

DECLARATION OF CONDOMINIUM

FOR

FAIR OAKS VILLAGE, A CONDOMINIUM

Ft. Walton, Beach, Florida

*Rec  
26500*

THIS INSTRUMENT WAS PREPARED BY

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APPENDICES

Appendix "A"	Legal Description
Appendix "B"	Plot Plan And Survey
Appendix "C"	Surveyor's Certificate
Appendix "D"	Allocation of Shares In Common Elements, Common Expenses and Common Surplus
Appendix "E"	Articles Of Incorporation of Fair Oaks Village Condominium Association, Inc.
Appendix "F"	By-Laws of Fair Oaks Village Condominium Association, Inc.

All Appendices to this Declaration of Condominium are incorporated herein by reference and made a part hereof for all purposes.

DECLARATION OF CONDOMINIUM  
OF  
FAIR OAKS VILLAGE, A CONDOMINIUM

I

WHEREAS, FERNANDINA INCORPORATED, a Florida corporation, is the owner of certain real property situate in Okaloosa County, Florida, which is more particularly described on Appendix "A"; and

WHEREAS, FERNANDINA INCORPORATED, wishes to submit the said real property and all easements and appurtenances thereto to the condominium form of ownership pursuant to the provisions of Chapter 718, Florida Statutes (the "Condominium Act");

NOW, THEREFORE, FERNANDINA INCORPORATED, hereby states and declares that said real property, all the improvements thereon, and all easements and appurtenances thereto are hereby submitted to the condominium form of ownership, pursuant to the Condominium Act of the State of Florida and this Declaration of Condominium.

All the restrictions, reservations, covenants, conditions and easements contained herein shall constitute covenants running with the land or equitable servitudes upon the land, as the case may be, and shall rule perpetually unless terminated as provided herein, and shall be binding upon all Unit Owners, as hereinafter defined, and their successors and assigns, and in consideration of receiving and by acceptance of a grant, devise or mortgage, all grantees, devisees or mortgagees, their heirs, personal representatives, successors and assigns, and all parties claiming by, through or under such persons, agree to be bound by the provisions hereof, as well as the By-Laws and Articles of Incorporation of the Association, as hereinafter identified and defined. Both the burdens imposed and the benefits provided by the restrictions, reservations, covenants, conditions and easements herein set forth shall run with each Unit and its appurtenant undivided interest in common elements as herein defined.

Definitions. Unless a contrary intention is indicated, or unless the context otherwise requires, all terms in this Declaration of Condominium shall have the following meanings and shall be construed in accordance with the Condominium Act of the State of Florida:

A. "Assessment" means a share of the funds required for the payment of common expenses, which from time to time are assessed against a Unit Owner.

B. "Association" or "Corporation" means Fair Oaks Village Condominium Association, Inc., a non-profit Florida corporation, being the entity responsible for the operation of this Condominium.

C. "By-Laws" means the By-Laws of the Fair Oaks Village Condominium Association, Inc., a non-profit Florida corporation, as they exist from time to time.

D. "Common Elements" means the portions of the Condominium Property not included in the Units.

E. "Common Expenses" means all expenses and assessments properly incurred by the Association for the Condominium.

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

G. "Condominium" means that form of ownership of real property created pursuant to the Condominium Act and which is comprised of Units that may be owned by one or more persons, and there is appurtenant to each Unit an undivided share in the Common Elements.

H. "Condominium Act" means Chapter 718, Florida Statutes, as amended from time to time.

I. "Condominium Documents" means this Declaration, and all Appendices hereto, as amended from time to time.

J. "Condominium Parcel" means a Unit, together with the undivided share in the Common Elements which is appurtenant to the Unit.

K. "Condominium Property" shall have the same definition as is attributed to it in the Condominium Act and with respect to this Condominium shall include all real property and all improvements and personal property located thereon, and all easements and rights appurtenant thereto, which are intended for use in connection with Fair Oaks Village, A Condominium and herein declared to be submitted to the Condominium form of ownership.

L. "Condominium Unit" or "Unit" means a part of the Condominium Property which is subject to exclusive ownership.

M. "Declaration," or "Declaration of Condominium," means this instrument, as it may be from time to time amended.

N. "Developer" means a person who creates a condominium or offers condominium parcels for sale or lease in the ordinary course of business, but does not include an owner or lessee of a Unit who has acquired his Unit for his own occupancy; and with reference to Fair Oaks Village, A Condominium shall mean Fernandina Incorporated, a Florida corporation.

O. "Institutional Mortgage" means a mortgage encumbering a Unit, or Units, held by an Institutional Mortgagee, as defined hereinbelow.

P. "Institutional Mortgagee" means a bank, savings and loan association, insurance company, mortgage company, real estate investment trust, pension fund, the Developer, or any other generally recognized institutional type lender holding, insuring, or guaranteeing a first mortgage or first mortgages on one or more Units in the Condominium, specifically including, without limiting the foregoing, the Federal National Mortgage Association ("FNMA") and any FNMA approved lenders.

Q. "Occupant" means the person or persons in possession of a Unit.

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

S. "Unit Owner" or "Owner of a Unit" or "Parcel Owner" means the owner of a Condominium Parcel.

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

II

NAME

The name by which the Condominium is to be identified is FAIR OAKS VILLAGE, A CONDOMINIUM.

III

LEGAL DESCRIPTION AND IDENTIFICATION OF UNITS

A legal description of the land upon which the Condominium is located and which is a part of the Condominium Property is set forth on Appendix "A."

The Condominium Units in Fair Oaks Village, A Condominium are those Condominium Units delineated and identified on Appendix "B." No Unit bears the same identifying number as does any other Unit. The identifying number of each Unit is also the identifying number of the particular Condominium Parcel of which that Unit is a part. Appendix "B" contains a survey of the land upon which the Condominium is located, a survey of the land upon which the offsite recreational facilities and other amenities are located, a graphic description of the improvements in which Units are located, and a plot plan, showing the relationship between the land and the improvements. Appendix "B," taken together with this Declaration, is in sufficient detail to identify the Common Elements and each Unit and their relative locations and approximate dimensions, as evidenced by the Surveyor's Certificate attached hereto as Appendix "C."

IV

OWNERSHIP OF CONDOMINIUM PARCELS

A. Each Condominium Parcel is a separate parcel of real property, the ownership of which may be in fee simple, or any other estate in real property recognized by law.

B. There shall pass, together with the fee simple title to each Unit, as an appurtenance thereto:

1. An undivided interest in the Common Elements and the Common Surplus. The undivided interest in the Common Elements and Common Surplus, appurtenant to each respective Unit, stated as a percentage, is set forth on Appendix "D."

2. An exclusive easement for the use of the air space occupied by the Unit as it exists at any particular time and as the Unit may lawfully 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.

3. Such other appurtenances, including easements and other rights as are from time to time provided for in the Condominium Act.

The undivided interest in the Common Elements and Common Surplus, together with all other appurtenances to each respective Unit shall be deemed to be conveyed or encumbered with a respective Condominium Unit, whether or not separately described. Any attempt to separate the fee title to a Condominium Unit from its undivided interest in the Common Elements, Common Surplus, or other appurtenances shall be null and void.

C. The Unit Owner is entitled to the exclusive possession of his Unit. He shall be entitled to use the Common Elements in accordance with the purposes for which they are intended, but no such use shall hinder or encroach upon the lawful rights of other Unit Owners or of any other persons. There shall be a joint use of the Common Elements and a joint and mutual easement for that purpose is hereby created, and shall be deemed to include the right of ingress and egress over all streets, walks and other rights-of-way included within the Condominium Property.

D. A Unit Owner shall not be deemed to have exclusive ownership of the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his Unit, nor shall such Unit Owner be deemed to have exclusive ownership of pipes, wires, conduits or other utility lines or conduits running through his Unit which are utilized for, pass through or serve more than one Unit. Such items are hereby declared to be Common Elements and a Unit Owner shall own them in common with all other Unit Owners in the Condominium. The Unit Owner, however, shall be deemed to own the walls and partitions which are contained within the undecorated and/or unfinished perimeter walls, floors and ceilings surrounding his Unit, and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint, and wallpaper.

E. The Common Elements of this Condominium shall include, without limitation, the following:

1. The land on which the improvements are located as described in Appendix "A" and any other land which shall hereafter be included in the Condominium Property.

