

SOMERSET BAY, A CONDOMINIUM

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THE FOLLOWING ITEMS ARE INCLUDED AS EXHIBITS TO THIS PROSPECTUS:

1. Declaration of Condominium
2. Articles of Incorporation
3. By-Laws
4. Plot plan showing the location of the residential buildings and the recreation and other common areas and the floor plans of the units
5. Estimated operating budget and the schedule of unit owner's expenses
6. Contract for Sale and Purchase
7. Executed Escrow Agreement
8. Evidence of Developer's Ownership
9. Sales Brochure (N/A)
10. Frequently Asked Questions
11. Receipt for Condominium Documents

1. **NAME AND LOCATION:** SOMERSET BAY, A CONDOMINIUM, is located at Somerset Bay Lane, in Vero Beach, Florida. The Condominium will consist of a minimum of three (3) buildings containing eighteen (18) residential units, and a maximum of eleven (11) buildings containing sixty-six (66). The minimum number of units contained in each building will be six (6) and the maximum number of units in any building will be six (6). The minimum number of bathrooms in any unit will be two (2) and the maximum number of bathrooms in any unit will be three (3).

There are two (2) type units:

A-type unit - 2760 square feet of living area; 2 bedrooms and 2 baths;
B-type unit - 2760 square feet of living area; 3 bedrooms and 3 baths;

The graphic description of each building is shown on Pages 7, 13, 18, and 22, of Exhibit A to the Declaration of Condominium. For legal description, survey and plot plan of the Condominium see Exhibit A to the Declaration of Condominium. Completion of construction, finishing, and equipping of Phase I of the Condominium is estimated to be by January 31, 2001.

2. **PHASE DEVELOPMENT:** SOMERSET BAY, A CONDOMINIUM is a Phase Condominium. The legal descriptions and location of four phases are shown on Exhibit A, Pages 5, 6, 9, 10, 11, 12, 16, 17, 20, and 21. The first phase (Phase I) will contain no less than and no more than three (3) buildings containing no more than and no less than eighteen (18) units. The second phase (Phase II), if added to the Condominium, will contain no more than and no less than three (3) buildings containing no more than and no less than eighteen (18) units. The third phase (Phase III), if added to the Condominium, will contain no more than and no less than three (3) buildings containing no more than and no less than eighteen (18) units. The fourth phase (Phase IV), if added to the Condominium, will contain no more than and no less than two (2) buildings containing no more than and no less than twelve (12) units. In all four phases, the unit sizes shall be approximately 2,760 square feet (all computed under roof and enclosed). The residential buildings and units which may be added to the Condominium will not be substantially different from the residential buildings and units in Phase I of the Condominium. Phases II, III, and IV must be submitted within seven (7) years from the date the Declaration is recorded in the Public Records of Indian River County, Florida. The law requires all phases to be added to the Condominium to be submitted within seven (7) years from the recording of the Declaration. The types of units contained in each Phase will be dependent on the preferences of the buyers.

THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM.

See Article XXXII of the Declaration of Condominium for further description of phasing.

3. **EASEMENTS:** The unit owners and occupants of SOMERSET BAY shall have a non-exclusive easement to streets, walks, and other common elements from and to the public streets adjacent to the condominium complex with all of the owners and/or occupants of the Condominium. The non-exclusive easements are described in detail in Article II of the Declaration of Condominium.
4. **MAXIMUM NUMBER OF UNITS USING COMMON FACILITIES:** The maximum number of units using the common facilities will be sixty-six (66) units.
5. **NUMBER OF UNITS BEING SOLD SUBJECT TO A LEASE:** There are no units being sold subject to a lease, although the Developer reserves the right to rent units in its sole discretion.

THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

THE CONDOMINIUM IS BEING CREATED AND ALL UNITS ARE BEING SOLD AS FEE SIMPLE INTERESTS.

6. **RECREATIONAL AND OTHER COMMON FACILITIES:** The recreational facilities to be constructed in the Condominium consist of one swimming pool and a clubhouse of approximately 3,500 square feet enclosed.

SWIMMING POOL

Size	50' x 20'
Depth	3-6 feet
Approximate Capacity	40 persons
Deck	2,640 square feet
Heated	Yes
Estimated Date of Completion	January, 2004

The Developer will not provide any items of personal property. The Developer may provide additional recreational facilities; but none are planned. The recreational facilities will be contained in Phase II of the Condominium and will be constructed if Phase II is completed.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT THE CONSENT OF THE UNIT OWNERS OR THE ASSOCIATION(S).

The Developer's plan does not include a program of leasing units rather than selling them, although the Developer reserves the right to lease units in its discretion.

There will not be a contract for the management or maintenance and operation of the condominium property.

THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.

See Article VI, page 5, of the Declaration of Condominium.

THE SALE, LEASE OR TRANSFER OF YOUR UNIT IS RESTRICTED OR CONTROLLED.

See Article X (B) page 15 of the Declaration of Condominium.

7. **OPERATING BUDGET:** The estimated operating budget for SOMERSET BAY, A CONDOMINIUM, is enclosed in the condominium documents. Monthly and annual operating costs per unit are itemized. (See Exhibit 5 to this Prospectus).

8. **UTILITIES:** Utilities will be provided as follows:

Water	Indian River County
Electricity	FPL
Telephone	BellSouth
Cable Television	AT&T Cable
Sewer Disposal	Indian River County
Trash Removal	Waste Management

Electricity for the common elements, complete ground care, maintenance and repair of the building, pool, insurance on the building and common facilities, are listed in the Projected Operating Budget attached hereto as Exhibit 5. (See Article IX, Page 14, of the Declaration of Condominium as to the owner's responsibility for maintenance and repairs within his/her own unit).

9. **APPORTIONMENT OF COMMON EXPENSES, OWNERSHIP OF COMMON ELEMENTS AND PROPERTY:** Each unit's percentage ownership in the common elements is determined by a fraction, the numerator of which is one and the denominator of which is

the total number of units in the Condominium. This fraction will determine each unit's proportion of ownership in the common elements, manner of sharing common expenses, and ownership of the common surplus. Since this is a Phase Condominium, a unit's applicable percentage will change with the addition of an additional Phase. If only Phase I is built, each unit's percentage ownership will be 1/18. If and when Phase II is completed, each unit's percentage will be 1/36. If and when Phase III is completed, each unit's percentage will be 1/54. If and when Phase IV is completed, each unit's percentage will be 1/66.

10. **RESTRICTIONS ON CONDOMINIUM USE:** Each unit is restricted to residential use by the owner or owners thereof, their immediate families, guests, servants and invitees. Each two (2) bedroom unit is hereby restricted to no more than five (5) occupants; and each three (3) bedroom unit is hereby restricted to no more than six (6) occupants. There are no restrictions upon children. Units may be leased by written lease which shall be submitted in writing to the Board prior to occupancy by the tenant. The minimal rental period is six (6) months. A maximum of two (2) pets (dogs or cats) shall be allowed to be kept in the owner's unit; however, the total weight of any pet shall not exceed forty (40) pounds, and all pets must be kept on a leash on the Condominium grounds and shall not create a nuisance. No sign, advertisement or notice of any type shall be shown on the common property or any unit and no exterior antennas and aerials shall be erected except as provided under uniform regulations promulgated by the Association. It is prohibited to hang garments, rugs, etc. from the windows or from any of the facades of the project. No auto parking space may be used for any purpose other than parking automobiles, vans and non-commercial pick-up trucks which are in operating condition. No other vehicles or objects including but not limited to commercial trucks, recreational vehicles, motorhomes, motorcycles, boats or trailers will be parked or placed upon such portions of the Condominium property unless permitted by the Board of Administration. All owners and residents of the Condominium are restricted to two permitted vehicles without the Association's consent to bring additional vehicles on the premises. All vehicles shall be parked in the appropriate garage or on the assigned driveway except when loading or unloading vehicles. See Use Restrictions, Article X, Pages 15 and 16, of the Declaration of Condominium.
11. **CLOSING EXPENSES:** At the time of closing, Developer shall provide an owner's title insurance policy in the amount of the purchase price and the cost of recording any corrective instruments. Buyer shall pay for the owner's title insurance policy, the state documentary stamps to be affixed to the warranty deed, recording of the warranty deed and all mortgage costs, including mortgage title insurance, if Buyer's unit is to be mortgaged. At closing, Buyer shall pay a contribution of \$500.00 to the Developer for deposit into the Condominium working capital fund. This contribution is not to be considered as advance maintenance payments.
12. **IDENTITY AND EXPERIENCE OF DEVELOPER AND CHIEF OPERATING OFFICER:** The Developer is WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation. This corporation has no prior experience in developing condominiums. JOHN GENONI, SR., the President of WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation, is the chief operating officer of the corporation. Mr. Genoni has more than thirty (30) years of experience in residential real estate construction and development in Florida, including condominiums.
13. **DEVELOPER'S OBLIGATION FOR COMMON EXPENSES:** The Developer shall be excused from the payment of its share of common expenses and assessments related thereto on units it owns in the Condominium for a period of time commencing with the date of the recording of the Declaration of Condominium until December 31, 2005, during which period Developer guarantees that the assessments for common expenses of the Condominium imposed upon the respective unit owners shall not increase over \$398.00 per month, and obligates itself to pay any amount of common expenses incurred during said period of time not offset by the assessments at the guaranteed level.
14. **WARRANTIES:** There are no express warranties unless they are stated in writing by the Developer.

15. OPERATING RESERVES: The Board of Directors shall establish reserve accounts for capital expenditures and deferred maintenance. These accounts shall include but not be limited to roof replacement, building painting and pavement resurfacing. (See Article 6 B of the By-Laws.)
16. TIME-SHARE ESTATES: The Developer has not reserved the right to create time-share estates pursuant to Section 718.1045, Florida Statutes.
17. EVIDENCE OF DEVELOPER'S OWNERSHIP INTEREST: A copy of the Contract for Sale and Purchase is attached hereto as Exhibit 8.

This instrument prepared by and return to:
GARY B. FRESE, ESQ.
FRESE, NASH & HANSEN, P.A.
930 S. Harbor City Blvd., Suite 505
Melbourne, Florida 32901

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OF
SOMERSET BAY, A CONDOMINIUM

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DECLARATION OF CONDOMINIUM
OF
SOMERSET BAY, A CONDOMINIUM

WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation, hereinafter called "Developer," does hereby make, declare, and establish this Declaration of Condominium (hereinafter sometimes called "this Declaration"), as and for a plan of condominium unit ownership for SOMERSET BAY, A CONDOMINIUM, consisting of real property and improvements thereon as hereinafter described.

All 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 parties or persons subsequently owning property in said condominium, and in consideration of receiving and by acceptance of a conveyance, grant, devise, lease, or mortgage, all grantees, devisees, lessees, and assigns and all parties claiming by, through or under such persons, agree to be bound by all provisions hereof. Both the burdens imposed and the benefits shall run with each unit and the interests in the common property as herein defined.

I

ESTABLISHMENT OF CONDOMINIUM

The Developer is the owner of the fee simple title to that certain real property situate in the County of Indian River, and State of Florida, which property is more particularly described as follows; to-wit:

SEE EXHIBIT "A"

and on which property the Developer plans to build three (3) buildings containing a total of eighteen (18) units with garages and other appurtenant improvements as hereinafter described. There are two (2) different types of units planned:

A-type unit - 2760 square feet of living area; 2 bedrooms and 2 baths
B-type unit - 2760 square feet of living area; 3 bedrooms and 3 baths

The Developer does hereby submit the above described real property, together with the improvements thereon, to condominium ownership pursuant to the Florida Condominium Act, and hereby declares the same to be known and identified as SOMERSET BAY, A CONDOMINIUM, hereinafter referred to as the "condominium." This is a Phase Condominium. See Article XXXII for provisions related to additional phases.

