.

- D. The reconstruction of improvement after any casualty, and the further improvement of the Condominium Property.
- E. The hiring and dismissal of any necessary personnel required to maintain and operate this Condominium.
- F. The making and amending of rules and regulations respecting the use of the Condominium Property.
- G. The carrying and paying of the premium for such insurance as may be required for the protection of the owners of condominium Units and the corporation against any casualty or any liability to third persons.
- H. The employment of a management agent at a compensation established by the Board of Directors to supervise the maintenance, repair, replacement, administration and operation of the Condominium and Condominium Property; provided that the employment of the management agent shall not be in conflict with the powers and duties of the Association or the rights of the Unit Owners as provided in the Florida Condominium Act.
- I. The enforcement by legal means of the provisions of the Condominium Documents.
- J. The payment of any taxes or special assessments against any Unit where the same are in default and assessment of the same against the Unit subject to the said taxes and liens, including but not limited to any Unit acquired by the Association through the enforcement of any lien by the Association against said Unit.
- K. The power to rent or grant the use of such parts of the Common Elements including parking spaces upon such terms and conditions as it decides appropriate.
- L. The power to pay such sums to others or to subsidize others for the making available on the Condominium Property such goods and services as it decides appropriate.
- M. To have access to each Unit from time to time as may be necessary for the maintenance, repair, or replacement of any Common Elements therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Elements or to one or more other Units;
- N. To appoint committees.
- O. To determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable.
- P. To keep detailed, accurate records of the receipts and expenditures affecting the use and operation of the Property.

ARTICLE VI

OFFICERS

Section 1. The principal officers of the corporation shall be the President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary. The office of the Secretary and Treasurer may be filled by the same person.

Section 2. The officers of the corporation shall be elected annually by the Board of Directors at the first meeting following the annual meeting of the Members and shall hold office until the first meeting of the Board of Directors following the next annual meeting of the Members or until their successors should be duly elected and qualified, except as hereinafter provided.

Section 3. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the corporation and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the president of a corporation, including but not limited to the power of appointing committees from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the corporation.

Section 5. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon him by the Board of Directors.

Section 6. The Secretary shall issue notice of all Directors' and Members' meetings and shall attend and keep the Minutes of the same; shall have charge of all corporate books, records and papers; shall be custodian of the corporate seal all contracts or other documents required to be signed on behalf of the corporation and shall perform all such other duties as are incident to his office. The duties of the Assistant Secretary shall be the same as those of the Secretary in the absence of the Secretary.

Section 7. The Treasurer shall have the responsibility for corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the corporation. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may from time to time be designated by the Board of Directors. The duties of the Assistant Treasurer shall be the same as those of the Treasurer, in the absence of the Treasurer.

Section 8. Any vacancy in the office of the President, Vice President, Treasurer, Assistant Treasurer, Secretary or Assistant Secretary, or of any other officer or employee, for any reason whatsoever, may be filled by the Board of Directors at any regular or special meeting, which may elect a successor to the vacant office, who shall hold office for the balance of the unexpired term.

Section 9. No compensation shall be paid to officers for their services as officers. Compensation may be paid to an officer in his or her capacity as a professional person or employee, or for other services rendered to the corporation outside of his or her duties as an officer. In this case, however, said compensation must be approved in advance by the Board of Directors, and the officer to receive said compensation shall not be permitted to vote on said compensation. The Directors shall have the right to set and pay all salaries or compensation to be paid to officers, employees or agents or attorneys for services rendered to the corporation.

ARTICLE VII

FINANCE AND RECORDS

Section 1. The funds of the corporation shall be deposited in a separate account, and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time.

Section 2. For accounting purposes, the corporation shall operate upon the calendar year beginning the 1st day of January and ending the 31st day of December of each year or such fiscal year as adopted by the Board of Directors.