2. All improvements located on the land described in Appendix "A" which are not included within the Units.

3. A non-exclusive easement pursuant to that certain Easement which is more particularly identified on Appendix "A."

4. A non-exclusive easement for ingress and egress over all streets, roadways, walks, stairways, or other rights-of-way included within the Condominium Property to provide all Unit Owners reasonable access to public streets, roads, or

rights-of-way.

5. Easements through Units for conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services to Units and the Common Elements.

6. An easement of support in every portion of a Unit which contributes to the support of a building.

7. Property and installations required for the furnishing of utilities, cable television service, and other services to more than one Unit or to the Common Elements or to a Unit other than the Unit containing the installation.

V

THE OPERATING ENTITY

A. THE ASSOCIATION: The name of the Association responsible for the operation of the Condominium is Fair Oaks Village Condominium Association, Inc., a non-profit Florida corporation, organized and existing under the laws of the State of Florida. The Association shall have all of the powers and duties afforded to it under the laws of the State of Florida, as well as all of the powers and duties granted to or imposed upon it by this Declaration, the By-Laws of the Association, and its Articles of Incorporation. The Articles of Incorporation of the Association are set forth on Appendix "E."

B. DEVELOPER'S CONTROL OF ASSOCIATION: The Developer has the right to appoint the initial Board of Directors of the Association and, accordingly, through such initial Board of Directors shall have control of the Association until control is relinquished to the Unit Owners as provided for herein. The Developer shall relinquish control of the Board of Directors of the Association to the Unit Owners at the time and in the manner following, to wit:

1. When Unit Owners other than the Developer own fifteen percent (15%) or more of the Units that will be operated ultimately by the Association (11 Units), the Unit Owners, other than the Developer, shall be entitled to elect no less than one-third of the members of the Board of Directors of the Association. Unit Owners, other than the Developer, will be entitled to elect not less than a majority of the members of the Board of Directors of the Association upon the occurrence of the earliest of the following:

(a) Three years after fifty percent (50%) of the Units that will be operated ultimately by the Association (36 Units) have been conveyed to purchasers;

(b) Three months after ninety percent (90%) of the Units that will be operated ultimately by the Association (65 Units) have been conveyed to purchasers;

(c) One hundred twenty (120) days after seventy percent (70%) of the Units that will be operated ultimately by the Association (51

Units) have been conveyed to purchasers;

(d) Three years after the first Unit that will be operated ultimately by the Association has been conveyed to a purchaser;

(e) When some of the Units have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business.

It is expressly provided, however, that the Developer shall be entitled to elect at least one (1) member of the Board of Directors of the Association as long as the Developer holds for sale, in the ordinary course of business, at least five percent (5%) of the Units (4 Units). When the Developer owns less than five percent (5%) of the Units, he shall be entitled to cast one vote in Association balloting for each Unit so owned, as in the case of any other Unit Owner.

2. Within sixty (60) days after the Unit Owners, other than the Developer, are entitled to elect a member or members of the Board of Directors of the Association, the Association shall call, and give not less than thirty (30) days nor more than forty (40) days notice of a meeting of the Unit Owners to elect the members of the Board of Directors. The meeting may be called and the notice given by any Unit Owner if the Association fails to do so. Upon election of the first Unit Owner, other than the Developer, to the Board of Directors, the Developer shall forward to the Division of Florida Land Sales and Condominiums the name and mailing address of the Unit Owner Board Member.

3. If the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

(a) Assessment of the Developer as a Unit Owner for capital improvements.

(b) Any action by the Association that would be detrimental to the sales of Units by the Developer. However, an increase in assessments for Common Expenses without discrimination against the Developer shall not be deemed to be detrimental to the sales of Units.

4. Prior to, or not more than sixty (60) days after, the time that Unit Owners other than the Developer elect a majority of the members of the Board of Directors of the Association, the Developer shall relinquish control of the Association, and the Unit Owners shall accept control. Simultaneously, the Developer shall deliver to the Association all property of the Unit Owners and the Association held or controlled by the Developer, including, but not limited to the following items:

(a) The original or a photocopy of the recorded Declaration of Condominium and all

Amendments thereto. If a photocopy is provided, it shall be certified by Affidavit of the Developer, or an officer or agent of the Developer, as being a complete copy of the actual recorded Declaration.

(b) A certified copy of the Association's Articles of Incorporation.

(c) A copy of the By-Laws of the Association.

(d) The minute books, including all minutes, and other books and records of the Association, if any.

(e) Any house rules and regulations which have been promulgated.

(f) Resignations of officers and members of the Board of Directors who are required to resign because the Developer is required to relinquish control of the Association.

(g) The financial records, including financial statements of the Association, and source documents since the incorporation of the Association through the date of turnover. The records shall be reviewed by an independent certified public accountant. The minimum report required shall be a review in accordance with generally accepted accounting standards as defined by rule by the Board of Accounting.

(h) Association funds or control thereof.

(i) All tangible personal property that is property of the Association, represented by the Developer to be part of the Common Elements or ostensibly part of the Common Elements, and an inventory of that property.

(j) Insurance policies.

(k) Copies of any certificates of occupancy which may have been issued for the Condominium Property.

(l) Any other permits issued by governmental bodies applicable to the Condominium Property in force or issued within one year prior to the date that Unit Owners other than the Developer take control of the Association.

(m) All written warranties of the contractor, subcontractors, suppliers, and manufacturers, if any, that are still effective.

(n) A roster of Unit Owners and their addresses and telephone numbers, if known, as shown on the Developer's records.

(o) Any leases to which the Association is a party.

(p) Employment contracts or service

contracts in which the Association is one of the contracting parties or service contracts in which the Association or the Unit Owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person or persons performing the service.

(q) All other contracts to which the Association is a party.

VI

COMMON EXPENSE AND COMMON SURPLUS

The Common Expenses and Common Surplus shall be shared by the Unit Owners, in proportion to their respective undivided interests in the Common Elements, as specified and set forth on Appendix "D."

VII

ASSESSMENTS

A. The Association through its Board of Directors shall have the power to fix and determine from time to time the sum or sums necessary and adequate to provide for the Common Expenses of the Condominium Property, and such other Assessments as are specifically provided for in either this Declaration or the By-Laws of the Association. The procedure for determination of such Assessments and the manner of assessing the share of each respective Unit against the Unit Owner and against his Unit shall be as set forth in the By-Laws of the Association, as they may be amended from time to time.

The Common Expenses shall be shared and assessed against each Unit and its Owner according to the percentages set forth in Appendix "D." Payment of the assessments so made shall be the responsibility of the Unit Owner and the Unit Owner shall be personally liable therefor. Assessments that remain unpaid for over thirty (30) days after their due date shall bear interest at the rate of twelve percent (12%) per annum from the due date until paid.

The Association shall have a lien on each Condominium Unit for any unpaid Assessments attributable to such Unit, together with interest thereon. Reasonable attorneys' fees incurred by the Association incident to the collection of such Assessments or the enforcement of such lien, together with all sums advanced and paid by the Association for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, together with interest thereon at the rate of twelve percent (12%) per annum, shall be payable by the Unit Owner to the Association and secured by such lien. The Board of Directors may take such action as it deems necessary to collect Assessments by personal action against the Unit Owner obligated therefor and by enforcing and foreclosing said lien, and may settle and compromise the same if in the best interests of the Association. The Association's lien for unpaid Assessments shall be effective and enforceable as provided for in the Condominium Act.

B. In the event there are unsold Units, the Developer retains the right to be the Owner of said unsold Units under the same terms and conditions as all other Unit Owners in said Condominium. However, the Developer, until it relinquishes

control of the Board of Directors of the Association, as provided in Article V.B. above, or until January 1, 1984, whichever occurs first shall only be required to contribute such sums to the Common Expenses of the Condominium, in addition to the total of the monthly Common Expense assessments assessed to all other Unit Owners, as may be required for the Association to maintain the Condominium, as provided in this Declaration and Appendices attached hereto. During the period specified above, the Developer warrants and guarantees that the monthly Assessments for Common Expenses imposed upon Unit Owners, other than the Developer, shall not exceed the sums set forth below:

- (a) One Bedroom One Bath - \$50.00
- (b) Two Bedroom Two Bath - \$65.00
- (c) Three Bedroom Two Bath - \$75.00

After control of the Board of Directors has been turned over to the Unit Owners, or on January 1, 1984, whichever occurs first, the Developer shall contribute to the Common Expenses as to the Units owned by it in the same manner as all other Unit Owners.