The provisions of the Florida Condominium Act are hereby adopted herein by express reference and shall govern the condominium and the rights, duties and responsibilities of unit owners hereof, except where permissive variances therefrom appear in the Declaration and the By-Laws and Articles of Incorporation of SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a Florida corporation not for profit.

The definitions contained in the Florida Condominium Act shall be the definition of like terms as used in this Declaration and exhibits hereto unless other definitions are specifically set forth.

II

SURVEY AND DESCRIPTION OF IMPROVEMENTS

Attached hereto and made a part hereof, and marked Exhibit B consisting of thirty-one (31) pages are boundary surveys of the entire premises, a graphic plot plan of the overall planned improvements, and graphic descriptions of the improvements in which units are located, and plot plans thereof, identifying the units, the common elements and the limited common elements, and their respective locations and dimensions.

Said surveys, graphic descriptions and plot plans were prepared by:

MASTELLER, MOLER & REED, INC.
2205 14th Avenue
Vero Beach, Florida 32960

and have been certified in the manner required by the Florida Condominium Act. Each unit is identified and designated by a specific number. No unit bears the same numerical designation as any other unit. The specific numbers identifying each unit are listed on Pages 7, 13, 18, 22, 25, 26, and 27 of Exhibit "B" attached to this Declaration of Condominium.

It is anticipated that construction of Phase I of the Condominium will be completed by January 31, 2001.

"Surface Water or Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges.

III

OWNERSHIP OF UNITS AND APPURTENANT SHARE IN COMMON ELEMENTS AND COMMON SURPLUS AND SHARE OF COMMON EXPENSES

Each unit shall be conveyed as an individual property capable of independent use and fee simple ownership and the owner or owners of each unit shall own, as an appurtenance to the ownership of each said unit, an undivided equal share of all common elements of the condominium, which includes, but is not limited to, ground support area, walkways, yard area, parking areas, foundations, etc., and substantial portions of the exterior walls, floors, ceiling and walls between units. The space within any of the units and common elements shall not be further subdivided. Any undivided interest in the common elements is hereby declared to be appurtenant to each unit and such undivided interest shall not be separate from the unit and such interest shall be deemed conveyed, devised, encumbered or otherwise included with the unit even though such interest is not expressly mentioned or described in the conveyance, or other instrument. Any instrument, whether a conveyance, mortgage or otherwise, which describes only a portion of the space within any unit shall be deemed to describe the entire unit owned by the person executing such instrument and an undivided equal share in all common elements of the condominium.

The Developer hereby, and each subsequent owner of any interest in a unit and in the common elements, by acceptance of a conveyance or any instrument transferring an interest, waives the right of partition of any interest in the common elements under the laws of the State of Florida as it exists now or hereafter until this condominium unit project is terminated according to the provisions hereof or by law. Any owner may freely convey an interest in a unit together with an undivided interest in the common elements subject to the provisions of this Declaration. With the consent of a majority of the unit owners, the Developer hereby reserves the right to remove any party walls between any condominium units owned by the Developer in order that the said units may be used together as one (1) integral unit. All assessments and voting rights, however, shall be calculated as if such units were as originally designated on the exhibits attached to this Declaration, notwithstanding the fact that the several units are used as one.

All owners of units shall have as an appurtenance to their units a perpetual easement of ingress to and egress from their units over streets, walks, terraces and other common elements from and to the public highways bounding the condominium complex, and a perpetual right or easement, in common with all persons owning an interest in any unit in the condominium complex, to the use and enjoyment of all public portions of the buildings and to other common facilities (including but not limited to facilities as they now exist) located in the common elements.

All property covered by the exhibits hereto shall be subject to a perpetual easement for encroachments which now exist or hereafter may exist caused by settlement or movement of the buildings, and such encroachments shall be permitted to remain undisturbed and such easement shall continue until such encroachment no longer exists.

All units and the common elements shall be subject to a perpetual easement in gross granted to SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., and its successors, for ingress and egress for the purpose of having its employees and agents perform all obligations and duties of the Association set forth herein. The Association shall have the right to grant utility easements under, through or over the common elements and such other easements as the Board, in its sole discretion, shall decide. The consent of the unit owners to the granting of any such easement shall not be required.

The common expenses shall be shared and the common surplus shall be owned in the same proportion as each such unit owner's share of the ownership of the common elements.

IV

UNIT BOUNDARIES, COMMON ELEMENTS, AND LIMITED COMMON ELEMENTS

The units of the condominium consist of that volume of space which is contained within the decorated or finished exposed interior surfaces of the perimeter walls, floors (excluding carpeting and other floor coverings) and ceilings of the units. The boundaries of the units are more specifically shown in Exhibit B, attached hereto. The dark solid lines on the floor plans hereinabove mentioned represent the perimetrical boundaries of the units, while the upper and lower boundaries of the units, relating to the elevations of the units, are shown in notes on said plan.

There are limited common elements appurtenant to each of the units in this condominium, which are the parking garages assigned to specific units. These limited common elements are reserved for the use of the units appurtenant thereto, to the exclusion of other units, and there shall pass with a unit, as an appurtenance thereto, the exclusive right to use the limited common elements so appurtenant.

The common elements of the condominium unit consist of all of the real property, improvements and facilities of the condominium other than the units and the limited common elements as the same are hereinabove defined, and shall include walkways, stairways, driveways, elevators, easements through the units for conduits, pipes, ducts, plumbing, wiring and other facilities for the furnishing of utility services to the units, limited common elements and common elements and easements of support in every portion of a unit which contributes to the support of improvements and shall further include all personal property held and maintained for the joint use and enjoyment of all the owners of the units.

The Developer will construct Drainage Swales in each Phase for the purpose of managing and containing the flow of excess surface water, if any, found upon such property from time to time. The Association shall be responsible for the maintenance, operation and repair of the swales. Maintenance, operation and repair shall mean the exercise of practices, such as mowing and erosion repair, which allow the swales to provide drainage, water storage, conveyance or other stormwater management capabilities as permitted by the St. Johns River Water Management District. Filling, excavation, construction of fences or otherwise obstructing the surface water flow in the swales is prohibited. No alteration of the Drainage Swales shall be authorized and any damage to any Drainage Swales, whether caused by natural or human-induced phenomena, shall be repaired and the Drainage Swale returned to its former condition as soon as possible by the Association.

The Association shall have a perpetual non-exclusive easement over all areas of the Surface Water or Stormwater Management System for access to operate, maintain or repair the system. By this easement, the Association shall have the right to enter upon any portion of any property which is a part of the Surface Water or Stormwater Management System, at a reasonable time and in a reasonable manner, to operate, maintain or repair the Surface Water or Stormwater Management

System as required by the relevant St. Johns River Water Management District Permit. Additionally, the Association shall have a perpetual non-exclusive easement for drainage over the entire Surface Water or Stormwater Management System. No person shall alter the drainage flow of the Surface Water or Stormwater Management System, including buffer areas or swales, without the prior written approval of the St. Johns River Water Management District.

V

**ADMINISTRATION OF CONDOMINIUM BY
SOMERSET BAY CONDOMINIUM ASSOCIATION, INC.**

The operation and management of the condominium shall be administered by SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a corporation not for profit, organized and existing under the laws of the State of Florida, hereinafter referred to as the "Association."

The Association shall make available to unit owners, lenders and the holders and insurers of the first mortgage on any unit, current copies of the Declaration, By-Laws and other rules governing the condominium, and other books, records and financial statements of the Association. The Association also shall be required to make available to prospective purchasers current copies of the Declaration, By-Laws, other rules governing the condominium, and the most recent annual audited financial statement, if such is prepared. "Available" shall at least mean available for inspection upon request, during normal business hours or under other reasonable circumstances.

The Association, upon written request from any of the agencies or corporations which have an interest or prospective interest in the condominium, shall prepare and furnish within a reasonable time a financial statement of the Association for the immediately preceding fiscal year.

The Association shall have all of the powers and duties set forth in the Florida Condominium Act and, where not inconsistent therewith, those powers and duties set forth in this Declaration, Articles of Incorporation and By-Laws of the Association. True and correct copies of the Articles of Incorporation and the By-Laws are attached hereto, made a part hereof, and marked Exhibits "C" and "D", respectively.

The Association shall be responsible for the maintenance, operation and repair of the Surface Water or Stormwater Management System. Maintenance of the Surface Water or Stormwater Management System(s) shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. Any repair or reconstruction of the Surface Water or Stormwater Management System shall be as permitted or, if modified, as approved by the St. Johns River Water Management District.

VI

MEMBERSHIP AND VOTING RIGHTS

The Developer and all persons hereafter owning a vested present interest in the fee title to any one of the units shown on the exhibits hereto and which interest is evidenced by recordation of a proper instrument in the Public Records of Indian River County, Florida, shall automatically be members and their memberships shall automatically terminate when they no longer own such interest.

The owner of each condominium unit (designated as such on the exhibits attached to this Declaration) shall be entitled to cast one (1) vote. Where a condominium unit is owned by a corporation, partnership or other legal entity or by more than one (1) person, all the owners thereof shall be collectively entitled to the vote assigned to such unit and such owners shall, in writing, designate an individual who shall be entitled to cast the vote on behalf of the owners of such condominium unit of which he is one until such authorization shall have been changed in writing. The term, "owner," as used herein, shall be deemed to include the Developer.

All of the affairs, policies, regulations and property of the Association shall be controlled and governed by the Board of Administration of the Association, the directors of which shall be elected annually by the members entitled to vote, as provided in the By-Laws of the Association. Each director shall be the owner of a condominium unit (or a partial owner of a condominium unit where such unit is owned by more than one (1) individual, or if a unit is owned by a corporation, including the Developer, any duly elected officer or officers of an owner corporation may be elected a director or directors). The first election of directors shall be held sixty (60) days from the date of recording of the Declaration of Condominium.

1590 - 1/3 BOD *

The owners shall place directors on the Board of Administration in accordance with the schedule as follows: When unit owners other than the Developer own fifteen percent (15%) or more of the units, the unit owners shall be entitled to elect not less than one-third (1/3) of the directors of the Board of Administration. Unit owners other than the Developer shall be entitled to elect not less than a majority of the members of the Board of Administration: (a) Three years after fifty (50%) percent of the units that will be operated ultimately by the Association have been conveyed to the purchasers; (b) Three (3) months after ninety (90%) percent of the units that will be operated ultimately by the Association have been conveyed to purchasers; (c) When all the units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business; and (d) When some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, or seven years after recordation of the Declaration of Condominium, or in the case of an association which may ultimately operate more than one condominium, seven years after recordation of the declaration for the first condominium it operates, or in the case of an association operating a phase condominium created pursuant to Section 718.403, Florida Statutes, seven years after recordation of the declaration creating the initial phase, whichever shall occur first. The Developer is entitled to elect or appoint at least one director of the Board of Administration of an association as long as the Developer holds for sale in the ordinary course of business at least five (5%) percent of the units in the condominium operated by the Association. Following the time the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned units in the same manner as any other unit owner except for purposes of reacquiring control of the Association or selecting the majority directors of the Board of Administration.