Section 3. A complete financial report of actual receipts and expenditures of the previous 12 months shall be furnished to each member by mail or personal delivery not later than 60 days following the end of the year for which the report is made. The report shall show the amounts of receipts by accounts and receipt classifications and shall show the amounts of expenses by accounts and expense classifications including, if applicable, but not limited to, the following:

- (A) Costs for security;
- (B) Professional and management fees and expenses;
- (C) Taxes;
- (D) Costs for recreation facilities;
- (E) Expenses for refuse collection and utility services;
- (F) Expenses for lawn care;
- (G) Costs for building maintenance and repair;
- (H) Insurance costs;
- (I) Administrative and salary expenses; and
- (J) General reserves, maintenance reserves, and depreciation reserves.

Section 4. Minutes of all meetings of the Members and of the Board of Directors and other records of the Association shall be kept in a business like manner in a minute book or other suitable binder or cover and shall be available for inspection by Unit Owners or their authorized representative and Board members at any reasonable time. The Association shall retain these Minutes for a period of not less than seven (7) years.

Section 5. A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at all reasonable times. Liability policies shall be retained by the Board of Directors in a safe depository for a period of twenty-two years after the expiration date of said policy.

In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the 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 and they shall have the right to intervene and defend any such action.

Section 6. The Board of Directors of the corporation shall maintain records relating to the fiscal management of the Association. All of said accounting records shall be kept according to good accounting

practices and shall be open to inspection by Unit Owners or their authorized representatives at reasonable times and reasonable written summaries of them shall be supplied at least annually to the Unit Owners or their authorized representatives.

Section 7. The Board of Directors may in its discretion, require that a fidelity bond be obtained for all officers, Directors, managers and employees of the corporation who control, handle, disburse or are responsible for corporation funds. The amount of such bond shall be determined by the Board of Directors, and the premiums on such bond shall be paid by the corporation as an item of general expenses.

Section 8. All assessments paid by members of the corporation for the maintenance and operation of the condominium shall be utilized by the corporation for the purposes of said assessments. Any excess monies received from said assessments paid by any members shall be held by the corporation for the use and benefit of the members. Any Surplus held by the corporation after the payment of expenses for maintaining and operating the Common Elements shall be considered as a general surplus and held for the benefit of all of the members, in proportion of each Member's share in the Common Elements.

Section 9. The Association shall maintain a roster of mortgagees holding a lien or other encumbrance on Units. It shall be the obligation of each member in writing to the Association.

ARTICLE VIII

AMENDMENTS

Section 1. The By-Laws may be amended by the Members by agreement in writing or at a duly constituted meeting for such purposes, provided, however, that no amendment shall take effect unless approved by members representing at least 60% of the votes in this Condominium as set forth in the Declaration of Condominium, except as provided below in Sections 2, 6 and 7.

Section 2. No amendments to the By-Laws shall be valid without the written consent of one hundred (100%) percent of the Members as to changes of the proportion or percentage by which the owner of the Unit shares the Common Expenses and owns the Common Surplus and Common Elements, or changes or modifications in voting rights, or location of a Member's Unit.

The Developer reserves the right at any time proper to the closing of any of the purchases by individual owners of their Unit in this Condominium to make amendments to the By-Laws so long as said amendments do not affect the percentage of ownership in the Common Elements, assessments, voting rights or location of any Unit as to any Unit sold to any purchaser prior to the time of said amendment. No such amendment shall be effective, however, as to any Unit encumbered by the lien of any permitted mortgage until the written consent of said mortgagee has been obtained and filed of record and no such amendment shall be effective without the written consent of said prior purchasers. Amendments may be made by the Developer subdividing Units in accordance with the Declaration of Condominium of Bay Villas Units.

Section 3. Except as provided in Section 2 above, before any amendment shall be effective, it shall also be approved by a majority of the members of the Board of Directors.

Section 4. Notice of the subject matter of any proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

Section 5. No amendment to the By-Laws shall be effective until the same as been recorded with the Clerk of the Circuit Court of Okaloosa County, Florida.

Section 6. No amendment to the By-Laws shall be effective without the written consent of the Developer so long as it is the owner of any of the Units included within Bay Villas, a Condominium, provided, however, the Developer's right to require its written consent of any such amendment shall expire four (4) years from date of recording of the Declaration.