C. As provided in Section 718.116(6) of the Condominium Act, where the holder of an Institutional Mortgage of record or other purchaser of a Condominium Unit obtains title to a Condominium Unit as a result of foreclosure of the Institutional Mortgage, or when the holder of an Institutional Mortgage of record accepts a deed to said Condominium Unit in lieu of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of Common Expenses or Assessment by the Association pertaining to such Condominium Unit, or chargeable to the former Unit Owner of such Condominium Unit, which became due prior to acquisition of title as a result of the foreclosure or the acceptance of such deed in lieu of foreclosure unless a claim of lien for such unpaid assessments was filed of record prior to the recording of such Institutional Mortgage. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectable from all of the Unit Owners, including such acquirer, his successors and assigns.

D. Any person who acquires an interest in a Unit, except through foreclosure of an Institutional Mortgage of record, or deed in lieu thereof, as specifically provided hereinabove including, without limitation, persons acquiring title by operation of law and including purchasers at judicial sales, shall not be entitled to occupancy of the Unit or enjoyment of the Common Elements until such time as all unpaid Assessments due and owing by the former Unit Owner have been paid.

E. The Association, acting through its Board of Directors, shall have the right to assign its claim and lien rights for the recovery of any unpaid Assessments to the Developer, or to any Unit Owner or group of Unit Owners, or to any third party.

#### VIII

#### VOTING RIGHTS

There shall be one vote attributable to each Unit in Association balloting and there shall be only one person with respect to each Unit who shall be entitled to cast such vote. Such person shall be the Unit Owner and shall be known (and is

hereinafter referred to) as the Voting Member. If a Unit is owned by more than one person or entity, the Owners of said Unit shall designate one of them as the Voting Member. In the case of a corporate Unit Owner, an officer or an employee thereof designated in writing by the President shall be the Voting Member. In the case of a limited or general partnership, the general or managing partner shall be the Voting Member; or, any partner, officer or employee of such partnership designated in writing by the general or managing partner shall be the Voting Member. The designation of the Voting Member shall be made as provided by and subject to the provisions and restrictions set forth in the By-Laws of the Association. The total number of votes shall be equal to the total number of Units in the Condominium and each Condominium Unit shall have no more and no less than one equal vote in the Association. If one person or entity owns two or more Condominium Units, such person or entity shall have one vote for each Unit so owned. The vote attributable to a single Unit shall not be divisible.

IX

BY-LAWS

The administration of the Association and the operation of the Condominium Property shall be governed by the By-Laws of the Association, as the same may be amended from time to time, a copy of which is attached hereto as Appendix "F."

No modification of or amendment to the By-Laws of the Association shall be valid unless set forth in or annexed to a duly recorded Amendment to this Declaration. The By-Laws may be amended in the manner provided for therein, but no amendment to the By-Laws shall be adopted which would affect or impair the validity or priority of any mortgage covering any Condominium Parcel(s) or which would change the provisions of the By-Laws with respect to Institutional Mortgagees without the written approval of all Institutional Mortgagees of record.

X

METHOD OF AMENDMENT OF DECLARATION

This Declaration may be amended at any regular or special meeting of the membership of the Association called and convened in accordance with the By-Laws of the Association, by the affirmative vote of Voting Members casting not less than three-fourths (54 Units) of the total vote of the Voting Members entitled to cast votes in Association balloting.

All Amendments to this Declaration shall be recorded and certified as required by the Condominium Act. No Amendment shall change any Condominium Parcel nor a Condominium Unit's proportionate share of the Common Expenses or Common Surplus, nor the voting rights appurtenant to any Unit unless the record Owner(s) thereof, and all record owners of mortgages or other voluntarily imposed liens thereon shall join in the execution of the Amendment. No Amendment shall be passed which shall impair or prejudice the rights and priorities of any recorded mortgages. No Amendment shall change the provisions of this Declaration with respect to Institutional Mortgagees without the written approval of all Institutional Mortgagees holding a recorded mortgage or mortgages encumbering any portion of the Condominium Property; nor shall the provisions of Article XII of this Declaration be changed without the written approval of all Institutional Mortgagees of record.

Notwithstanding the foregoing, the Developer reserves the right to change the interior design and arrangements of all Units, and to alter the boundaries between Units as long as the Developer owns the Units so altered; however, no change shall increase the number of Units or alter the boundaries of the Common Elements, except the party wall or floor/ceiling between any Condominium Units, without amendment of this Declaration in the manner hereinbefore set forth. If the Developer shall make any changes in Units, as provided in this paragraph, such changes shall be reflected by an amendment to this Declaration, with a survey attached, reflecting such authorized alteration of Units, and said Amendment need only be executed and acknowledged by the Developer and any Institutional Mortgagees holding mortgages encumbering said altered Units. The survey shall be certified in the manner required by the Condominium Act. If more than one Unit is concerned, the Developer shall reapportion between such Units the shares in the Common Elements, Common Expenses and Common Surplus appurtenant to such Units. Such reapportionment of shares of Common Elements, Common Expenses and Common Surplus shall be duly noted in an amendment to this Declaration.

XI

PROVISIONS RELATING TO RENTAL OF CONDOMINIUM UNITS

Leases and subleases of Condominium Units shall be permitted; however, no such lease or sublease shall be for a term that is less than four (4) months. Any attempt to lease or sublease an interest in a Condominium Unit, except in accordance with the provisions of this subparagraph, shall be null and void and shall convey no right of possession, occupancy or enjoyment of the Condominium Unit, or its appurtenances, to the lessee or sublessee named in such lease or sublease.

XII

INSURANCE PROVISIONS

A. LIABILITY INSURANCE: The Board of Directors of the Association shall obtain Public Liability and Property Damage Insurance covering all of the Common Elements of the Condominium and insuring the Association and the Unit Owner, as its and their interests appear, in such amounts as the Board of Directors of the Association may determine from time to time, provided that the minimum amount of coverage shall be \$1,000,000.00 per person, \$1,000,000.00 per occurrence and \$250,000.00 property damage. Said insurance shall include but not limit the same to water damage, legal liability, hired automobile, non-owned automobile, and off-premises employee coverages. All Liability Insurance shall contain Cross-Liability Endorsement to cover liabilities of Unit Owners as a group to a Unit Owner. Premiums for the payment of such insurance shall be paid by the Association and charged as a Common Expense.

B. CASUALTY INSURANCE: The Board of Directors of the Association shall obtain Casualty Insurance covering all of the improvements to the Condominium Property in an amount that is not less than the replacement cost of the improvements with not more than \$1,000 deductible.

1. Loss Payable Provisions - Insurance Trustee: All policies shall be purchased by the Association for the benefit of the Association, all

Unit Owners and their mortgagees, as their interests may appear; however the Insurance Trustee (as hereinafter defined) shall be the named insured and it shall not be necessary to name the Association or the Unit Owner; however, mortgagee endorsements shall be issued. Such policies shall be deposited with the Insurance Trustee, who must first acknowledge that the policies and any proceeds thereof will be held in accordance with the terms hereof. Said policies shall provide that all insurance proceeds payable on account of loss or damage shall be payable to the Insurance Trustee, which may be any bank in Florida with trust powers, or any other Institutional Mortgagee, holding a recorded mortgage encumbering a Condominium Unit in Fair Oaks Village, as may be approved by the Board of Directors of the Association, which Trustee is herein referred to as the "Insurance Trustee." The Insurance Trustee shall not be liable for the payment of premiums nor for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds, nor for form or content of the policies. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the Association, the Unit Owners and their respective mortgagees in the following shares, but such shares need not be set forth upon the records of the Insurance Trustee:

(a) Common Elements: Each Unit Owner shall be entitled to an undivided share of insurance proceeds which are attributable to damage to the Common Elements. Such share shall be the same as the undivided share in the Common Elements appurtenant to his Unit.

(b) Condominium Units: Insurance proceeds attributable to damage to Condominium Units shall be held in the following undivided shares:

(i) Partial Destruction: When partial destruction occurs and Units are to be repaired and restored as hereinafter provided, such proceeds shall be held for the Owners of the damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner.

(ii) Total Destruction or Partial Destruction Without Restoration: When total destruction of Condominium improvements occurs or where very substantial damage occurs and the Condominium improvements are not to be restored, as specified hereinbelow, insurance proceeds shall be held in undivided shares for all Unit Owners and each Owner's share shall be in proportion to his share in the Common Elements appurtenant to his Condominium Unit.