The Developer reserves the right to transfer control of the Association to unit owners other than the Developer at any time, in its sole discretion. The unit owners shall take control of the Association if the Developer elects to transfer control prior to the time stated in the above schedule.

VII

COMMON EXPENSES, ASSESSMENTS, COLLECTION
LIEN AND ENFORCEMENT LIMITATIONS

The Board of Administration of the Association shall propose annual budgets in advance for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the common expense budget, which shall include, but not be limited to, the estimated amounts necessary for maintenance, and operation of common elements and limited common elements, landscaping, street and walkways, office expense, utility services, replacement and operating reserve, casualty insurance, liability insurance, administration and salaries. Failure of the Board to include any item in the annual budget shall not preclude the Board from levying an additional assessment in any calendar year for which the budget has been projected. In determining such common expenses, the Board of Administration may provide for an operating reserve not to exceed fifteen (15%) percent of the total projected common expenses for the year. Each unit owner shall be liable for the payment to the Association of an equal share of the common expenses as determined in said budget.

Common expenses include the expenses of the operation, maintenance, repair, or replacement of the common elements, costs of carrying out the powers and duties of the Association and any other expenses designated as common expense by the Condominium Act, the Declaration, the Articles of Incorporation, or the Bylaws of the Association. Common expenses also include reasonable

transportation services, insurance for directors and officers, road maintenance and operation expenses, in-house communications, and security services, which are reasonably related to the general benefit of the unit owners, even if such expenses do not attach to the common elements or property of the condominium. However, such common expenses must either have been services or items provided from the date the control of the Board of Administration of the Association was transferred from the Developer to the unit owners or must be services or items provided for in the condominium documents or Bylaws. Assessments shall also be used for the maintenance and repair of the Surface Water or Stormwater Management Systems including but not limited to work within retention areas, drainage structures and drainage easements.

After adoption of the budget and determination of the annual assessment per unit, as provided in the By-Laws, the Association shall assess such sum by promptly notifying all owners by delivering or mailing notice thereof to the voting member representing each unit at such member's most recent address as shown by the books and records of the Association. One-twelfth (1/12) of the annual assessment shall be due and payable in advance to the Association on the first (1st) day of each month.

Each initial unit owner other than the Developer shall pay at closing a capital contribution in an amount of \$500.00 to the Association. This contribution shall not be credited against the regular assessments for the unit.

Special assessments may be made by the Board of Administration from time to time to meet other needs or requirements of the Association in the operation and management of the condominium and to provide for emergencies, repairs or replacements, and infrequently recurring items of maintenance. However, any special assessment in excess of two hundred dollars (\$200.00) which is not connected with an actual operating, managerial or maintenance expense of the condominium, shall not be levied without the prior approval of the members owning a majority of the units in the condominium.

The specific purpose or purposes of any special assessment approved in accordance with the condominium documents shall be set forth in a written notice of such assessment sent or delivered to each unit owner. The funds collected pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice. However, upon completion of such specific purpose or purposes, any excess funds will be considered common surplus, and may, at the discretion of the board, either be returned to the unit owners or applied as a credit towards future assessments.

The liability for any assessment or portion thereof may not be avoided by a unit owner or waived by reason of such unit owner's waiver of the use and enjoyment of any of the common elements of the condominium or by abandonment of the unit for which the assessments are made.

The record owners of each unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, made by the Association and for all costs of collection of delinquent assessments. In the event assessments against a unit are not paid within thirty (30) days after their due date, the Association shall have the right to foreclose its lien for such assessments.

Assessments and installments of them that are unpaid for over thirty (30) days after their due date shall bear interest at the maximum rate permitted by law per annum from the due date until paid. If a payment is more than fifteen (15) days late, the Association may charge an administrative late fee in addition to such interest, in an amount not to exceed the greater of \$25.00 or five percent of each installment of the assessment for each delinquent installment that the payment is late. Any payment received by the Association shall be applied first to any interest accrued by the Association, then to any administrative late fee, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent assessment. The foregoing shall be applicable notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment. A late fee shall not be subject to the provisions in Chapter 687 or Section 718.303(3), Florida Statutes.

The Association has a lien on each condominium parcel for any unpaid assessments with interest and for reasonable attorney's fees incurred by the Association which are incident to the

collection of the assessment for enforcement of the lien. Except as set forth below, the lien shall be effective from and shall relate back to the recording of the original Declaration of Condominium. However, as to first mortgages of record, the lien is effective from and after recording of a claim of lien. The lien shall be recorded in the Public Records in the county in which the condominium parcel is located which states the name and address of the condominium, the description of the condominium parcel, the name of the record owner, the amount due, and the due dates. No such lien shall be effective longer than one year after the claim of lien was recorded unless, within that time, an action to enforce the lien is commenced. The one (1) year period shall be automatically extended for any length of time during which the Association is prevented from filing a foreclosure action by an automatic stay resulting from a bankruptcy petition filed by the parcel owner or any person claiming an interest in the parcel. The claim of lien shall secure all unpaid assessments, which are due and which may accrue subsequent to the recording of the claim of lien and prior to entry of a Certificate of Title, as well as interest and all reasonable costs and attorney's fees incurred by the Association incident to the collection process. A claim of lien must be signed and acknowledged by an officer or authorized agent of the association. Upon payment in full, the person making the payment is entitled to a satisfaction of the lien. By recording a notice in substantially the following form, a unit owner or his agent or attorney may require the Association to enforce a recorded claim of lien against his condominium parcel:

Notice of Contest of Lien

TO: SOMERSET BAY CONDOMINIUM ASSOCIATION, INC.
4760 N. Harbor City Blvd., Suite 201
Melbourne, Florida 32935

You are notified that the undersigned contests the claim of lien filed by you on _____, _____, and recorded in Official Records Book ____ at Page ____ of the Public Records of Indian River County, Florida, and that the time within which you may file suit to enforce your lien is limited to ninety (90) days from the date of service of this notice.

Executed this ____ day of _____, 200__.

Signed: _____
Owner, Agent or Attorney

After service of a copy of the Notice of Contest of Lien, the Association shall have ninety (90) days in which to file an action to enforce the lien, and if the action is not filed within that ninety (90) day period, the lien is void.

The Association may bring an action in its name to foreclose a lien for assessments in the manner a mortgage on real property is foreclosed and may also bring an action to recover a money judgment for the unpaid assessments without waiving any claim of lien. The Association is entitled to recover its reasonable attorney's fees incurred in either a lien foreclosure action or any action to recover a money judgment for unpaid assessments.

No foreclosure judgment may be entered until at least thirty (30) days after the Association gives written notice to the unit owner of its intention to foreclose its lien to collect the unpaid assessments. If this notice is not given at least thirty (30) days before the foreclosure action is filed, and if the unpaid assessments, including those coming due after the claim of lien is recorded, are paid before the entry of a final judgment of foreclosure, the Association shall not recover attorney's fees or costs. The notice must be given by delivery of a copy of it to the unit owner or by certified or registered mail, return receipt requested, addressed to the unit owner at his last known address; and upon such mailing, the notice shall be deemed to have been given, and the court shall proceed with the foreclosure action and may award attorney's fees and costs as permitted by law. The notice requirements of this subsection are satisfied if the unit owner records a Notice of Contest of Lien as provided above. The notice requirements of this subsection do not apply if an action to foreclose a mortgage on the condominium unit is pending before any court; if the rights of the Association would be affected by such foreclosure; and if actual, constructive, or substitute service of process has been made on the unit owner.

If the unit owner remains in possession of the unit after a foreclosure judgment has been entered, the court, in its discretion, may require the unit owner to pay a reasonable rental for the unit. If the unit is rented or leased during the pendency of the foreclosure action, the Association is entitled to the appointment of a receiver to collect the rent. The expenses of the Receiver shall be paid by the party which does not prevail in the foreclosure action.

The Association has the power to purchase the condominium parcel at the foreclosure sale and to hold, lease, mortgage or convey it.

A first mortgagee acquiring title to a condominium parcel as a result of foreclosure, or a deed in lieu of foreclosure, may not during the period of its ownership of such parcel, whether or not such parcel is unoccupied, be excused from the payment of some or all of the common expenses coming due during the period of such ownership.

Within fifteen (15) days after request by a unit owner or unit mortgagee, the Association shall provide a certificate stating all assessments and other monies owed to the Association by the unit owner with respect to the condominium parcel. Any person other than the owner who relies upon such certificate shall be protected thereby.

Any unit owner has the right to require from the Association a certificate showing the amount of unpaid assessments against him with respect to his condominium parcel. The holder of a mortgage or other lien of record has the same right as to any condominium parcel upon which he has a lien.

Any first mortgagee may make use of any unit acquired as may facilitate its sale including, but not limited to, the showing of the property and the display of "For Sale" signs and neither the other unit owners nor the corporation shall interfere with the sale of such units.

As to priority between the lien of a recorded mortgage and the lien for any assessment, the lien for assessment shall be subordinate and inferior to any recorded mortgage, unless the assessment is secured by a claim of lien which is recorded prior to the recording date of the mortgage.

Any person purchasing or encumbering a unit shall have the right to rely upon any statement made in writing by an officer of the Association regarding assessments against units which have already been made and which are due and payable to the Association, and the Association and the members shall be bound thereby.

In addition the Association may accelerate assessments of an owner delinquent in payment of common expenses. Accelerated assessments shall be due and payable on the date the claim of lien is filed. Such accelerated assessments shall include the amounts due for the remainder of the budget year in which the claim of lien was filed.

A unit owner, regardless of how title has been acquired, including a purchaser at a judicial sale, is liable for all assessments which come due while he is the unit owner. The grantee is jointly and severally liable with the grantor for all unpaid assessments against the grantor for his shares of the common expenses up to the time of the transfer of title, without prejudice to any right the grantee may have to recover from the grantor the amounts paid by the grantee. A first mortgagee who acquires title to the unit by foreclosure or by deed in lieu of foreclosure is liable for the unpaid assessments that became due prior to the mortgagee's receipt of the deed. However, the mortgagee's liability is limited to a period not exceeding 6 months, but in no event does the first mortgagee's liability exceed 1 percent of the original mortgage debt. The first mortgagee's liability for such expenses or assessments does not commence until 30 days after the date the first mortgagee received the last payment of principal or interest. In no event shall the mortgagee be liable for more than 6 months of the unit's unpaid common expenses or assessments accrued before the acquisition of the title to the unit by the mortgagee or 1 percent of the original mortgage debt, whichever amount is less.

VIII

**INSURANCE COVERAGE, USE AND DISTRIBUTION OF
PROCEEDS, REPAIR OR RECONSTRUCTION AFTER CASUALTY, CONDEMNATION**

A. Type and Scope of Insurance Coverage Required

I. Insurance for Fire and Other Perils

The Association shall obtain, maintain, and pay the premiums upon, as a common expense, a "master" or "blanket" type policy of property insurance covering all of the common elements and limited common elements, (except land, foundation and excavation costs) including fixtures, to the extent they are part of the common elements of the condominium, building service equipment and supplies, and other common personal property belonging to the Association. All references herein to a "master" or "blanket" type policy of property insurance shall denote single entity condominium insurance coverage. Every hazard policy which is issued to protect a condominium building shall provide that the word "building" wherever used in the policy include, but not necessarily be limited to, fixtures, installations, or additions comprising that part of the building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the individual units initially installed, or replacements thereof of like kind or quality, in accordance with the original plans and specifications, or as they existed at the time the unit was initially conveyed if the original plans and specifications are not available. The work "building" does not include unit floor coverings, wall coverings, or ceiling coverings, and does not include the following equipment if it is located within a unit and the unit owner is required to repair or replace such equipment: electrical fixtures, appliances, air conditioner or heating equipment, water heaters, or built-in-cabinets. With respect to the coverage provided for by this paragraph, the unit owners shall be considered additional insureds under the policy.