Section 7. No amendment to the Declaration of Condominium or any exhibits attached thereto shall be valid, unless otherwise provided, without the written consent of the holder of any Institutional First Mortgage lien on any Unit, provided, however, if said holder of mortgage does not object in writing to said proposed amendment within thirty (30) days from receipt of notice in writing of said proposed amendment, said amendment shall be considered as automatically approved.

ARTICLE IX

ASSESSMENTS

Section 1. The expense for the operation and maintenance of the Common Elements (including Limited Common Elements) shall be a Common Expense and each Unit Owner shall be liable for his, her or its portion of said expenses as provided in the Declaration of Condominium, except as hereinafter provided.

All sums collected from assessments shall be held in trust for the Unit Owners and shall be credited to the Unit Owner's account from which shall be paid the expenses for which the respective assessments are made.

Section 2. Assessments for recurring expenses for each account shall include the estimated expenses chargeable to the account and a reasonable allowance for contingencies. Assessments shall be made for the fiscal year annually in advance thirty (30) days preceding the year for which assessments are made and each such annual assessment shall constitute a lien for the total amount of such annual assessment against the Unit for which such assessment is made. Said assessments and the budget which is the basis for such assessments shall be in accordance with the provisions of Chapter 718.112 Florida Statutes. Such assessments shall be due in advance not less frequently than quarterly. Upon default by any Unit Owner in the payment of any such installment within thirty (30) days after the due date thereof, then the Association at its option and without notice shall be entitled to accelerate the payment of the balance of such installments for the then current assessment year. In the event such an annual Assessment proves to be insufficient, it may be amended at any time by action of a majority of the Board of Directors of the Association. If any annual assessment is not made or required, a payment in the amount required by the last prior assessment shall be due upon each assessment payment date until changed by a new Assessment. Assessments shall be made in amounts no less than are required to provide funds in advance for payment of all of the anticipated current operating expenses, and for all the unpaid operating expenses previously incurred.

Section 3.

(a) Copies of the proposed budget and assessments shall be mailed to the Unit Owners not less thirty (30) days prior to the meeting of the Directors at which the budget will be considered, together with the written notice of the time and place of said meeting. The meeting shall be open to all Unit Owners.

(b) The proposed annual budget of Common Expenses shall be detailed and show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to the following:

- (A) Administration of the Association;
- (B) Management fees;
- (C) Maintenance;
- (D) Rent for recreational and other commonly used facilities;
- (E) Taxes upon Association property;
- (F) Taxes upon leased areas;
- (G) Insurance;
- (H) Security provisions;
- (I) Other expenses;
- (J) Operating capital;
- (K) Reserves;
- (L) Fees payable to the Division of Florida Land Sales and Condominiums.

(c) In addition to the annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but be limited to, roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon the estimated life and estimated replacement cost of each reserve item. This subsection (c) shall not apply to budgets in which members present at a duly called meeting of the Association determined for a fiscal year to provide no reserves or reserves less adequate than required herein.

(d) The maximum annual assessment may not be increased greater than five (5%) percent about the preceding annual assessment without the approval of two thirds of the votes entitled to be cast in the Association at duly called meeting for that purpose. The provisions of this subsection (d) shall not be applicable if they are in conflict with the requirement for reserves as required in subsection (c) above or if in conflict with Chapter 718, Florida Statutes (the "Condominium Act").

Section 4. In the event of foreclosure sale of a first mortgage encumbering a Unit, the purchaser at such sale, his successors or assigns, shall not be liable for the share of the assessments pertaining to such Unit chargeable to the former owner of such Unit which become due prior to the foreclosure sale of such Unit. Such unpaid share of the assessment shall be an obligation of the prior owner and if uncollected may be deemed to be Common Expense collectible from all of the Unit Owners including the purchaser, his successors or assigns. The foregoing provisions shall also be applicable to the conveyance of a Unit to a first mortgagee in lieu of foreclosure.

Section 5. Assessments for Common Expense for emergencies requiring immediate repair, and which cannot be paid from the assessments for recurring expenses, shall only be made after approval by the Board of Directors of the Association. After such approval by the Board of Directors, such emergency assessments shall become effective and shall be due in such manner as the Board of Directors may require.