(c) Mortgages: In the event a mortgagee endorsement has been issued for a particular Unit to an Institutional Mortgagee, the share of the Unit Owner shall be held in trust for the Institutional Mortgagee and the Unit Owner, as

their interests may appear; provided, however, that no Institutional 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.

2. Distribution of Proceeds: After first paying or making provision for the payment of the expenses of the Insurance Trustee, proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial Owners and expended or disbursed in the following manner:

(a) Reconstruction or Repair: If the damage for which the proceeds were paid is to be repaired and restored, 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, all remittances to Unit Owners and their Institutional Mortgagees being payable jointly to them. This is a covenant for the benefit of any Institutional Mortgagee of a Unit and may be enforced by said Institutional Mortgagee. Said remittance shall be made solely to an Institutional Mortgagee when requested by such Institutional Mortgagee whose mortgage provides that it has the right to require application of the insurance proceeds to the payment or reduction of its mortgage debt; provided, however, the amount of such payment shall not exceed the total amount of indebtedness secured by the said mortgage, as certified by the Institutional Mortgagee, and the balance of the proceeds, if any, shall be paid over to the Unit Owner.

(b) Failure to Reconstruct or Repair: If it is determined in accordance with the method specified hereinbelow that the damage for which the proceeds are paid shall not be repaired and restored, the proceeds shall be disbursed to the beneficial Owners; remittances to Unit Owners and their Institutional Mortgagees being payable jointly to them. This is a covenant for the benefit of any Institutional Mortgagee of a Unit and may be enforced by said Institutional Mortgagee. Said remittance shall be made solely to an Institutional Mortgagee when requested by such Institutional Mortgagee whose mortgage provides that it has the right to require application of the insurance proceeds to the payment of its mortgage debt; provided, however, the amount of such payment shall not exceed the total amount of indebtedness secured by the said mortgage, as certified by the Institutional Mortgagee, and the balance of the proceeds, if any, shall be paid over to the Unit Owner. In the event of the loss or damage to any personal property belonging to the Association, and should the Board of Directors of the Association determine not to replace such personal property as may be lost or damaged, the proceeds shall be disbursed to the beneficial Owners as surplus in the manner elsewhere stated herein.

(c) Certificate: In making distribution to Unit Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the Unit Owners and their respective shares of the distribution, approved in writing by an attorney authorized to practice law in the State of Florida, a title insurance company or abstract company authorized to do business in the State of Florida. Upon request of the Insurance Trustee, the Association forthwith shall deliver such certificate.

3. Loss Within a Single Unit: If loss shall occur within a single Unit or Units, without damage to the Common Elements and/or the party wall between Units, the insurance proceeds shall be distributed to the beneficial Unit Owner(s); remittances to Unit Owners and their Institutional Mortgagees being payable jointly to them. This is a covenant for the benefit of any Institutional Mortgagee of a Unit and may be enforced to said Institutional Mortgagee. Said remittance shall be due solely to an Institutional Mortgagee when requested by such Institutional Mortgagee whose mortgage provides that it has the right to require application of the insurance proceeds to the payment or reduction of its mortgage debt; provided, however, the amount of such payment shall not exceed the total amount of indebtedness secured by the said Institutional Mortgagee, as certified by the Institutional Mortgagee, and the balance of the proceeds, if any, shall be paid over to the Unit Owner. The Unit Owner shall thereupon be fully responsible for the restoration of the Unit.

4. Less Than Very Substantial Damage: Where loss or damage occurs to any Unit or Units and the Common Elements or to the party wall between Units, or to the Common Elements, but said loss or damage consists of less than "Very Substantial Damage" (as hereinafter defined), it shall be obligatory upon the Association and the Unit Owners to repair, restore and rebuild the damage. The Board of Directors of the Association shall have the right and the obligation to negotiate and contract for the repair and restoration of the damage done to the Condominium Property. Where such loss or damage is less than Very Substantial Damage, the Board of Directors of the Association shall promptly obtain reliable and detailed estimates of the cost of repair and restoration.

In the event that the cost of repair and restoration, as determined from said estimates, is less than FIVE THOUSAND DOLLARS (\$5,000.00), the insurance proceeds shall be endorsed by the Insurance Trustee directly over to the Association and the Association shall promptly contract for the repair and restoration of the damage. In the event that the cost of repair and restoration exceeds the sum of FIVE THOUSAND DOLLARS (\$5,000.00), as determined from said estimates, the insurance proceeds shall be disbursed by the Insurance Trustee for the repair and restoration of the property, upon the written direction and approval of the Association. All payees shall deliver paid bills and waivers of

mechanics' liens to the Insurance Trustee, and execute any affidavit required by law or by the Association and Insurance Trustee, and deliver the same to the Insurance Trustee, and the foregoing shall be in such form as the Association and Insurance Trustee shall require. In addition to the foregoing, any Institutional Mortgagee who holds any recorded Mortgage encumbering a Unit that has been so damaged shall have the right to require the Association to obtain a completion, performance and payment bond, in such form and amount, and with a bonding company authorized to do business in the State of Florida, as are acceptable to said Mortgagee.

If the net proceeds of the insurance are insufficient to pay for the estimated cost of restoration and repair (or for the actual cost thereof if the work has actually been done), the Association shall promptly, upon determination of the deficiency, levy a special Assessment against all Unit Owners in proportion to the Unit Owners' shares in the Common Elements, for the portion of the deficiency as is attributable to the cost of restoration of the Common Elements, and against individual Unit Owners for such portion of the deficiency as is attributable to each Unit Owner's respective Unit; provided, however, that if the Board of Directors finds that it cannot determine with reasonable certainty the portion of the deficiency attributable to specific individual damaged Units, then the Board of Directors shall levy the Assessment for the total deficiency against all of the Unit Owners in proportion to the Unit Owners' shares in the Common Elements, just as though all of said damage had occurred to the Common Elements. The special Assessment funds shall be delivered by the Association to the Insurance Trustee and added by the Trustee to the proceeds available for the repair and restoration of the property.

5. Very Substantial Damage: As used in this Declaration, the term "Very Substantial Damage" shall mean loss or damage whereby the estimated costs of repair or restoration of the loss or damage shall exceed the sum of ONE MILLION DOLLARS (\$1,000,000.00). Such estimates of the costs of repair and restoration of the loss or damage shall be in writing and shall be promptly obtained by the Board of Directors of the Association from reliable sources and shall contain detailed estimates of such costs. Should such very substantial damage occur, then:

(a) A meeting of the Members of the Association shall be called by the Board of Directors of the Association, to be held not later than sixty (60) days after the casualty, to determine whether the Very Substantial Damage shall be repaired and restored or whether the Condominium shall be terminated, subject to the following:

(i) If the net insurance proceeds available for restoration and repair are sufficient to cover the cost thereof, so that no special Assessment is required,

then the Condominium Property shall be restored and repaired, unless two-thirds (2/3ds) of the Unit Owners (48 Units) of this Condominium shall vote to terminate the Condominium project, in which case the Condominium shall be terminated by the recording among the public records of Okaloosa County, Florida, an instrument terminating the Condominium, in accordance with the provisions of the Condominium Act. The termination of the Condominium shall become effective upon the recording of such instrument and the Unit Owners shall thereupon become owners as tenants in common in the property (i.e., the real, personal, tangible and intangible property including any remaining structures of the Condominium) and their undivided interests in the property shall be the same as their undivided interests in the Common Elements of this Condominium prior to its termination, and the mortgages and liens upon Condominium Parcels shall become mortgages and lien upon the undivided interests of such tenants in common with the same priority as existed prior to the termination of the Condominium. The insurance proceeds shall be disbursed to the beneficial owners in the manner provided in Paragraph 2(c) above.

(ii) If the net proceeds available for restoration and repair are not sufficient to cover the costs thereof so that a special Assessment will be required, and if a majority of the Unit Owners of this Condominium (37 Units) vote against such special Assessment and to terminate the Condominium project, then it shall be so terminated as set forth in Paragraph 5(a)(i) above, and the Unit Owners shall be tenants in common in the property in such undivided interests, and all mortgages and liens upon the Condominium Parcels shall encumber undivided interests of such tenants in common, as is provided in said Paragraph 5(a)(i) above. In the event a majority of the Unit Owners of this Condominium (37 Units) vote in favor of the special Assessment, the Association shall immediately levy such special Assessment and thereupon the Association shall proceed to negotiate and contract for such repairs and restoration. The special Assessment funds shall be delivered by the Association to the Insurance Trustee and added by said Trustee to the proceeds available for the repair and restoration of the property. The proceeds shall be disbursed by the Insurance Trustee for the repair and restoration of the property as provided in Paragraph 4 above.