The "master" policy shall be in an amount equal to one hundred (100%) percent of current replacement cost of the condominium, exclusive of land, foundation, excavation and other items normally excluded from coverage, if available.

The policies may also be issued in the name of an authorized representative of the Association, including any insurance trustee with whom the Association has entered into an insurance trust agreement, or any successor trustee, as insured, for the use and benefit of the individual owners. Loss payable shall be in favor of the Association or insurance trustee, as a trustee, for each unit owner and each such owner's mortgagee. The Association or insurance trustee, if any, shall hold any proceeds of insurance in trust for unit owners and their first mortgage holders, as their interests may appear. Each unit owner and each unit owner's mortgagee, if any, shall be beneficiaries of the policy in the fraction of common ownership set forth in this Declaration. Certificates of insurance shall be issued to each unit owner and mortgagee upon request. Such policies shall contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the Indian River County area and shall name any holder of first mortgages on units within the condominium. Such policies shall provide that they may not be canceled or substantially modified, without at least ten (10) days' prior written notice to the Association and to each holder of a first mortgage listed as a scheduled holder of a first mortgage in the policies.

Policies are unacceptable where: (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FEDERAL HOME LOAN MORTGAGE CORPORATION; hereinafter referred to as FHLMC, FEDERAL NATIONAL MORTGAGE ASSOCIATION, hereinafter referred to as FNMA, or the designee of FHLMC or FNMA; or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.

The policies shall also provide for the following: recognition of any insurance trust agreement; a waiver of the right of subrogation against unit owners individually; that the insurance is not prejudiced by any act or neglect of individual unit owners which is not in the control of such owners collectively; and that the policy is primary in the event the unit owner has other insurance covering the same loss.

The insurance policy shall afford, as a minimum, protection against the following:

- (a) Loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and
- (b) in the event the condominium contains a steam boiler, loss or damage resulting from steam boiler equipment accidents in an amount not less than \$50,000.00 per accident per location (or such greater amount as deemed prudent based on the nature of the property); and
- (c) all other perils which are customarily covered with respect to condominiums similar in construction, location and use, including all perils normally covered by the standard "all-risk" endorsement.

In addition, such policies shall include an "agreed amount endorsement" and, if available, an "inflation guard endorsement."

The Association shall provide, on an individual case basis, if required by the holder of first mortgages on individual units, construction code endorsements (such as a demolition cost endorsement, a contingent liability from operation of building laws endorsement and an increased cost of construction endorsement) if the condominium is subject to a construction code provision which would become operative and require changes to undamaged portions of the building(s), thereby imposing significant costs in the event of partial destruction of the condominium by an insured hazard.

2. Liability Insurance

The Association shall maintain comprehensive general liability insurance coverage covering all of the common elements, commercial space owned and leased by the Association, and public ways of the condominium project. Coverage limits shall be for at least \$1,000,000.00 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under this policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the common elements, and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies shall provide that they may not be canceled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association and to each holder of a first mortgage on any unit in the condominium which is listed as a scheduled holder of a first mortgage in the insurance policy. The Association shall provide, if required by the holder of first mortgages on individual units, such coverage to include protection against such other risks as are customarily covered with respect to condominiums similar in construction, location and use, including but not limited to, host liquor liability, employers liability insurance, contractual and all written contract insurance, and comprehensive automobile liability insurance.

3. Flood Insurance

If the condominium is located within an area which has been officially identified by the Secretary of Housing and Urban Development as having special flood hazards and for which flood insurance has been made available under the National Flood Insurance Program (NFIP), the Association shall obtain and pay the premiums upon, as a common expense, a "master" or "blanket" policy of flood insurance on the buildings and any other property covered by the required form of policy (herein insurable property), in an amount deemed appropriate by the Association, as follows:

The lesser of: (a) the maximum coverage available under the NFIP for all buildings and other insurable property within the condominium to the extent that such buildings and other insurable property are within an area having special flood hazards; or (b) one hundred (100%) percent of current "replacement cost" of all buildings and other insurable property within such area.

Such policy shall be in a form which meets the criteria set forth in the most current guidelines on the subject issued by the Federal Insurance Administrator.

4. Fidelity Bonds

Adequate fidelity bonds shall be maintained by the Association for all officers, directors, and employees of the Association and all other persons who control or disburse funds of the Association. Such fidelity bonds shall name the Association as an obligee. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions. The premiums of all bonds required herein shall be paid by the Association as a common expense. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association, insurance trustee and the Federal National Mortgage Association, if applicable. The fidelity bonds must cover the maximum funds that will be in the custody of the Association or its management agent at any one time. Under no circumstances shall the principal sum of the bonds be less than \$50,000 for each officer, director or employee unless such lesser sum is permitted by Florida Law and such lesser sum is approved by the Board of Administration.

5. Insurance Trustees; Power of Attorney

The Association may name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement or any successor to such trustee (each of whom shall be referred to herein as "insurance trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Each unit owner by acceptance of a deed conveying a unit in the condominium to the unit owner hereby appoints the Association, or any insurance trustee or substitute insurance trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

6. Qualifications of Insurance Carriers

The Association shall use generally acceptable insurance carriers. Only those carriers meeting the specific requirements regarding the qualifications of insurance carriers as set forth in the Federal National Mortgage Association Conventional Home Mortgage Selling Contract Supplements and the FHLMC Sellers Guide shall be used.

7. Condemnation and Total or Partial Loss or Destruction

The Association shall represent the unit owners in the condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the common elements, or part thereof, by the condemning authority. Each unit owner hereby appoints the Association as attorney-in-fact for such purpose.

The Association may appoint a trustee to act on behalf of the unit owners, in carrying out the above functions, in lieu of the Association.

In the event of a taking or acquisition of part or all of the common elements by a condominium authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, to be held in trust for the unit owners and their first mortgage holders as their interests may appear.

In the event any loss, damage or destruction to the insured premises is not substantial (as such term "substantial" is hereinafter defined), and such loss, damage or destruction is replaced, repaired or restored with the Association's funds, the first mortgagees which are named as payee upon the draft issued by the insurance carrier shall endorse the draft and deliver the same to the Association, provided, however, that any repair and restoration on account of physical damage shall restore the improvements to substantially the same condition as existed prior to the casualty.

Substantial loss, damage or destruction as the term is herein used, shall mean any loss, damage or destruction sustained to the insured improvements which would require an expenditure of sums in excess of ten (10%) percent of the amount of coverage under the Association's casualty insurance policy or policies then existing, in order to restore, repair or reconstruct the loss, damage or destruction sustained.

In the event the Association chooses not to appoint an insurance trustee, any casualty insurance proceeds becoming due by reason of substantial loss, damage or destruction sustained to the condominium improvements shall be payable to the Association and all first mortgagees which shall have been issued loss payable mortgage endorsements, and such proceeds shall be made available to the first mortgagee which shall hold the greater number of mortgages encumbering the units in the condominium, which proceeds shall be held in a construction fund to provide for the payment for all work, labor and materials to be furnished for the reconstruction, restoration and repair of the condominium improvements. Disbursements from such construction fund shall be by usual and customary construction loan procedures. No fee whatsoever shall be charged by such first mortgagee for its services in the administration of the construction loan fund. Any sums remaining in the construction loan fund after the completion of the restoration, reconstruction and repair of the improvements and full payment therefore, shall be paid over to the Association and held for, and/or distributed to the unit owners in proportion to each unit owner's share of common surplus. If the insurance proceeds payable as the result of such casualty are not sufficient to pay the estimated costs of such restoration, repair and reconstruction, which estimate shall be made prior to proceeding with restoration, repair or reconstruction, the Association shall levy a special assessment against the unit owners for the amount of such insufficiency, and shall pay said sum into the aforesaid construction loan fund.

Notwithstanding which first mortgagee holds the greater number of mortgages encumbering the units, such mortgagees may agree between themselves as to which one shall administer the construction loan fund.

If the damage sustained to the improvements is less than substantial, as heretofore defined, the Board of Administration may determine that it is in the best interests of the Association to pay the insurance proceeds into a construction fund to be administered by an institutional first mortgagee as hereinabove provided. No institutional first mortgagee shall be required to cause such insurance proceeds to be made available to the Association prior to completion of any necessary restoration, repairs or reconstruction, unless arrangements are made by the Association to satisfactorily assure that such restoration, repairs and reconstruction shall be completed. Such assurances may consist of, without limitation: (1) obtaining a construction loan from other sources; (2) obtaining a binding contract with a contractor or contractors to perform the necessary restoration, repairs and reconstruction; and (3) the furnishing of performance and payment bonds.

Any restoration, repair or reconstruction made necessary through a casualty shall be commenced and completed as expeditiously as reasonably possible, and must substantially be in accordance with the plans and specifications for the construction of the original building. In no event shall any reconstruction or repair change the relative locations and approximate

dimensions of the common elements and of any unit, unless an appropriate amendment be made to this Declaration.

Where physical damage has been sustained to the condominium improvements and the insurance proceeds have not been paid into a construction loan fund as hereinabove more fully provided, and where restoration, repair or reconstruction has not been commenced, an institutional mortgagee who has commenced foreclosure proceedings upon a mortgage encumbering a unit, shall be entitled to receive that portion of the insurance proceeds apportioned to said unit in the same share as the share in the common elements appurtenant to said unit.

If substantial loss, damage or destruction shall be sustained to the condominium improvements, and at a special members' meeting called for such purpose, the owners of a majority of the units in the condominium vote and agree in writing that the damaged property will not be repaired or reconstructed, the condominium shall be terminated; provided, however, such termination will not be effective without the written consent of all first mortgagees holding mortgages encumbering units.

IX

RESPONSIBILITY FOR MAINTENANCE AND REPAIRS

- A. Each unit owner shall bear the cost and be responsible for the maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, electrical and plumbing fixtures, kitchen and bathroom fixtures, and all other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his unit and which may now or hereafter be affixed or contained within his unit. Such owner shall further be responsible for maintenance, repair and replacement of any air conditioning equipment servicing his unit, although such equipment not be located in the unit, and of any and all wall, ceiling and floor surfaces, and screened balconies, painting, decorating and furnishings and all other accessories which such owner may desire to place or maintain therein. Unit owners are responsible for the maintenance, including cleaning, repair or replacement of windows and screening thereon and screening on balconies and patios, screen doors, and fixed and sliding glass doors. For the purposes of this paragraph, air conditioning equipment servicing individual units shall be deemed to be limited common elements appurtenant to such units.
- B. The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all the common elements, including those portions thereof which contribute to the support of the building, and all conduits, ducts, plumbing, sprinkler systems, wiring and other facilities located in the common elements, for the furnishing of utility services to the units, and including artesian wells, pumps, piping, and fixtures serving individual air conditioning units. Painting and cleaning of all exterior portions of the building, including all exterior doors opening into walkways, shall also be the Association's responsibility. Sliding glass doors, screen doors, storm shutters on balconies and windows, windows and screens on windows or balconies, shall not be the Association's responsibility, but shall be the responsibility of the unit owner. Should any damage be caused to any unit by reason of any work which may be done by the Association in the maintenance, repair or replacement of the common elements, the Association shall bear the expense of repairing such damage.
- C. Where loss, damage or destruction is sustained by casualty to any part of the building, whether interior or exterior, whether inside a unit or not, whether a fixture or equipment attached to the common elements or attached to and completely located inside a unit, and such loss, damage or destruction is insured for such casualty under the terms of the Association's casualty insurance policy or policies, but the insurance proceeds payable on account of such loss, damage or destruction are insufficient for restoration, repair or reconstruction, all the unit owners shall be specially assessed to make up the deficiency, irrespective of a determination as to whether the loss, damage or destruction is to a part of the building, or to fixtures or equipment which it is a unit owner's responsibility to maintain.