Section 6. All liens of any nature including taxes and special assessments levied by governmental authority which are a lien upon more than one Unit or any portion of the Common Elements, shall be paid by the Association as a Common Expense and shall be assessed against the Units which in the opinion of the Board are responsible for the existence of such liens as the Board in its sole discretion shall deem appropriate and shall be due in such manner as the Board may require.

Section 7. The assessments for Common Expenses shall be set forth upon a roll or ledger card of the Units which shall be available in the office of the Association for inspection by Unit Owners at all reasonable times. Such roll or ledger card shall indicate for each Unit the name and current mailing address of the Unit Owner, the amount of each Assessment for all purposes and the amounts paid and unpaid of all Assessments. Any person other than the Unit Owner to whom a certificate is issued may rely upon a certificate which shall be made from such Assessment rolls or ledger cards by the Treasurer or Assistant Treasurer of the Association as to the status of a Unit Owner's Assessment account as of the date upon which it is delivered.

Section 8. An unpaid assessment or portion thereof which is due, including payments accelerated pursuant to Section 2 hereof, shall be secured by a lien upon:

(1) The Unit and all appurtenances thereto when a notice claiming a lien has been recorded by the Association in the Public Records of Okaloosa County, Florida, which claim of lien shall not be recorded until the payment is past due for at least thirty (30) days and which lien shall be effective as against the owner and all parties having knowledge thereof, actual or constructive, by virtue of the recordation. Said lien shall include reasonable attorneys' fees incurred by the Association incident to the collection of the assessment or enforcement of the lien, together with interest thereon at the maximum rate allowable by law from date until paid.

(2) All tangible personal property of the Unit Owner(s) located in the Unit except that such lien shall be subordinate to prior bona fide liens of record.

Section 9. Assessments and installments not paid on the due date shall bear interest at the maximum rate allowed by law from due date until paid. All payments on account shall be applied first to interest, if accrued, and then to the assessment payment first due.

The Board of Directors, at its option, may enforce collection of delinquent assessment accounts by suit at law, or by foreclosure of the lien securing the assessment, or by any other competent proceeding and in any event the Association shall be entitled to recover the payment which are delinquent at the time of judgment or decree, together with interest at the maximum legal rate and costs of suit, plus reasonable attorney's fees, including, but not limited to such fees incurred prior to institution of litigation or in litigation, including trial and appellate review, and bankruptcy or other administrative of judicial proceedings.

ARTICLE X

INDEMNIFICATION

Section 1. The Association shall indemnify and hold harmless each of its Directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association, and the Developer against all contractual and other liabilities to others arising out of contracts made by, or other acts of, such Directors, officers, committee members or on behalf of the Unit Owners, or arising out of their status as Directors, officers, committee members or unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such Director, officer, Board, or committee member may be involved by virtue of such persons being or having been such Director, officer, or committee member.

Section 2. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case, upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that such person or entity is entitled to be indemnified by the Association as authorized in this Article X.

Section 3. The Association and the Board of Directors shall have the power to raise and the responsibility for raising, by Special Assessment or otherwise, any sums required to discharge its obligations under this Article, provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the Directors, member of such committees or Developer, or out of the aforesaid indemnity in favor of the Directors, officers, or members of such committees shall be limited to such proportion of the total liability thereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every agreement made by the Directors, Board, officers, or members of such committees, as the case may be, are acting only as agent for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. The indemnification provided by this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a Director, an officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, personal representatives, successors and assigns of such person or entity.

MUTUAL EASEMENT AGREEMENT

STATE OF FLORIDA

COUNTY OF OKALOOSA

This Mutual Easement Agreement is made this 17th day of JUNE, 1983 between Europco Treuhand GMBH, Inc. (hereinafter after referred to as "Europco") and Bay Villas Condominium Association, Inc. (hereinafter referred to as "Bay Villas").