(b) In the event any dispute shall arise as to whether or not Very Substantial Damage has occurred, it is agreed that such a finding made by the Board of Directors of the Association

shall be binding upon all Unit Owners.

6. Surplus: It shall be presumed that the first monies disbursed in payment of costs of repair and restoration shall be from the insurance proceeds, and if there is a balance in the funds held by the Insurance Trustee after the payment of all costs of the repair and restoration such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated herein.

7. Certificate: The Insurance Trustee may rely upon a certificate of the Association, certifying as to whether or not the damaged property is to be repaired and restored. Upon request of the Insurance Trustee, the Association shall forthwith deliver such certificate.

8. Plans and Specifications: Any repair and restoration must be substantially in accordance with the plans and specifications for the original building or as the building was last constructed, or according to the plans approved by the Board of Directors of the Association, which approval shall not be unreasonably withheld. If any material or substantial change is contemplated, the approval of all Institutional Mortgagees shall also be required.

9. Association's Power to Compromise Claim: The Association is hereby irrevocably appointed agent for each Unit Owner for the purpose of compromising and settling claims arising under insurance policies purchased by the Association and to execute and deliver releases therefor upon the payment of claims.

10. Workmen's Compensation Policy: The Board of Directors of the Association shall make adequate provisions for workmen's compensation insurance such that whatever policy is obtained shall meet the requirements of law.

11. Other Insurance: Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable shall be obtained and the cost thereof shall be a Common Expense.

12. Unit Owner's Liability Insurance: Each individual Unit Owner shall be responsible for purchasing at his own expense liability insurance to cover accidents occurring within his own Unit and for purchasing insurance upon his own personal property and living expense insurance. Where applicable, such insurance shall contain the same waiver of subrogation, if available, as referred to in Paragraph 13 hereafter.

13. Subrogation Clauses: If available and where applicable, the Board of Directors of the Association shall endeavor to obtain policies which provide that the insurer waives its right of subrogation as to any claims against Unit Owners, the Association and their respective servants, agents, guests, invitees and licensees.

14. Inspection: A copy of each policy of insurance in effect shall be made available for

inspection by Unit Owners at reasonable times.

XIII

USE AND OCCUPANCY

A. Single Family Dwelling: The Owner of the Unit shall occupy and use his Unit as a single family private dwelling for himself and the members of his family and his social guests and for no other purpose.

B. Prohibited Acts: The Unit Owner shall not permit or suffer anything to be done or kept in his Unit which will increase the rate of insurance on the Condominium Property or which will obstruct or interfere with the rights of other Unit Owners or annoy them by unreasonable noises or otherwise; nor shall the Unit Owner commit or permit any nuisance, immoral or illegal act in or about the Condominium Property.

C. Pets: Unit Owners shall be allowed to own and keep household pets weighing 26 pounds or less on the Condominium Property. However, except while such pets are within the confines of the Owner's Condominium Unit, such pets shall be kept on a leash and under the Unit Owner's control at all times. Moreover, no pets shall be allowed in the pool or other recreational areas at any time. Pets shall not be kept, bred or maintained for any commercial purposes. Any pet causing or creating a nuisance or unreasonable disturbance shall be permanently removed from the Condominium Property upon three (3) days' written notice from the Association to the Owner of such pet. The maintenance of pets on the Condominium Property shall be subject to such other reasonable rules and regulations as may be promulgated by the Association from time to time.

D. Exterior Signs and Displays: The Unit Owner shall not cause anything to be hung, displayed or placed on the exterior walls, doors or windows of the Condominium Property without the prior written consent of the Board of Directors of the Association. No clothesline or similar device shall be allowed on any portion of the Condominium Property by any person, firm or corporation without the written consent of the Board of Directors of the Association.

E. Violations of Rules and Regulations: No person shall use the Common Elements, or a Condominium Unit, or the Condominium Property, or any part thereof, in any manner which is contrary to, or which is not in accordance with, the rules and regulations pertaining thereto which ay hereafter, from time to time, be promulgated by the Association.

F. Damage By Unit Owner: Each Unit Owner shall be responsible for and reimburse the Association for any expenditures incurred in repairing or replacing any Common Element damaged through his fault.

G. Rules and Regulations: The use of Units and the Common Elements shall be subject to restrictions set forth in rules and regulations which may hereafter be promulgated and amended from time to time by the Board of Directors of the Association with the approval of a majority of Unit Owners (37 Units). Copies of all such rules and regulations shall be furnished by the Association to each Unit Owner prior to their effective

date.

H. Parking: All vehicles owned by or used by Unit Owners and their tenants, guests, or licensees shall be parked in the parking spaces as provided on the Condominium Property. All campers, trailers, boats, and trucks (other than pick-up trucks) shall be parked only in the parking areas located between Building B and Building C.

XIV

MAINTENANCE AND ALTERATIONS

A. Contracts for Maintenance and Management: The Board of Directors of the Association may enter into a contract with any firm, person or corporation for the maintenance, management and repair of the Condominium Property(s); and may delegate to the contractor or manager all the powers and duties of the Association except such as are specifically required by this Declaration or by the By-Laws to have the approval of the Board of Directors or the membership of the Association. The contractor or manager may be authorized to determine the budget, make Assessments for Common Expenses and collect Assessments as provided in this Declaration and By-Laws subject always to the supervision and right of approval of the Board of Directors of the Association.

B. Alterations: There shall be no alterations or additions to the Common Elements of this Condominium where the cost thereof is in excess of twenty percent (20%) of the annual budget of this Condominium for Common Expenses, as to this Condominium, except as authorized by the Board of Directors and approved by not less than seventy-five percent (75%) of the Unit Owners of this Condominium (54 Units); provided the aforesaid alterations or additions do not prejudice the right of any Unit Owner unless his consent has been obtained. The cost of the foregoing shall be assessed as Common Expenses. Where any alteration or additions to the Common Elements of this Condominium are exclusively or substantially exclusively for the benefit of the Unit Owner(s) requesting same, then the cost of such alterations or additions shall be assessed against and collected solely from the Unit Owner(s) exclusively or substantially exclusively benefiting therefrom, and the Assessment shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors of the Association. Where such alterations or additions exclusively or substantially exclusively benefit Unit Owners requesting the same, said alterations or additions shall only be made when authorized by the Board of Directors and approved by not less than seventy-five percent (75%) of the Unit Owners exclusively or substantially benefiting therefrom and where said Unit Owners are ten (10) or less, the approval of all shall be required.

1. Where the approval of Unit Owners for alterations or additions to the Common Elements of this Condominium is required as provided herein, the approval of the owners of all Institutional Mortgages encumbering the Condominium Units whose Unit Owners' approval is required shall also be required.

2. Alterations and additions requested by a Unit Owner or Owners may consist of the alteration of

boundary walls between Units. Further, two or more Units may be combined to form one Unit, where such Units are adjacent to one another either horizontally or vertically. However, no such alteration shall increase the number of Units in this Condominium. Where such alteration or combination affects a party wall between Units, including a ceiling or floor, or any strength bearing member of the Condominium Property, the certificate of a registered Engineer, Architect or General Contractor shall be required to be presented to the Board of Directors prior to their approval of such alteration, attesting that the intended alteration will not adversely affect or impact upon the strength or safety of the Condominium Property once the alteration is accomplished or during its accomplishment. Any such alterations shall be noted in a duly executed and recorded Amendment to this Declaration. Voting rights, Assessments and shares of Common Elements attributable to such combined Units shall be computed in the manner provided in Article XVII(H) below.

C. Unit Owners' Agreements: Each Unit Owner agrees as follows:

1. To maintain in good condition and repair his Unit and all interior surfaces within or surrounding his Unit (such as the surfaces of the walls, ceilings and floors), whether or not part of the Unit or Common Elements, and to maintain and repair the fixtures and equipment therein, which includes but is not limited to the following, where applicable: air conditioning (including the compressor) and heating units, refrigerators, disposals, stoves, fans, hot water heaters, dishwasher and other appliances, drains, plumbing fixtures and connections, electric panels and wiring, electric outlets and fixtures, interior doors, screening and glass, and fixed and/or sliding glass doors, and pay for such utilities as are separately metered to his Unit. It is anticipated that water and sewer service and trash and garbage removal service shall be charged to the Condominium as a whole and consequently as long as this procedure continues the charges for same shall be a part of the Common Expenses. Where a Unit is carpeted, the cost of replacing, repairing and cleaning carpeting shall be borne by the Owner of the Unit. In addition, the cost of repairing or replacing the entrance door to each Unit, whether the interior or exterior surface of the door, shall be borne by the Owner.