No unit owner shall do anything within his unit or on the common elements which would adversely affect the safety or soundness or the common elements or any portion of the Association property or Condominium property which is to be maintained by the Association.

- D. In the event owners of a unit make any structural addition or alteration without the required written consent, the Association or an owner with an interest in any unit shall have the right to proceed in a court of equity to seek compliance with the provisions hereof. The Association has the irrevocable right of access to each unit during reasonable hours, when necessary for the maintenance, repair, or replacement of any common elements or as necessary to prevent damage to the common elements or to a unit or units.

Maintenance of the common elements is the responsibility of the Association. All limited common elements shall be maintained by the Owner who has exclusive use of such elements.

- E. The Board of Administration of the Association may enter into a contract with any firm, person or corporation for the maintenance and repair of the common elements and may join with other condominium corporations in contracting with the same firm, person or corporation for maintenance and repair.
- F. The Association shall determine the exterior color scheme of all buildings and shall be responsible for the maintenance thereof, and no owner shall paint an exterior wall, door, window, patio or any exterior surface, etc., at any time without the written consent of the Association.

X

USE RESTRICTIONS

- A. Each unit is hereby restricted to residential use by the owner or owners thereof, their immediate families, lessees, guests and invitees. Each two-bedroom unit is restricted to no more than five (5) occupants; and each three-bedroom unit is restricted to no more than six (6) occupants, without the Association's consent. There are no restrictions upon children.
- B. The unit may be rented provided the occupancy is only by one (1) lessee and members of his/her immediate family and guests. No rooms may be rented and no transient tenants may be accommodated. No lease of a unit shall release or discharge the owner thereof of compliance with this Section X or any of his other duties as a unit owner. Time sharing of units is prohibited. Ownership of a unit on a monthly or weekly time sharing program is prohibited. Subleasing of units is prohibited. All leases shall be in a writing which names all persons who will occupy the unit during the term of the Lease and shall be subject to this Declaration, the Articles of Incorporation, By-Laws, and the Rules and Regulations of the Association and shall be approved by the Association prior to the tenant's occupancy. No lease shall be for a term of less than six (6) months.
- C. No nuisances shall be allowed to be committed or maintained upon the condominium property, nor any use or practice that is the source of annoyance to residents or 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. No unit owner shall permit any use of his unit or use of the common elements that will increase the cost of insurance upon the condominium property.
- D. No immoral, improper, or offensive use shall be made of the condominium property nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the condominium shall be observed.
- E. Reasonable rules and regulations concerning the use of the condominium property may be made and amended from time to time by the Board of Administration of the Association as provided by its Articles of Incorporation and By-Laws.

- F. The Association has the irrevocable right of access to each unit during reasonable hours, when necessary for the maintenance, repair, or replacement of any common elements or of any portion of a unit to be maintained by the Association pursuant to the Declaration or as necessary to prevent damage to the common elements or to a unit or units.
- G. No sign, advertisement or notice of any type shall be shown on the common elements or any unit and no exterior antennas and aerials shall be erected except as provided under uniform regulations promulgated by the Association. This subparagraph G shall not apply to the Developer and/or institutional first mortgagees.
- H. An owner shall not place or cause to be placed in the walkways or in or on any other common elements and facilities, any furniture, packages or objects of any kind. Such areas shall be used for no other reason than for normal transit through them. The Association may permit a unit owner to place small potted plants near the front doors of the unit so long as the potted plants do not protrude into or block access to the common walkways. The Association reserves the right to restrict or prohibit the placement of potted plants on the common elements.
- I. It is prohibited to hang garments, rugs, etc., from the windows, patios or balconies from any of the facades of the buildings.
- J. It is prohibited to dust rugs, etc., from windows, patios or balconies or to clean rugs, etc., by beating on the exterior of the buildings.
- K. No auto parking space may be used for any purpose other than parking automobiles, vans and non-commercial pick-up trucks which are in operating condition with a current license tag. No other vehicles or objects, including but not limited to commercial trucks, trucks, motorcycles, recreational vehicles, motorhomes, trailers, and boats, will be parked or placed upon the condominium property unless permitted by the Board of Administration. In the event motorhomes or recreational vehicles are permitted to be parked in designated areas, overnight camping in these vehicles is prohibited. No parking space shall be used by any other person other than an occupant of the condominium who is an actual resident or by a guest or visitor and by such guest or visitor only when such guest or visitor is, in fact, visiting and upon the premises. All owners and residents of the condominium are restricted to two (2) permitted vehicles without the Association's consent to bring additional vehicles on the premises.
- L. Until the Developer has closed all the sales of the units in the condominium, neither the other unit owners nor the Association shall interfere with the sale of such units. The Developer may make such use of the unsold units and common elements as may facilitate its sales, including but not limited to maintenance of a sales office, model units, the showing of the property, and the display of signs. The Developer may not be restricted in the use of the common elements or areas by anyone until the sale of all units is completed by the Developer.
- M. Two (2) dogs or cats (no more than a total of two (2) of such pets) shall be allowed to be kept in the owner's unit; however, no pets shall not exceed forty (40) pounds in weight. All pets must be kept on a leash not more than ten (10) feet long when outside the owner's unit. Each pet owner shall be responsible for cleaning up after his/her pets in the common elements. Pets shall not create a nuisance.
- N. A unit owner shall not place, store or use any item, upon any patio, balcony, terrace or porch without the approval of the Association, other than standard patio chairs, tables and furnishings. Gas or electric grills and potted plants are permitted on porches but charcoal grills are prohibited.
- O. When a unit is leased, a tenant shall have all use rights in the Association property and those common elements otherwise readily available for use generally by unit owners and the unit owners shall not have such rights except as a guest. Nothing in this subsection shall interfere with the access rights of the unit owner as a landlord pursuant to Chapter 83, Florida Statutes. The Association shall have the right to adopt rules to prohibit dual usage by a unit

FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM OF SOMERSET BAY, A CONDOMINIUM

WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation, hereinafter called "Developer", in accordance with Article XII of the Declaration of Condominium of Somerset Bay, a Condominium (the "Declaration"), dated July 13, 2000, and recorded at Official Records Book _____, Page _____, et. seq. of the Public Records of Indian River County, Florida, hereby amends the Declaration as follows:

1. Article X, Use Restrictions shall be amended by adding new subparagraph P., which shall read in its entirety as follows:

P. "Fire safety regulations and local fire department officials require a clear, unobstructed passageway between each elevator opening and emergency exit stairway at all times. Furthermore, access passage within each unit to an existing stairway shall not be obstructed by a door with a locking device. No doors within a unit shall have a locking device that locks against the direction of travel to an emergency exit stairway. Each unit owner shall maintain unobstructed access passageway to exit stairways. The doors between the units and the emergency exit stairwells may be locked in one direction of travel to prevent free access to the unit from the stairwell."

2. Article XI, Limitations Upon Right of Owner to Alter or Modify Unit shall be amended in its entirety as follows:

"No owner of a unit (other than the Developer) shall make any structural modifications or alterations of the unit. Further, no owner shall cause any improvements or changes to be made on or to the exterior of the unit buildings, including painting or other decoration, the installation of awnings, shutters, electrical wiring, air conditioning units and other things which might protrude through or to be attached to the walls of the unit building; further, no owner shall in any manner change the appearance of any portion of the unit building not wholly within the boundaries of his unit. The Board of Administration shall adopt specifications for any screens to be installed on any balcony or terrace of any unit. Any screens installed on or around any balcony or terrace shall comply with the specifications approved by the Board of Administration. The Board of Administration shall adopt hurricane shutter specifications for each building within each condominium operated by the Association which shall include color, style, and other factors deemed relevant by the board. All specifications adopted by the Board shall comply with the applicable building code. Notwithstanding any provision to the contrary in the condominium documents, if approval is required by the documents, the Board shall not refuse to approve the installation or replacement of hurricane shutters conforming to the specifications adopted by the Board. The installation, replacement, and maintenance of such shutters in accordance with the procedures set forth herein shall not be deemed a material alteration to the common elements within the meaning of the Condominium Act."

IN WITNESS WHEREOF, the above-stated Developer has caused these presents to be signed and sealed on this 11 day of June, 2001.

SIGNED, SEALED AND DELIVERED IN THE PRESENCE OF:

[Handwritten signatures]
Heather H. Tolson

DEVELOPER:

WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation

By: *[Handwritten signature]*
John Genoni, Sr., President

(CORPORATE SEAL)

STATE OF FLORIDA
COUNTY OF BREVARD

BEFORE ME, the undersigned authority, personally appeared JOHN GENONI, SR., President of WESTON REAL ESTATE INVESTMENTS CORP., a Florida corporation, personally known to me, and who executed the foregoing and acknowledged the execution thereof to be his free act and deed for the uses and purposes therein mentioned.

WITNESS my signature and official seal in the State and County last aforesaid on this 11 day of June, 2001.



[Handwritten signature]
Notary Public
State of Florida at Large
My Commission Expires:

... members in the Association and by their respective institutions first mortgages.

Notwithstanding anything to the contrary contained in this Declaration, the Developer expressly reserves the right to amend the Declaration so as to correct any legal description contained herein, which legal description or descriptions may have been incorrect by reason of a scrivener's or surveyor's error. The Developer may amend this Declaration as aforesaid by filing an amended legal description (or descriptions) as an amendment to the Declaration among the Public Records of

Indian River County, Florida, which amendment (or amendments) shall expressly describe that legal description which is being corrected (by reference to the exhibit containing said legal description or otherwise), in addition to the corrected legal description. Such amendments need to be executed and acknowledged only by the Developer and need not be approved by the Association, unit owners, lienors or mortgagees of units of the condominium whether or not elsewhere required for amendments. As part and parcel of any such amendment as provided for in this paragraph, however, there shall be attached thereto an affidavit of the individual or individuals responsible for the original incorrect legal description, whether he be scrivener or surveyor, which affidavit shall set forth (1) that said individual made an error in the legal description, (2) that the error is corrected by the description contained in the amendment, and (3) that it was the intent at the time of the incorrect original legal description to make that description such as is contained in the new amendment. In the event the party responsible for the original incorrect legal description has died, or is not available, then in that event, any other party having personal knowledge of the incorrect legal description by reason of the scrivener's or surveyor's error may execute the required affidavit for the amendment provided herein.

Pursuant to Section 718.110(2), Florida Statutes, the Developer may make amendments to this Declaration without consent of the unit owners which shall be limited to matters other than those under Section 718.110(4) and (8), Florida Statutes.