WHEREAS, Europco is the owner of certain beach property on Choctawachee Bay, which is delineated as Parcel I on Exhibit A attached hereto and incorporated herein;

WHEREAS, Bay Villas is the owner of certain beach property which is adjacent to the Europco beach property, the Bay Villas beach property being delineated as Parcel II on Exhibit A;

WHEREAS, Bay Villas desires to have access to Choctawachee Bay over the Europco beach property and to use the Europco beach property; and

WHEREAS, Europco desires to use and grant to others the use of the Bay Villas beach property.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Europco and Bay Villas agree as follows:

1. Europco does hereby give, grant, and convey to Bay Villas, its successors and assigns forever, a nonexclusive easement for ingress, egress and use on and over the beach property delineated as Parcel I on Exhibit A attached hereto and incorporated herein.
2. Bay Villas does hereby give, grant, and convey to Europco, its successors and assigns forever, a nonexclusive easement for ingress, egress and use on and over Parcel II delineated on Exhibit A attached hereto and incorporated herein.
3. Bay Villas agrees to maintain and repair the beach properties being Parcel I and Parcel II delineated on Exhibit A attached hereto.

IN WITNESS WHEREOF, parties have signed, sealed and delivered this mutual easement agreement as of the day and year first written above.

WITNESS:

Europco Treuhand GMBH, Inc.

Kathy E. Howell
Sam P. Allen

Jerome A. Zivan
Stuart Neiman Vice President Secretary

WITNESS:

Bay Villas Condominium Association, Inc.

Ante L. Kucic
Diane L. White


David C. Weaver
Arlet H. Mangille

STATE OF GEORGIA
COUNTY OF FULTON

I hereby certify that on this day before me an officer duly authorized to take acknowledgement, personally appeared Jerome A. Zivan and Stuart Neiman, Vice President and Secretary, respectively, of Europco Treuhand GMBH, Inc., who acknowledged executing the foregoing instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the county and state last aforesaid, this 15th day of June, 1983.

Kathy E. Howell
Notary Public
My Commission Expires
Notary Public, Georgia, State
My Commission Expires Jan



STATE OF FLORIDA
COUNTY OF OKALOOSA

I hereby certify that on this day before me an officer duly authorized to take acknowledgement, personally appeared David C. Weaver and Arlet H. Mangille, VICE PRESIDENT and SECRETARY, respectively, of Bay Villas Condominium Association, Inc., who acknowledged executing the foregoing instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the county and state last aforesaid, this 17th day of June, 1983.

Ante L. Kucic
Notary Public
My Commission Expires



EXHIBIT "A"

LEGAL DESCRIPTION OF BEACH AREA EASEMENT
PARCEL 1
BAY VILLAS PHASE 1

LEGAL DESCRIPTION

COMMENCE AT THE SOUTHEAST CORNER OF FRACTIONAL SECTION 16, TOWNSHIP 1 SOUTH,
RANGE 22 WEST, OKALOOSA COUNTY, FLORIDA;
THENCE GO NORTH 88° 58' 43" WEST ALONG THE SOUTH LINE OF SECTION 16 A
DISTANCE OF 352.00 FEET TO THE POINT OF BEGINNING OF THE EASEMENT;
THENCE CONTINUE NORTH 88° 58' 43" WEST ALONG THE SOUTH LINE OF SECTION 16
A DISTANCE OF 53.20 FEET TO THE APPROXIMATE MEAN HIGH WATER LINE OF
CHOCTAWHATCHEE BAY;
THENCE MEANDER NORTH 14° 35' 02" WEST ALONG THE APPROXIMATE MEAN HIGH
WATER LINE OF CHOCTAWHATCHEE BAY A DISTANCE OF 111.99 FEET;
THENCE MEANDER NORTH 07° 08' 26" EAST ALONG THE APPROXIMATE MEAN HIGH
WATER LINE OF CHOCTAWHATCHEE BAY A DISTANCE OF 74.11 FEET;
THENCE GO NORTH 84° 24' 04" EAST A DISTANCE OF 24.05 FEET;
THENCE GO SOUTH 14° 35' 56" EAST A DISTANCE OF 191.39 FEET TO THE POINT
OF BEGINNING OF THE EASEMENT HEREIN DESCRIBED LYING AND BEING A PORTION
OF FRACTIONAL SECTION 16, TOWNSHIP 1 SOUTH, RANGE 22 WEST, OKALOOSA COUNTY,
FLORIDA.