2. Not to make or cause to be made any structural addition or alteration to his Unit or to the Common Elements without the prior written consent of the Board of Directors of the Association.

3. To make no alteration, decoration, repair, replacement or change of the Common Elements or to any outside or exterior portion of the building, whether within a Unit or part of the Common Elements without the prior written consent of the Board of Directors of the Association.

4. To permit the Board of Directors or the agents or employees of the Association to do the following: (a) enter into any Unit at reasonable

times for the purpose of maintenance, inspection, repair, and replacement of the Common Elements; (b) determine in case of emergency the circumstances threatening Units or the Common Elements; (c) determine compliance with the provisions of this Declaration and the By-Laws of the Association.

5. To show no signs, advertisements or notices of any type on the Common Elements and erect no exterior antenna(e) or aerials except as consented to by the Board of Directors of the Association; provided, however, the requirements with respect to signs and advertisements shall not apply to the Developer or its agents in connection with the Developer's efforts to market Condominium Units to purchasers.

6. Not to enclose or screen his patio or balcony without the prior written consent of a majority of the Unit Owners.

7. To keep his patio, balcony, entrance area and other areas outside of and surrounding his Condominium Unit neat, clean, and uncluttered.

D. Enforcement of Declaration Requirements: In the event the Owner of a Unit fails to maintain it as required herein, or makes any structural addition or alteration without the required written consent or otherwise violates or threatens to violate the provisions hereof, the Association shall have the right to proceed in a court of equity for an injunction to seek compliance with the provisions hereof. In lieu thereof, or in addition thereto, the Association through its Board of Directors shall have the right to levy an Assessment against the Owner of the Unit and the Unit, for such necessary sums to remove any unauthorized structural addition or alteration, and to restore the property to good condition and repair. Said Assessment shall have the same force and effect as all other special Assessments. The Association shall have the further right to have its employees and agents or any sub-contractor appointed by it enter the Unit at all reasonable times, to do such work as is deemed necessary by the Board of Directors of the Association, to enforce compliance with all the provisions hereof.

E. Exterior Design and Maintenance: The Association shall determine the exterior color scheme of the buildings and all exteriors and shall be responsible for the maintenance thereof and no Owner shall paint an exterior wall, door, window or balcony nor any exterior surface or replace anything thereon or affixed thereto without the written consent of the Association.

F. Maintenance of Common Elements: The Association shall be responsible for the maintenance, replacement and repair of the Common Elements and all portions of the Condominium Property not required to be maintained, repaired or replaced by the Unit Owner(s).

XV

WARRANTIES

Except for any express written warranty that may be given by the Developer for the benefit of an immediate grantee of the Developer, the Developer specifically disclaims the existence

of any other warranties respecting the improvements upon the Condominium Property including, but not limited to, any implied warranty of fitness, use, or merchantability. Developer also specifically disclaims the existence of any warranty or guarantee with respect to the continued enforceability or viability of the terms and provisions of that certain Easement which is more particularly identified on Exhibit "A" attached hereto. Developer further disclaims any intent to have made any warranty or representation in connection with the Condominium Documents except as specifically set forth herein, and no person shall rely upon any warranty or representation not so specifically set forth herein. Any estimates of Common Expenses, taxes or other charges are believed to be accurate, but no warranty or guaranty with respect to such accuracy is made or intended, nor may one be relied upon except where same is specifically warranted or guaranteed. The Developer shall not be responsible for conditions resulting from condensation on or expansion or contraction of materials, paint over walls, both interior and exterior, loss or injury caused in any way by the elements, the water tightness of windows and doors, defects which are the result of characteristics common to the materials used, defects in or failures of appliances or fixtures located in the Units or in the Common Elements and damage due to ordinary wear and tear or abusive use, collection of water within the building or on any portion of the Condominium Property nor anything of any type or nature except such items as are specifically delineated and agreed to in writing between the Developer and the individual Unit Owner and it shall be understood and agreed that the Developer shall bear no responsibility in any way as to the matters provided in this paragraph to the Condominium Association.

XVI

TERMINATION

This Condominium may be voluntarily terminated in the manner provided for in the Condominium Act at any time, and upon said termination, each Unit Owner shall own his percentage share of the Condominium Property as a tenant in common with the other Unit Owners. In addition thereto, if the proposed voluntary termination is submitted to a meeting of the Unit Owners of this Condominium, pursuant to notice, and is approved in writing within sixty (60) days of the said meeting by three-fourths (3/4ths) of the Unit Owners (54 Units) of this Condominium, and all Institutional Mortgagees, then the approving Unit Owners shall have an option to purchase all of the Units of the other Owners within a period expiring one-hundred twenty (120) days from the date of such meeting. Such approvals shall be irrevocable until the expiration of the option and if the option is exercised, the approvals shall be irrevocable. The option shall be exercised upon the following terms:

A. Exercise of Option: An agreement to purchase, executed by the Association and/or the record Owners of the Units who will participate in the purchase, shall be delivered by personal delivery or mailed by certified mail or registered mail to each of the record Owners of the Units to be purchased, and such delivery shall be deemed the exercise of the option. The agreement shall indicate which Units will be purchased by each participating Unit Owner or group of Unit Owners and shall require the purchase of all Units owned by Unit Owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.

B. Price: The purchase price for each Unit shall be the fair market value determined by agreement between the seller and the purchaser within thirty (30) days from the delivery or mailing of such agreement and in the absence of agreement as to price, it shall be determined by appraisers appointed by a Judge of the First Judicial Circuit Court in and for Okaloosa County, Florida, on the petition of the seller. The expenses of appraisal shall be paid by the purchaser.

C. Payment: The purchase price shall be paid in cash.

D. Closing: The sale shall be closed within thirty (30) days following the determination of the purchase price.

XVII

MISCELLANEOUS PROVISIONS

A. Escrow Account for Insurance and Certain Taxes: There shall be established and maintained by the Association in a local, national or state bank, or a local, federal or state savings and loan association, an interest bearing savings deposit account in order to accumulate sufficient monies for the following purposes:

1. To pay all insurance premiums for the insurance on the Condominium Property obtained and purchased by the Association pursuant to Article XII of this Declaration; and

2. To pay any and all real or personal property taxes assessed by the State, County or other taxing authorities for property owned by the Condominium or taxes which the Condominium is required to pay as part of its Common Expenses, which taxes are not included in the taxes assessed by the said taxing authorities against the individual Condominium Units.

On or before the 30th day of each month, the treasurer of the Association shall cause a check to be issued and drawn on the Association's bank account, which shall be in an amount equal to the total of one-twelfth (1/12th) of the estimated yearly amounts as to Items 1 and 2 above; and said check shall be immediately deposited into the savings deposit account. This account shall have the right of withdrawal restricted to a request by two or more persons who may be either members of the Board of Directors of the Association or officers of the Association or both. These persons shall be designated in writing by the Board of Directors of the Association.

B. Encroachments: The Owners of the respective Condominium Units agree that if any portion of a Condominium Unit or Common Element encroaches upon another Condominium Unit, a valid easement for the encroachment and maintenance of same, so long as it stands, shall and does exist. In the event any Condominium building is partially or totally destroyed and then rebuilt, the Owners of the Condominium Units located therein agree that encroachments on parts of the Common Elements or Condominium Units, as aforescribed, due to construction, shall be permitted, and that a valid easement for said

encroachments and the maintenance thereof shall exist.

C. No Exemption from Liability for Assessments: No Owner of a Condominium Unit may exempt himself from liability for Assessments by waiver of the use and enjoyment of any of the Common Elements or by the abandonment of his Condominium Unit.

D. Real Property Taxes: The Owners of each and every Condominium Parcel shall return the same for the purpose of ad valorem taxes with the tax assessor of Okaloosa County, Florida or such other future legally authorized governmental officer or authority having jurisdiction over the same. Nothing herein shall be construed, however, as giving to any Unit Owner the right of contribution or any right of adjustment against any other Unit Owner on account of any deviation by the taxing authorities from the valuations herein prescribed, and each Unit Owner shall pay ad valorem taxes and special assessments as are separately assessed against his Condominium Parcel by the taxing authorities.