In the event it shall appear that there is an error or omission in this Declaration, or exhibits thereto, then and in that event the Association may correct such error and/or omission by an amendment to this Declaration in the manner hereinafter described to effectuate an amendment for the purpose of curing defects, errors or omissions. Such an amendment shall not require a vote of approval as provided above but shall require a vote in the following manner:

(a) Notice of the subject matter of a proposed amendment to cure defect, error or omission shall be included in the notice of any meeting at which such proposed amendment is to be considered.

(b) A resolution for the adoption of such a proposed amendment may be proposed by either the Board of Administration of the Association or by the members of the Association, and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by:

(i) Not less than thirty-three and one-third (33 1/3%) percent of the Board of Administration and by not less than ten (10%) percent of the votes of the entire membership of the condominium; or

(ii) Not less than twenty-five (25%) percent of the votes of the entire membership of the Association; or

(iii) In the alternative, an amendment may be made by an agreement signed and acknowledged by all unit owners in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Public Records of Indian River County, Florida.

(c) The foregoing provisions relative to amendments for defects, errors or omissions are in accordance with and pursuant to Section 718.110(1), Florida Statutes.

(d) That the amendment made pursuant to this paragraph need only be executed and acknowledged by the Developer or the Association and by no other parties whatsoever.

Notwithstanding anything to the contrary contained in this Declaration, with the consent of a majority of the unit owners, the Developer reserves the right to change the interior designs and arrangement of all units and to alter the boundaries between units, as long as the Developer owns the units so altered; however, no such changes shall increase the number of units nor alter the boundaries of the common elements, except the party wall between any units. 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. The survey shall be certified in the manner required by the Condominium Act. If more than one (1) unit is concerned, the Developer shall not apportion between the units the shares in the common elements, common expenses and common surplus shall remain unchanged in the amendment of this Declaration unless all unit owners approve the amendment changing the shares.

Any amendment to the Declaration which alters any provision relating to the Surface Water or Stormwater Management System, beyond maintenance in its original condition, including the water management portions of the common areas, must have the prior approval of the St. Johns River Water Management District.

No provision of the Declaration shall be revised or amended by reference to its title or number only. Proposals to amend existing provisions of the Declaration shall contain the full text of the provision to be amended; new words shall be inserted in the text underlined; and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder, rather than assist, the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but, instead, a notation must be inserted immediately preceding the proposed amendment in substantially the following language:

Substantial rewording of Declaration. "See provision... for present text." Non-material errors or omissions in the amendment process shall not invalidate an otherwise properly promulgated amendment.

Invalidation of any one (1) or more of these restrictions, reservations, covenants, conditions and easements, or any provision contained in this Declaration, or in a conveyance of unit by the Developer, by judgment, court order, or law, shall in nowise affect any of the other provisions which shall remain in full force and effect.

In the event that any court should hereafter determine that any provision, as originally drafted herein, violates the rule against perpetuities or any other rule of law because of the duration of the period involved, the period specified in this Declaration shall not thereby become invalid, but instead shall be reduced to the maximum period allowed under such rule of law, and for such purpose, the measuring life shall be that of the youngest incorporator of the Association.

These restrictions, reservations, covenants, conditions and easements shall be binding upon and inure to the benefit of all property owners and their grantees, heirs, personal representatives, successors and assigns, and all parties claiming by, through or under any member.

XIV

TERMINATION OF CONDOMINIUM

Except as otherwise provided in Article VIII of this Declaration, the condominium created and established hereby may only be terminated upon the vote of members of the Association owning sixty-seven (67%) of the units in the condominium, provided that the written consent to such termination is obtained from all institutional first mortgagees holding mortgages encumbering the units.

Immediately after the required vote of consent to terminate, each and every unit owner shall immediately convey by warranty deed to the Association all of said unit owners' right, title and interest to any unit and to the common elements, provided the Association's officers and employees handling funds have been adequately bonded and the Association or any member shall have the right to enforce such conveyance by specific performance in a court of equity.

The Board of Administration of the Association shall then sell all of the property at public or private sale upon terms approved in writing by all of the institutional first mortgagees. Upon the sale of said property, the costs, fees and charges for affecting said sale, the cost of liquidation and dissolution of the Association and all obligations incurred by the Association in connection with the

management and operation of the property up to and including the time when distribution is made to the unit owners, shall be paid out of the proceeds of said sale, and the remaining balance (hereinafter referred to as "net proceeds of sale") shall be distributed to the unit owners in the manner now about to be set forth.

The distributive share of each unit owner in the net proceeds of sale, though subject to the provisions hereinafter contained, shall be the following portion thereof, to-wit:

AN UNDIVIDED EQUAL SHARE

Upon the determination of each unit owner's share as above provided for, the Association shall pay out of each unit owner's share all mortgages and other liens encumbering said unit in accordance with their priority, and upon such payment being made, all mortgages and lienors shall execute and record satisfactions or releases of their liens against said unit or units, regardless of whether the same are paid in full. Thereupon, the Board of Administration of the Association shall proceed to liquidate and dissolve the Association, and distribute the remaining portion of each distributive share, if any, to the owner or owners entitled thereto. If more than one person has an interest in a unit, the Association shall pay the remaining distributive share allocable to said unit to the various owners of such unit, excepting that if there is a dispute as to the validity, priority or amount of mortgages or liens encumbering a unit, then payment shall be made to the owner and/or owners of such unit and to the owners and holders of the mortgages and liens encumbering said unit.

As evidence of the members' resolution to abandon passed by the required vote or written consent of the members, the President and Secretary of the Association shall effect and place in the Public Records of Indian River County, Florida, an affidavit stating that such resolution was properly passed, so approved by the members, and also shall record the written consents, if any, of institutional first mortgagees to such abandonment. Upon recordation of the instrument evidencing consent of Sixty-seven (67%) percent of the unit owners to terminate the condominium, the Association shall notify the division within 30 working days of the termination and the date the document was recorded, the county where the document was recorded, and the book and page number of the public records where the document was recorded.

After such an affidavit has been recorded and all owners have conveyed their interest in the condominium parcel to the Association and the Association to the purchaser, the title to said property thereafter shall be free and clear from all restrictions, reservations, covenants, conditions and easements set forth in this Declaration, and the purchaser and subsequent grantees of any of said property shall receive title to said lands free and clear thereof.

XV

ENCROACHMENTS

If any portion of the common elements now encroaches upon any unit, or if any unit now encroaches upon any other unit or upon any portion of the common elements, or if any encroachment shall hereafter occur as the result of settling of the building, or alteration to the common elements made pursuant to the provisions herein, or as the result of repair and restoration, a valid easement shall exist for the continuance of such encroachment for so long as the same shall exist.

XVI

ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES

The Association shall at all times maintain a register setting forth the names of all owners of units in the condominium, and any purchaser or transferee of a unit shall notify the Association of the names of any party holding a mortgage upon any unit and the name of all lessees in order that the Association may keep a record of same.

XVII

ESCROW FOR INSURANCE PREMIUMS

Any institutional first mortgagee holding a mortgage upon a unit in the condominium shall have the right to cause the Association to create and maintain an escrow account for the purpose of assuring the availability of funds with which to pay premium or premiums due from time to time on casualty insurance policy or policies which the Association is required to keep in existence, it being understood that the Association shall deposit in an escrow depository satisfactory to such institutional first mortgagee or institutional first mortgagees a monthly sum equal to one-twelfth (1/12) of the annual amount of such insurance expense, and to contribute such other sum as may be required therefor to the end that there shall be on deposit in said escrow account at least one (1) month prior to the due date for payment of such premium or premiums, a sum which will be sufficient to make full payment therefor.

Premiums for insurance required to be placed by the Association shall be a common expense and shall be paid by the Association.

If two (2) or more institutional mortgagees hold any mortgage or mortgages upon any condominium parcel of condominium parcel, and/or shall be the owner of any condominium parcel or condominium parcels, the exercise of the rights above described or manner of exercising said rights shall vest in the institutional mortgagee owning and holding the first recorded mortgage encumbering a condominium parcel, and the decision of such institutional mortgagee shall be controlling.

XVIII

REAL PROPERTY TAXES
DURING INITIAL YEAR OF CONDOMINIUM

In the event that during the year in which this condominium is established, real property taxes are assessed against the condominium property as a whole, such taxes will be a common expense.

XIX

RESPONSIBILITY OF UNIT OWNERS

The owner of each unit shall be governed by and shall comply with the provisions of this Declaration as well as the By-Laws and Articles of Incorporation maintenance, repair or replacement made necessary by his act, neglect or employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Nothing herein contained, however, shall be construed so as to modify any waiver of rights or subrogation by insurance companies.

In any action brought against a unit owner by the Association for damages, or injunctive relief due to such unit owner's failure to comply with the provisions of this Declaration or By-Laws of the Association, the prevailing party shall be entitled to court costs, reasonable attorney's fees and expenses incurred by it in connection with the prosecution of such action.

XX

WAIVER

The failure of the Association, a unit owner or institutional first mortgagee to enforce any right, provision, covenant or condition which may be granted herein, or in the By-Laws and Articles of Incorporation of the Association, or the failure to insist upon the compliance with same, shall not constitute a waiver by the Association, such unit owner or institutional first mortgagee to enforce such right, provision, covenant or condition, or insist upon the compliance with same, in the future.

No breach of any of the provisions contained herein shall defeat or adversely affect the lien of any mortgage at any time made in good faith and for a valuable consideration upon said property, or any part thereof, and made by a bank, savings and loan association, or insurance company authorized to transact business in the State of Florida and engage in the business of making loans constituting a first lien upon real property, but the rights and remedies herein granted to the Developer, the Association, and the owner or owners of any part of said condominium, may be enforced against the owner of said property subject to such mortgage, notwithstanding such mortgage.

XXI

CONSTRUCTION

The provisions of this Declaration shall be liberally construed so as to effectuate its purposes. The invalidity of any provision herein shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of this Declaration.

XXII

GENDER

The use of the masculine gender in this Declaration shall be deemed to refer to the feminine or neuter gender, and the use of the singular or plural shall be taken to mean the other whenever the context may require.

XXIII

CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

XXIV

REMEDIES FOR VIOLATIONS

Each unit owner, each tenant and other invitee, and each association shall be governed by, and shall comply with the provisions of the Florida Condominium Act, the declaration, the documents creating the Association, and the Association By-Laws and the provisions thereof shall be deemed expressly incorporated into any lease of a unit. Actions for damages for injunctive relief, or both, for failure to comply with these provisions may be brought by the association or by a unit owner against:

- a. The Association.
- b. A unit owner.
- c. Directors designated by the Developer, for actions taken by them prior to the time control of the Association is assumed by unit owners other than the Developer.
- d. Any Director who willfully and knowingly fails to comply with these provisions.
- e. Any tenant leasing a unit, and any other invitee occupying a unit.

The prevailing party in any such action or in any action in which the purchaser claims a right of voidability based upon contractual provisions as required in Section 718.503(1) (a), Florida Statutes, is entitled to recover reasonable attorney's fees. A unit owner prevailing in an action between the association and the unit owner under this section, in addition to recovering his reasonable attorney's fees, may recover additional amounts as determined by the Court to be necessary to reimburse the unit owner for his share of assessments levied by the Association

to fund its expenses of the litigation. This relief does not exclude other remedies provided by law.

The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in the Covenants and Restrictions which relate to the maintenance, operation and repair of the Surface Water or Stormwater Management System.