EXHIBIT "A"

LEGAL DESCRIPTION OF BEACH AREA EASEMENT
PARCEL 2
BAY VILLAS PHASE 1

COMMENCE AT THE SOUTHEAST CORNER OF FRACTIONAL SECTION 16, TOWNSHIP
1 SOUTH, RANGE 22 WEST, OKALOOSA COUNTY, FLORIDA;
THENCE GO NORTH 88° 58' 43" WEST ALONG THE SOUTH LINE OF SECTION 16 A
DISTANCE OF 302.50 FEET TO THE POINT OF BEGINNING OF THE EASEMENT;
THENCE CONTINUE NORTH 88° 58' 43" WEST A DISTANCE OF 49.50 FEET;
THENCE GO NORTH 14° 35' 56" WEST A DISTANCE OF 125.89 FEET;
THENCE GO SOUTH 80° 09' 18" EAST A DISTANCE OF 4.75 FEET;
THENCE GO SOUTH 34° 52' 34" EAST A DISTANCE OF 143.30 FEET;
THENCE GO SOUTH 51° 14' 29" WEST A DISTANCE OF 6.92 FEET TO THE POINT
OF BEGINNING OF THE EASEMENT HEREIN DESCRIBED LYING AND BEING A
PORTION OF FRACTIONAL SECTION 16, TOWNSHIP 1 SOUTH, RANGE 22 WEST,
OKALOOSA COUNTY, FLORIDA.

EXHIBIT "A"

** OFFICIAL RECORDS **
BK 1196 PG 694

DAI VILLAS, A CONDOMINIUM

IN A PORTION OF FRACTIONAL SECTION 18, TOWNSHIP-1-SOUTH, RANGE-

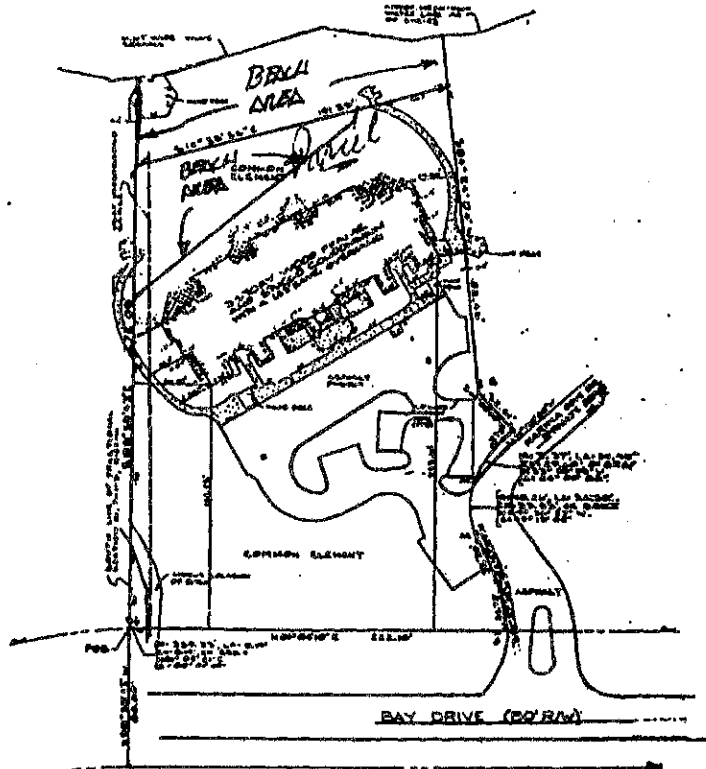


PREPARED BY:
B. ASHERWALE
L. SHAWAN
L. HOWEKA, INC.
MAY 1983



CHOCTAWHATCHEE BAY

Exhibit 8



PREPARED BY GENERAL LAND OFFICE MEMPHIS
AT THE REQUEST OF OWNER OF FRACTIONAL
SECTION 18, TOWNSHIP-1-SOUTH, RANGE-

STATE OF FLORIDA
COUNTY OF OKALOOSA

EASEMENT AGREEMENT

This Easement Agreement made this 15 day of June
19 83, between Europco Treuhand GMBH, Inc. (hereinafter referred to
as "Europco") and Bay Villas Condominium Association, Inc. (hereinafter
referred to as "Bay Villas").