E. Requirements Hereof Run With The Land: All provisions of this Declaration and its appendices and any amendments thereof shall be construed to be covenants running with the land and of 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 Condominium Property or any part thereof, or of any interest therein, and his heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of this Declaration and its appendices and any amendments thereof.

F. Severability: If any provisions of this Declaration or its appendices or of the Condominium Act or any section, sentence, clause, phrase or word, or the application thereof, in any circumstances, is held invalid, the validity of the remainder of this Declaration or its appendices or the Condominium Act and of the application of any such provision, action, sentence, clause, phrase or word, in other circumstances, shall not be affected thereby.

G. Notices: Whenever notices are required to be sent hereunder, the same may be delivered to Unit Owners, either by hand delivery to the respective Units, or by mail, addressed to such Unit Owners at their respective Units in the Condominium, unless the Unit Owner has, by written notice duly receipted for, specified a different address. Proof of such mailing or hand delivery by the Association shall be given by the affidavit of the person mailing or delivering said notices.

Notices to the Association shall be delivered by mail to the office of the Association at 607 Colonial Drive, Ft. Walton Beach, Florida 32508, or at such other place as may hereafter be designated by the Association. Further, so long as the Developer shall have the right to elect a member of the Board of Directors of the Association, a copy of any such notice to the Association shall be delivered to the Developer.

Notices to the Developer shall be delivered by mail at 607 Colonial Drive, Ft. Walton Beach, Florida 32508, with a copy to Edmund T. Hittson, P.O. Box 888507, Atlanta, Georgia 30338.

All notices shall be deemed and considered sent when mailed. Any party may change his or its mailing address by written notice, duly receipted for. Notices required to be given the personal representative of a deceased Owner or devisee, when there is no personal representative, may be delivered either personally or by mail to such party at his or its address appearing in the records of the court wherein the estate of such deceased Owner is being administered.

H. Alteration of Party Walls: Nothing hereinabove set forth in this Declaration shall be construed as prohibiting the Developer or the Board of Directors of the Association from removing or authorizing the removal of any party wall or ceiling between any Condominium Units in order that one or more horizontally or vertically adjacent Units might be used together as one integral Unit. Where one or more adjacent Units are used together as one integral Unit, all Assessments, voting rights and the share of Common Elements shall be calculated as if such Units were as originally designated on the appendices attached to this Declaration, notwithstanding the fact that several Units are used as one, to the intent and purpose that the Unit Owner of such combined Units shall be treated as the Unit Owner of as many Units as have been so combined.

I. Remedies for Violations: All remedies for violation of any of the provisions of this Declaration, the By-Laws, or any other rule or regulation established by the Association from time to time, which are provided for by the Condominium Act, shall be in full force and effect. In addition thereto, should the Association find it necessary to bring a court action to bring about compliance with the law, this Declaration, or the By-Laws, the Unit Owner so violating shall reimburse the Association for reasonable attorney's fees incurred by it in bringing such action, as determined by the court.

J. Acquisitions by Association: Subsequent to the filing of this Declaration of Condominium, the Condominium Association, when authorized by a vote of not less than three-fourths (3/4ths) of the total vote of the members of the Association (54 Units), may acquire and enter into agreements from time to time, whereby it acquires leaseholds, memberships and other possessory or use interests in land or facilities, including but not limited to country clubs, golf courses, marinas, and other recreational facilities, whether or not contiguous to the lands of the Condominium, intended to provide for the enjoyment, recreation and other use or benefit of the Unit Owners. The expenses of rental, membership fees, operations, replacements and other undertakings in connection therewith shall be Common Expenses, together with all other expenses and costs herein or by law defined as Common Expenses.

K. Liberal Construction: The provisions of the Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the operation of a Condominium.

L. Captions: The captions used in this Declaration and Appendices annexed hereto are inserted solely as a matter of convenience and shall not be relied upon and/or used in construing the effect or meaning of any of the text of this Declaration or Appendices hereto annexed.

M. Limitation of Liability: The liability of the Owner of a Unit for Common Expenses shall be limited to the amounts for which he is assessed from time to time in accordance with this Declaration. The Owner of a Unit shall have no personal liability for any damages caused by the Association on or in connection with the use of the Common Elements, except as provided by law. A Unit Owner shall be liable for injuries or damages resulting from an accident in his own Unit to the same extent and degree that the Owner of a house would be liable for an accident occurring within the house.

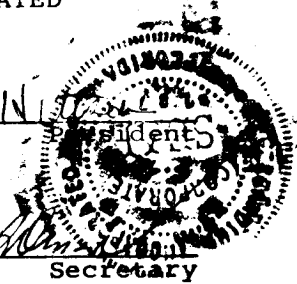
IN WITNESS WHEREOF, FERNANDINA INCORPORATED, a Florida Corporation, has caused these presents to be signed in its name by its President and its corporate seal affixed, attested by its Secretary this 14<sup>th</sup> day of September, 1982.

Signed, sealed and delivered in the presence of:

FERNANDINA INCORPORATED

Debra Andrusko

By: Edmund T. Hittson



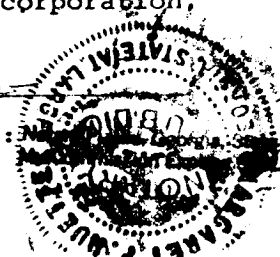
Linda Biker

Attest: Patricia S. Duncan  
Secretary

STATE OF Georgia  
COUNTY OF DeKalb

The foregoing instrument was acknowledged before me this 14th day of September, 1982 by Edmund T. Hittson, as Vice President of FERNANDINA INCORPORATED, a Florida corporation, on behalf of the corporation.

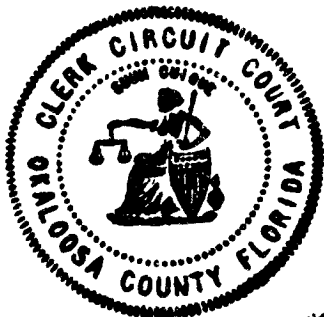
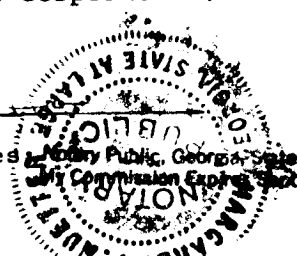
Margaret P. Hittson  
Notary Public  
My Commission Expires: September 1, 1985



STATE OF Georgia  
COUNTY OF DeKalb

The foregoing instrument was acknowledged before me this 14th day of September, 1982 by Patricia S. Duncan, as Secretary of FERNANDINA INCORPORATED, a Florida corporation, on behalf of the corporation.

Margaret P. Hittson  
Notary Public  
My Commission Expires: September 1, 1985



JOINDER AND CONSENT TO DECLARATION OF  
CONDOMINIUM FOR FAIR OAKS VILLAGE, A CONDOMINIUM

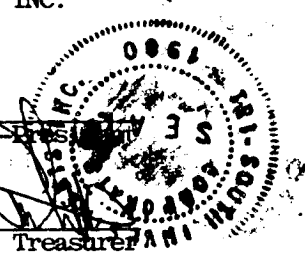
The undersigned hereby certifies that is is the holder of a Mortgage Deed and Security Agreement dated July 1, 1982 and recorded on July 6, 1982, in Official Records Book 1154, Page 1978, Public Records of Okaloosa County, Florida, and, for good and valuable consideration, the undersigned does hereby join in and consent to the execution of that certain Declaration of Condominium for Fair Oaks Village, A Condominium, and hereby agrees that the said Declaration of Condominium shall survive any foreclosure of said Mortgage.

TRI-SOUTH INVESTMENTS INC.

Debra Andrusko

Lida Biber

By: Victor S. Hill Vice President  
Attest: Charles T. Cantrell Treasurer

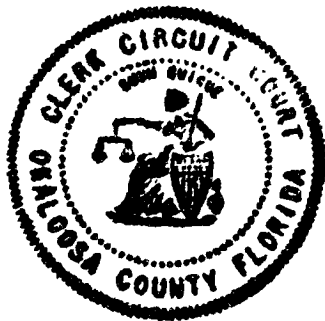
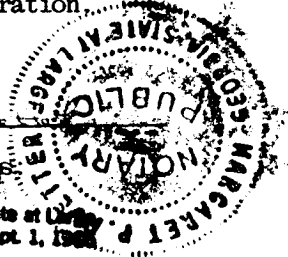


(Corporate Seal)

STATE OF GEORGIA  
COUNTY OF DEKALB

The foregoing Joinder and Consent was acknowledged before me this 14th day of September, 1982, by Victor S. Hill as Vice-President and Charles T. Cantrell as Treasurer of TRI-SOUTH INVESTMENTS INC., a Georgia corporation, on behalf of the corporation.