XXV

TIME-SHARE RESERVATION

No reservation is made pursuant to Section 718.1045, Florida Statutes, for the creation of time-share estates. Time-share estates are prohibited.

XXVI

FINES

The Association may levy reasonable fines against a unit for the failure of the owner of the unit, or its occupant, licensee, or invitee, to comply with any provision of the Declaration, the Association By-Laws, or reasonable rules of the Association. No fine may exceed \$100.00 per violation. However, a fine may be levied on the basis of each of each day of a continuing violation, with a single notice and opportunity for hearing, provided that no fine in the aggregate exceed \$1,000.00. No fine may be levied except after giving reasonable notice and opportunity for a hearing to the unit owner and, if applicable, its licensee or invitee. The provisions of this Article do not apply to unoccupied units. See Section 4.K(15) of the By-Laws for the procedure to be followed by the Association in levying fines.

XXVII

SIGNAGE

The Association, through its Board of Administration, shall have the right to determine the type, style and location of all signage placed on or within the condominium property.

XXVIII

INSTITUTIONAL MORTGAGEE

An institutional mortgagee means the owner and holder of a mortgage encumbering a condominium parcel, which owner and holder of said mortgage is either a bank or life insurance company or a federal or state savings and loan association, or a mortgage or real estate investment trust, or a pension and profit sharing fund, or a credit union, or a Massachusetts business trust, or an agency of the United States Government, or the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or any entity controlling, controlled by or under common control with any of the foregoing, or a lender generally recognized in the community as an institutional lender or the Developer, or assignee, nominee, or designee of the Developer.

An institutional mortgage means a mortgage owned or held by an institutional mortgagee.

An insurance trustee means that Florida bank having trust powers, designated by the board to receive proceeds on behalf of the association, which proceeds are paid as a result of casualty or fire loss covered by insurance policies.

XXIX

RIGHTS RESERVED UNTO INSTITUTIONAL MORTGAGEES

All rights in favor of the Developer reserved in this Declaration of Condominium and exhibits attached hereto, are likewise reserved to any institutional mortgagee.

The rights and privileges in this Declaration of Condominium and the exhibits hereto in favor of the Developer are freely assignable, in whole or in part, by the Developer to any party who may be hereafter designated by the Developer to have and exercise such rights. Such rights may be exercised by the nominee, assignee or designee of the Developer and/or exercised by the successor or successors in trust of the Developer and/or exercised by the successor or successors in interest or the nominees, assignees or designees of the nominees, assignees or designees of the Developer.

XXX

NOTICE TO INSTITUTIONAL MORTGAGEES

The Association shall provide a holder, insurer or guarantor of a first mortgagee, upon written request (such request to state the name and address of such holder, insurer or guarantor and the unit number) timely notice of:

- A. Any proposed amendment of the condominium instruments effecting a change in (i) the boundaries of any unit or the exclusive easement rights appertaining thereto, (ii) the interests in the general or limited common elements appertaining to any unit or the liability for common expenses appertaining thereto, (iii) the number of votes in the owners Association appertaining to any unit; or (iv) the purposes to which any unit or the common elements are restricted;
- B. Any proposed termination of the condominium regime;
- C. Any condemnation loss or any casualty loss which affects a material portion of the condominium or which affects any unit on which there is a first mortgage held, insured or guaranteed by such eligible holder;
- D. Any delinquency in the payment of assessments or charges owed by an owner of a unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days;
- E. Any lapse, cancellation or material modification of any insurance policy maintained by the Association.

XXXI

CABLE TELEVISION

The cost of a master antenna television system or duly franchised cable television service obtained pursuant to a bulk contract shall be deemed a common expense, and if not, such cost shall be considered common expense if it is designated as such in a written contract between the board of administration and the company providing the master television antenna system or the cable television service. The contract shall be for a term of not less than two years.

- A. Any contract made by the board for a community antenna system or duly franchised cable television service may be canceled by a majority of the voting interests present at the next regular or special meeting of the Association. Any member may make a motion to cancel said contract, but if no motion is made or if such motion fails to obtain the required majority at the next regular or special meeting, whichever is sooner, following the making of the contract, then such contract shall be deemed ratified for the term therein expressed.

- B. Any such contract shall provide, and shall be deemed to provide if not expressly set forth, that any hearing impaired or legally blind unit owner who does not occupy the unit with a nonhearing impaired or sighted person may discontinue the service without incurring disconnect fees, penalties, or subsequent service charges, and as to such units, the owners shall not be required to pay any common expenses charge related to such service. If less than all members of an association share the expenses of cable television, the expense shall be shared equally by all participating unit owners. The Association may use the provisions of Section 718.116, Florida Statutes, to enforce payment of the shares of such costs by the unit owners receiving cable television.

XXXII

PHASE CONDOMINIUM

The condominium will be developed in phases pursuant to the provisions of Section 718.403, Florida Statutes. The first phase (Phase I) of the Condominium will consist of three buildings consisting of eighteen units. The Developer anticipates construction and development of three (3) additional phases, to be known as Phase II, Phase III, and Phase IV. The Developer is not committed to construct Phases II, III, and IV. The description of all anticipated phases, the impact which the completion of subsequent phases, if constructed, will have upon the first phase and the time period within which each phase shall be completed, is hereinafter set forth.

A. Real Property Comprising the Condominium. The real property to be owned by the Developer, which by this Declaration is submitted to the condominium form or ownership as Phase I of the Condominium, is real property lying in Indian River County as more particularly described on the first page of this Declaration and as more particularly described on Exhibit A attached hereto and made a part hereof. Other real property to be owned by the Developer which may be submitted to the condominium form of ownership as part of this condominium as Phase II, is real property situate in Indian River County, more particularly described on Exhibit A, Pages 11 and 12, which is attached hereto and made a part hereof. A legal description of the real property which may be added to this condominium as Phase III is also included and made a part of Exhibit B, Page 17. A legal description of the real property which may be added to this condominium as Phase IV is also included and made a part of Exhibit B, Page 21.

B. Minimum and Maximum Units. Phase I shall contain eighteen (18) units (minimum and maximum). Phase II shall contain eighteen (18) units (minimum and maximum). Phase III shall contain eighteen (18) units (minimum and maximum). Phase IV shall contain twelve (12) units (minimum and maximum). In all four phases, the unit sizes shall be 2,760 square feet (all computed "under roof" and enclosed).

C. Voting Membership in the Association and Percentage Ownership in the Common Elements. Each Unit Owner in the condominium will be a member of the Association and will be entitled to cast an owner's vote in accordance with the Articles of Incorporation and By-Laws. Each Unit Owner will also own an equal undivided interest in the common elements. When the membership of the Association consists of only Phase I, the following membership votes and percentage ownership shall apply: one (1) vote and a 1/18 undivided ownership interest for each unit.

If Phase II is added, the following membership votes and percentage ownership shall apply: one (1) vote and a 1/36 undivided ownership interest for each unit.

If Phase III is added, the following membership votes and percentage ownership shall apply: one (1) vote and a 1/54 undivided ownership interest for each unit.

If Phase IV is added, the following membership votes and percentage ownership shall apply: one (1) vote and a 1/66 undivided ownership interest for each unit.

D. Discretion to Add Future Phases. The Developer, in the Developer's sole discretion, will determine whether or not Phases II, III, and IV shall be added to this Condominium. Upon substantial completion of the construction of the improvements of any subsequent phase, if any, to


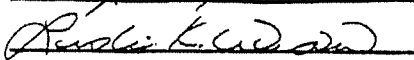
this Condominium, a surveyor shall prepare a survey of the improvements in the phase to be added to this Condominium, and will prepare a surveyor's certificate certifying the facts required by the Florida Condominium Act. The survey of the additional lands included in the subsequent phase, if any, the surveys of the improvements in the subsequent phase or phases and the surveyor's certificate shall be attached to an amendment or amendments to this Declaration and the same shall be executed solely by the Developer and recorded in the Public Records of Indian River County, together with any exhibits relating thereto as the Developer determines, in the Developer's sole discretion, are necessary. Notwithstanding any other provisions of this Declaration to the contrary, pursuant to Section 718.403(6) Florida Statutes, any amendment or amendments adding additional phases to this Condominium shall not be required to be executed by, nor consented to by, Unit owners, the Association nor the members thereof, nor the voters or holders of any lien encumbering a condominium unit previously submitted to condominium ownership by this Declaration. The law requires all phases to be added to the Condominium to be submitted within seven (7) years from the recording of the Declaration, and the estimated completion date is within the seven (7) years from the recording of the Declaration.

E. Time Shares Estates Not Created. Time share estates will not be created with respect to any Units in any phase of the Condominium.

F. Recreation Areas and Facilities. A swimming pool (20' x 50') and a clubhouse containing approximately 3,500 square feet will be provided as part of the Condominium if Phase II is constructed and will be located in Phase II of the Condominium.

IN WITNESS WHEREOF, the above-stated Developer has caused these presents to be signed and sealed on this 17th day of April, 2000.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

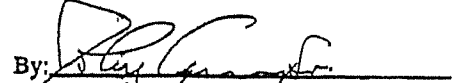



(CORPORATE SEAL)



DEVELOPER:


WESTON REAL ESTATE INVESTMENT
CORP.

By: 
John Genoni, Sr., President

STATE OF FLORIDA)
) ss:
COUNTY OF BREVARD)

BEFORE ME, the undersigned authority, personally appeared JOHN GENONI, SR., President of WESTON REAL ESTATE INVESTMENT CORP., a Florida corporation, personally known to me, who did/did not take an oath, and who executed the foregoing and acknowledged the execution thereof to be his free act and deed for the uses and purposes therein mentioned.

WITNESS my signature and official seal in the State and County last aforesaid on this 17th day of April, 2000.



Notary Public
State of Florida at Large

My Commission Expires:




Leslie K. Weaver
MY COMMISSION # 00860844 EXPIRES
August 9, 2000
BONDED THROUGH TROY FAH INSURANCE, INC.

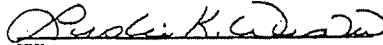
JOINDER

JOHN GENONI, TRUSTEE, owns a portion of the lands described in the Declaration of Condominium for Somerset Bay, a Condominium, and hereby consents to the foregoing Declaration.

IN WITNESS WHEREOF, JOHN GENONI, TRUSTEE has caused these presents to be signed this 17th day of April, 2000.


Witness


JOHN GENONI, TRUSTEE

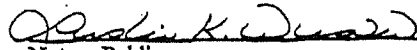

Witness

STATE OF FLORIDA
COUNTY OF BREVARD

The foregoing instrument was acknowledged before me this 17 day of April, 2000, by JOHN GENONI, TRUSTEE. He is personally known to me.



Leslie K. Weaver
MY COMMISSION # 00382644 EXPIRES
APRIL 9, 2000
BONDED THROUGH TROY FARM INSURANCE, INC.


Notary Public
State of Florida
My Commission Expires:

JOINDER

WASHINGTON MUTUAL holds a mortgage interest in some or all of the Properties described in the Declaration of Condominium of Somerset Bay, a Condominium, and hereby consents to the foregoing declaration in accordance with Section 18.104 of the Condominium Act.

IN WITNESS WHEREOF, WASHINGTON MUTUAL has caused these presents to be signed in its name by its proper officer and its corporate seal to be affixed this ____ day of _____, 2000.