Whereas, Europco is the owner of certain real property with a road
located thereon, which road is more particularly described on Exhibit A
attached hereto and incorporated herein (hereinafter referred to as the
"Road"); and

Whereas, Bay Villas desires to acquire an easement over said Road
for access from and to the property on which Bay Villas, a Condominium
is built.

NOW THEREFORE, in consideration of premises and in further consideration
of ten dollars (\$10.00) and other good and valuable consideration, the
receipt of which is hereby acknowledged, Europco and Bay Villas agree as
follows:

1. Europco does hereby give, grant, and convey to Bay Villas its
successors and assigns forever, a non-exclusive easement of ingress
and egress on and over the Road.
2. Bay Villas shall pay to Europco, its successors and assigns
fifty percent (50%) of the cost to maintain and repair the Road in
its present condition.

In witness whereof the parties have signed, sealed and delivered
this Easement Agreement as of the day and year first written above.

Europco Treuhand GMBH, Inc.

[Signature]
Witness

[Signature]
Witness

[Signature] Vice President
[Signature] Secretary

Bay Villas Condominium Association, Inc.

[Signature]
Witness

[Signature]
Witness

[Signature]
[Signature]

STATE OF GEORGIA
COUNTY OF FULTON

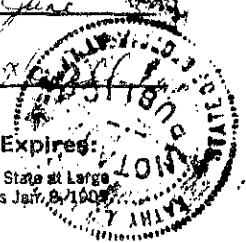
I hereby certify that on this day before me an officer duly authorized to take acknowledgement, personally appeared JEROME A. ZIVIAN and GUERT NEUMAN, Vice President and Secretary, respectively, of Europco Treuhand CMBH, Inc., who acknowledged executing the foregoing instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the county and state last aforesaid, this 15th day of June 1983.

LeRoy L. ...
Notary Public

My Commission Expires:

Notary Public, Georgia, State at Large
My Commission Expires Jan. 8, 1985



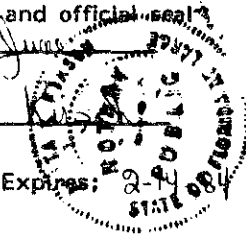
STATE OF FLORIDA
COUNTY OF OKALOOSA

I hereby certify that on this day before me an officer duly authorized to take acknowledgement, personally appeared DAVID C. ... and JOSEPH H. ..., VICE PRESIDENT and SECRETARY, respectively, of Bay Villas Condominium Association, Inc., who acknowledged executing the foregoing instrument on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal in the county and state last aforesaid, this 17 day of June 1983.