Margaret P. [Signature]  
Notary Public  
My Commission Expires: \_\_\_\_\_  
Notary Public, Georgia, State at Large  
My Commission Expires Sept. 1, 1983



APPENDIX "A"  
TO  
DECLARATION OF CONDOMINIUM  
FOR  
FAIR OAKS VILLAGE, A CONDOMINIUM

Okaloosa County, Florida

Legal Description



APPENDIX "B"  
TO  
DECLARATION OF CONDOMINIUM  
FOR  
FAIR OAKS VILLAGE, A CONDOMINIUM

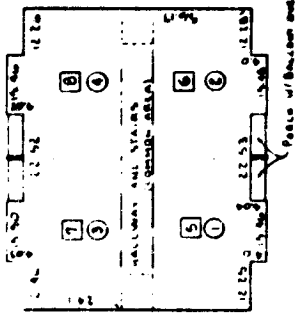
Okaloosa County, Florida

Plot Plan and Survey

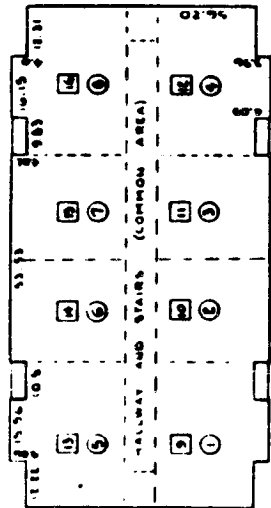


# FAIR OAKS VILLAGE, A CONDOMINIUM

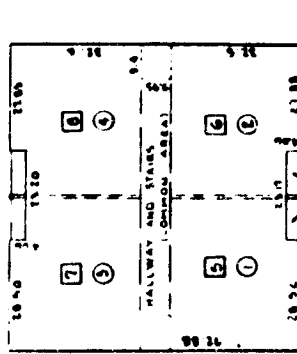
\*\* OFFICIAL RECORDS \*\*  
BK 1163 PG 428



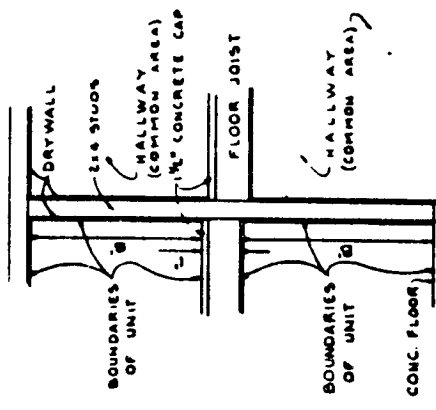
FRONT OF BUILDING  
(FACES PARKING LOT)  
TYPICAL DIMENSIONS OF BUILDINGS  
C. D. E. A. G.  
SCALE 1"=10'



FRONT OF BUILDING - M  
(FACES PARKING LOT)  
SCALE 1"=20'



FRONT OF BUILDING  
(FACES PARKING LOT)  
TYPICAL DIMENSIONS OF BUILDINGS  
A. B. C. D. E. F. G.  
SCALE 1"=10'



TYPICAL SECTION  
SCALE

NOTES  
1 U REPRESENTS FIRST FLOOR UNIT NUMBERS  
2 U REPRESENTS SECOND FLOOR UNIT NUMBERS  
3 DIMENSIONS SHOWN ARE EXTERIOR DIMENSIONS

FIRST FLOOR ELEVATIONS OF UNITS  
BUILDINGS A, B, C, D, E, F, G - 10.1 (WITHIN NORMAL CONSTRUCTION TOLERANCES)  
BUILDING M - 10.5

FAIR OAKS VILLAGE  
A CONDOMINIUM  
SHEET 2 OF 8 SHEETS

APPENDIX "C"  
TO  
DECLARATION OF CONDOMINIUM  
FOR  
FAIR OAKS VILLAGE, A CONDOMINIUM

Okaloosa County, Florida

Surveyor's Certificate

CERTIFICATE OF LAND SURVEYOR made this 13<sup>TH</sup> day of JULY, 1982.

I, WILLIAM E. OVERSTREET, certify as follows:

1. I am a Registered Land Surveyor authorized to practice in the State of Florida.

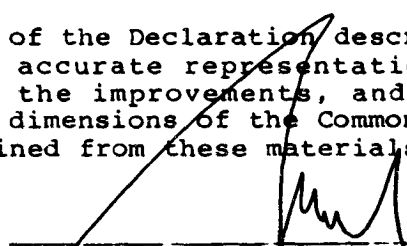
2. This certificate is made as to FAIR OAKS VILLAGE, A CONDOMINIUM, a Condominium located at Ft. Walton Beach, Okaloosa County, Florida and in compliance with Section 718.104(4)(e) Florida Statutes (1981).

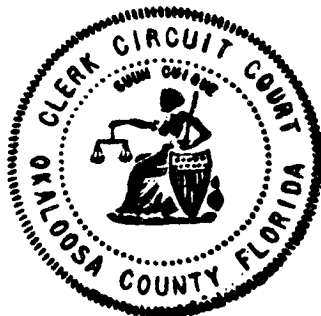
3. The construction of the improvements at FAIR OAKS VILLAGE, A CONDOMINIUM is substantially complete as of the date hereof.

4. The following Appendices to the Declaration of Condominium:

<u>Appendix No.</u>	<u>Title</u>
"A"	Legal Description
"B"	Survey and Plot Plan

together with the provisions of the Declaration describing the condominium property is an accurate representation of the location and dimensions of the improvements, and that the identification, location, and dimensions of the Common Elements and of each Unit can be determined from these materials.

  
\_\_\_\_\_  
William E. Overstreet, R.L.S.  
Certificate of Registration  
No. 2032, State of Florida



APPENDIX "D"  
TO  
DECLARATION OF CONDOMINIUM  
FOR  
FAIR OAKS VILLAGE, A CONDOMINIUM

Okaloosa County, Florida

Shares in Common Elements,  
Common Expenses and Surplus

1. Shares in the Common Elements and Common Surplus.

Each Condominium unit shall be entitled to the share in the Common Elements and Common Surplus that is indicated in the following schedule:

<u>Unit Number</u>	<u>Percentage Ownership</u>
A-1	1.58%
A-2	1.58%
A-3	1.58%
A-4	1.58%
A-5	1.58%
A-6	1.58%
A-7	1.58%
A-8	1.58%
B-1	1.58%
B-2	1.58%
B-3	1.58%
B-4	1.58%
B-5	1.58%
B-6	1.58%
B-7	1.58%
B-8	1.58%
C-1	1.35%
C-2	1.35%
C-3	1.35%
C-4	1.35%
C-5	1.35%
C-6	1.35%
C-7	1.35%
C-8	1.35%
D-1	1.35%
D-2	1.35%
D-3	1.35%
D-4	1.35%
D-5	1.35%
D-6	1.35%
D-7	1.35%
D-8	1.35%
E-1	1.35%
E-2	1.35%
E-3	1.35%
E-4	1.35%
E-5	1.35%
E-6	1.35%
E-7	1.35%
E-8	1.35%
F-1	1.58%
F-2	1.58%
F-3	1.58%
F-4	1.58%
F-5	1.58%
F-6	1.58%
F-7	1.58%
F-8	1.58%
G-1	1.35%
G-2	1.35%
G-3	1.35%
G-4	1.35%
G-5	1.35%
G-6	1.35%
G-7	1.35%
G-8	1.35%
H-1	1.35%
H-2	1.01%
H-3	1.01%

H-4	1.35%
H-5	1.35%
H-6	1.01%
H-7	1.01%
H-8	1.35%
H-9	1.35%
H-10	1.01%
H-11	1.01%
H-12	1.35%
H-13	1.35%
H-14	1.01%
H-15	1.01%
H-16	1.35%
TOTAL	100%

2. Shares in the Common Expenses.

Each Condominium Unit shall bear the same percentage share in the Common Expenses as its proportionate share of the Common Elements and Common Surplus.