Armita ...
Notary Public

My Commission Expires: 2-14



A PARCEL OF LAND LYING IN FRACTIONAL SECTION 16, TOWNSHIP 1 SOUTH, RANGE 22 WEST, OKALOOSA COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:
COMMENCE AT A U.S. GENERAL LAND OFFICE MONUMENT AT THE SOUTHEAST CORNER OF FRACTIONAL SECTION 16, TOWNSHIP 1 SOUTH, RANGE 22 WEST, OKALOOSA COUNTY, FLORIDA;
THENCE GO NORTH 88 DEGREES 58 MINUTES 43 SECONDS WEST ALONG THE SOUTH LINE OF THE AFORESAID SECTION 16 A DISTANCE OF 80.00 FEET TO A POINT ON THE CURVED WESTERLY RIGHT-OF-WAY OF BAY DRIVE (80' R/W) BEING CONCAVE EASTERLY HAVING A RADIUS OF 359.33 FEET;
THENCE GO NORTHERLY ALONG THE AFORESAID CURVE HAVING A RADIUS OF 359.33 FEET AN ARC DISTANCE OF 0.19 FEET (CH = 0.19', CH BRG = N 01° 02' 21" E) TO THE POINT OF TANGENCY;
THENCE GO NORTH 01 DEGREES 04 MINUTES 10 SECONDS EAST ALONG THE AFORESAID WESTERLY RIGHT-OF-WAY OF BAY DRIVE A DISTANCE OF 222.10 FEET TO THE POINT OF BEGINNING;
THENCE GO SOUTH 81 DEGREES 57 MINUTES 39 SECONDS WEST A DISTANCE OF 26.72 FEET;
THENCE GO SOUTH 65 DEGREES 47 MINUTES 09 SECONDS WEST A DISTANCE OF 32.20 FEET TO A POINT OF CURVATURE;
THENCE GO NORTHWESTERLY ALONG A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 40.26 FEET AN ARC DISTANCE OF 34.58 FEET (CH = 33.53', CH BRG = N 89° 36' 27" W) TO A POINT OF COMPOUND CURVATURE;
THENCE GO NORTHWESTERLY ALONG A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 71.37 FEET AN ARC DISTANCE OF 29.90 FEET (CH = 29.68', CH BRG = N 53° 00' 02" W) TO THE POINT OF TANGENCY;
THENCE GO NORTH 41 DEGREES 00 MINUTES 00 SECONDS WEST A DISTANCE OF 87.59 FEET TO A POINT OF CURVATURE;
THENCE GO NORTHWESTERLY ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 265.49 FEET AN ARC DISTANCE OF 123.71 FEET (CH = 122.60', CH BRG = N 27° 39' 05" W) TO THE POINT OF TANGENCY;
THENCE GO NORTH 14 DEGREES 18 MINUTES 08 SECONDS WEST A DISTANCE OF 14.70 FEET;
THENCE GO NORTH 74 DEGREES 46 MINUTES 45 SECONDS EAST A DISTANCE OF 21.49 FEET;
THENCE GO SOUTH 14 DEGREES 55 MINUTES 28 SECONDS EAST A DISTANCE OF 34.42 FEET TO A POINT OF CURVATURE;
THENCE GO SOUTHEASTERLY ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 172.80 FEET AN ARC DISTANCE OF 78.62 FEET (CH = 77.94', CH BRG = S 27° 57' 27" E) TO THE POINT OF TANGENCY;
THENCE GO SOUTH 40 DEGREES 59 MINUTES 26 SECONDS EAST A DISTANCE OF 109.64 FEET TO A POINT OF CURVATURE;
THENCE GO EASTERLY ALONG A CURVE CONCAVE NORTHERLY HAVING A RADIUS OF 15.98 FEET AN ARC DISTANCE OF 22.99 FEET (CH = 21.06', CH BRG = S 82° 12' 33" E) TO THE POINT OF TANGENCY;
THENCE GO NORTH 56 DEGREES 34 MINUTES 21 SECONDS EAST A DISTANCE OF 44.25 FEET TO A POINT OF CURVATURE;

THENCE GO NORTHEASTERLY ALONG A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 41.66 FEET
AN ARC DISTANCE OF 15.81 FEET (CH = 15.71', CH BRG = N 67° 26' 31" E) TO THE POINT OF
TANGENCY;
THENCE GO NORTH 78 DEGREES 18 MINUTES 38 SECONDS EAST A DISTANCE OF 21.94 FEET TO A
POINT ON THE AFORESAID WESTERLY RIGHT-OF-WAY LINE OF BAY DRIVE;
THENCE GO SOUTH 01 DEGREES 04 MINUTES 10 SECONDS WEST ALONG THE AFORESAID WESTERLY
RIGHT-OF-WAY LINE A DISTANCE OF 42.88 FEET TO THE POINT OF BEGINNING.
THE ABOVE DESCRIBED ACCESS EASEMENT IS SITUATED IN SECTION 16, TOWNSHIP 1 SOUTH, RANGE
22 WEST, OKALOOSA COUNTY, FLORIDA AND CONTAINS 0.191 ACRES OR 772 SQUARE METERS.