Signed, sealed and delivered
in the presence of:

WASHINGTON MUTUAL

By: _____

Witness

(CORPORATE SEAL)

Witness

STATE OF FLORIDA
COUNTY OF INDIAN RIVER

The foregoing instrument was acknowledged before me this ____ day of _____, 2000, by _____, as _____ of WASHINGTON MUTUAL, on behalf of the banking corporation. He/she is personally known to me or has produced _____ as identification.

Notary Public
State of Florida
My Commission Expires:

LEGAL DESCRIPTION

A PARCEL OF LAND LYING IN GOVERNMENT LOTS 5 & 6, SECTION 28, TOWNSHIP 31 SOUTH, RANGE 39 EAST, INDIAN RIVER COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCE AT THE NORTHWEST CORNER OF CORALSTONE CLUB PHASE 1, A CONDOMINIUM, AS RECORDED IN OFFICIAL RECORDS BOOK 774, PAGE 2294, AND FIRST AMENDMENT RECORDED OFFICIAL RECORDS BOOK 782, PAGE 2824 AND OFFICIAL RECORD BOOK 824, PAGE 807 OF THE PUBLIC RECORDS OF INDIAN RIVER COUNTY, FLORIDA; THENCE S89°59'18"W, ALONG THE NORTH LINE OF SAID GOVERNMENT LOT 6, 927.10 FEET TO THE NORTHEAST CORNER OF SAID GOVERNMENT LOT 5, THENCE S88°38'33"W, ALONG THE NORTH LINE OF SAID GOVERNMENT LOT 5, 65.43 FEET TO THE POINT OF BEGINNING; THENCE S00°54'49"W, 139.98 FEET THENCE S00°00'00"W, 87.50 FEET; THENCE S15°19'27"E, 99.58 FEET; THENCE S28°08'14"E, 273.86 FEET; THENCE S05°23'01"E, 85.18 FEET; THENCE S01°37'02"E, 172.88 FEET; THENCE S51°33'21"W, 73.85 FEET; THENCE S90°00'00"W, 141.51 FEET; THENCE N08°33'01"W, 143.48 FEET; THENCE N01°30'58"E, 47.80 FEET; THENCE N21°28'12"W, 68.00 FEET; THENCE N29°58'34"W, 231.13 FEET; THENCE N13°49'48"W, 34.85 FEET; THENCE N37°08'25"W, 118.35 FEET; THENCE N57°14'11"W, 189.43 FEET; THENCE S88°58'24"W, 62.61 FEET; THENCE S81°12'44"W, 82.22 FEET; THENCE S88°20'51"W, 64.87 FEET; THENCE S88°38'33"W, 68.00 FEET; THENCE N87°07'47"W, 64.83 FEET; THENCE S75°17'15"W, 89.89 FEET; THENCE S84°04'14"W, 84.07 FEET; THENCE S88°22'35"W, 100.85 FEET; THENCE N11°01'08"W, 210.72 FEET; THENCE N08°21'20"W, 32.55 FEET; THENCE N88°38'33"E, 976.78 FEET BACK TO THE POINT OF BEGINNING.

LESS AND EXCEPT THE FOLLOWING DESCRIBED ROAD RIGHT-OF-WAY: COMMENCING AT THE NORTHEAST CORNER OF SAID GOVERNMENT LOT 5; THENCE S88°38'33"W, 65.43 FEET ALONG THE NORTH LINE OF GOVERNMENT LOT 5; S88°38'33"W, 65.43 FEET; THENCE S00°54'49"W, 139.98 FEET; THENCE S00°00'00"W, 87.50 FEET; THENCE S15°19'27"E, 99.58 FEET; THENCE S28°08'14"E, 273.86 FEET; THENCE S05°23'01"E, 85.18 FEET; S01°37'02"E, 172.88 FEET; THENCE S51°33'21"W, 18.08 FEET TO A POINT ON CURVE ON THE NORTH RIGHT-OF-WAY LINE OF SOMERSET BAY LANE, A 24.00 FOOT ROAD RIGHT-OF-WAY AND THE POINT OF BEGINNING; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE NORTHEAST, HAVING A RADIAL BEARING OF N20°43'22"E, A CENTRAL ANGLE OF 62°06'17", A RADIUS OF 70.00 FEET, AND AN ARC LENGTH OF 75.68 FEET TO A POINT OF TANGENCY; THENCE N07°10'21"W, 179.58 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 23°20'06", A RADIUS OF 100.00 FEET, AND AN ARC LENGTH OF 40.73

FEET TO A POINT OF TANGENCY; THENCE N30°30'27"W, 188.23 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE BEING CONCAVE TO THE NORTHEAST, HAVING A CENTRAL ANGLE OF 18°06'12", A RADIUS OF 100.00 FEET, AND AN ARC LENGTH OF 31.60 FEET TO A POINT OF TANGENCY; THENCE N12°24'15"W, 55.02 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 44°43'09", A RADIUS OF 172.00 FEET, AND AN ARC LENGTH OF 134.25 FEET TO A POINT OF TANGENCY; THENCE N57°07'24"W, 281.92 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 34°14'03", A RADIUS OF 124.00 FEET, AND AN ARC LENGTH OF 74.09 FEET TO A POINT OF TANGENCY; THENCE S88°38'33"W, PARALLEL WITH THE NORTH LINE OF SAID GOVERNMENT LOT 5, 480.93 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE NORTHEAST, HAVING A CENTRAL ANGLE OF 288°43'27", A RADIUS OF 45.00 FEET, AND AN ARC LENGTH OF 209.48 FEET, TO A POINT OF REVERSE CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 85°43'27", A RADIUS OF 25.00 FEET, AND AN ARC LENGTH OF 37.84 FEET, TO A POINT OF TANGENCY; THENCE N88°38'33"E, 411.04 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 34°14'03", A RADIUS OF 100.00 FEET, AND AN ARC LENGTH OF 59.76 FEET TO A POINT OF TANGENCY; THENCE S57°07'24"E, 281.92 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 44°43'09", A RADIUS OF 148.00 FEET, AND AN ARC LENGTH OF 115.51 FEET TO A POINT OF TANGENCY; THENCE S12°24'15"E, 55.02 FEET TO A POINT OF CURVE; SAID CURVE BEING CONCAVE TO THE NORTHEAST, HAVING A CENTRAL ANGLE OF 18°06'12" A RADIUS OF 124.00 FEET, AND AN ARC LENGTH OF 39.18 FEET TO A POINT OF TANGENCY; THENCE S30°30'27"E, 188.23 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE BEING CONCAVE TO THE SOUTHWEST, HAVING A CENTRAL ANGLE OF 25°20'08", A RADIUS OF 78.00 FEET, AND ARC LENGTH OF 30.95 FEET TO A POINT OF TANGENCY; THENCE S07°10'21"E, 179.58 FEET TO A POINT OF CURVE; THENCE ALONG SAID CURVE, BEING CONCAVE TO THE NORTHEAST, HAVING A CENTRAL ANGLE OF 53°42'33", A RADIUS OF 94.00 FEET, AND AN ARC LENGTH OF 88.12 FEET TO A POINT; THENCE N51°33'21"E, 25.78 FEET BACK TO THE POINT OF BEGINNING.

SAID PARCEL CONTAINS 7.30 ACRES, MORE OR LESS EXCLUDING DESCRIBED ROAD RIGHT-OF-WAY.



FLORIDA DEPARTMENT OF STATE
Katherine Harris
Secretary of State

December 6, 1999

GARY B. FRESE, ESQ.
930 S. HARBOR CITY BLVD.
SUITE 505
MELBOURNE, FL 32901

The Articles of Incorporation for SOMERSET BAY CONDOMINIUM ASSOCIATION, INC. were filed on December 2, 1999 and assigned document number N99000007121. Please refer to this number whenever corresponding with this office regarding the above corporation. The certification you requested is enclosed.

PLEASE NOTE: COMPLIANCE WITH THE FOLLOWING PROCEDURES IS ESSENTIAL TO MAINTAINING YOUR CORPORATE STATUS. FAILURE TO DO SO MAY RESULT IN DISSOLUTION OF YOUR CORPORATION.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THIS OFFICE BETWEEN JANUARY 1 AND MAY 1 OF EACH YEAR BEGINNING WITH THE CALENDAR YEAR FOLLOWING THE YEAR OF THE FILING DATE NOTED ABOVE AND EACH YEAR THEREAFTER. FAILURE TO FILE THE ANNUAL REPORT ON TIME MAY RESULT IN ADMINISTRATIVE DISSOLUTION OF YOUR CORPORATION.

A FEDERAL EMPLOYER IDENTIFICATION (FEI) NUMBER MUST BE SHOWN ON THE ANNUAL REPORT FORM PRIOR TO ITS FILING WITH THIS OFFICE. CONTACT THE INTERNAL REVENUE SERVICE TO RECEIVE THE FEI NUMBER IN TIME TO FILE THE ANNUAL REPORT AT 1-800-829-3676 AND REQUEST FORM SS-4.

SHOULD YOUR CORPORATE MAILING ADDRESS CHANGE, YOU MUST NOTIFY THIS OFFICE IN WRITING, TO INSURE IMPORTANT MAILINGS SUCH AS THE ANNUAL REPORT NOTICES REACH YOU.

Should you have any questions regarding corporations, please contact this office at the address given below.

Angela Howell, Document Specialist
New Filing Section

Letter Number: 699A00057327

Division of Corporations - P.O. BOX 6827 -Tallahassee, Florida 32314

State of Florida



Department of State

I certify the attached is a true and correct copy of the Articles of Incorporation of SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a Florida corporation, filed on December 2, 1999, as shown by the records of this office.

The document number of this corporation is N99000007121.

Given under my hand and the
Great Seal of the State of Florida
at Tallahassee, the Capitol, this the
Sixth day of December, 1999



CR2EO22 (1-99)

Katherine Harris
Katherine Harris
Secretary of State

4650

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

SOMERSET SUBDIVISION

THIS DECLARATION, made this 26th day of January, 1998 by TURNER BUILDERS OF VERO BEACH, INC., a Florida corporation, hereinafter called the "Developer". Developer is the owner in fee simple of the following described real property located in Indian River County, Florida:

See Attached Exhibit "A"

known by official plat designation as SOMERSET SUBDIVISION pursuant to a plat recorded on the 18 day of Feb., 1998 in Plat Book 15, Page 75 ^{25A} of the public records of Indian River County, Florida.

For the purpose of enhancing and protecting the value, attractiveness and desirability of the lots constituting such subdivision, the Developer declares that all the real property described above shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which shall constitute covenants running with the land and shall be binding on all parties having any right, title, or interest in the above described property or any part thereof, their heirs, successors and assigns and shall inure to the benefit of each owner thereof.

ARTICLE I

Definitions

1. "Architectural Review Committee" shall be a committee of two individuals appointed by the Developer of the Subdivision, who shall serve for a period of ten years and perform the tasks set forth in this Declaration. Any vacancy occurring on the Committee because of death or other terminations shall be filled by the Board of Directors of Turner Builders of Vero Beach, Inc., or its successors or assigns. The action of the majority shall constitute the action of the Committee.

2. "Declaration" shall mean the covenants, conditions and restrictions and all other provisions set forth in this document, as may be amended.

3. "Lot" shall mean any plot of land shown on the recorded subdivision map with the exception of the common area.

4. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the subdivision but shall not include those holding title merely as security for the performance of an obligation.

5. "Subdivision" shall mean the subdivided real property hereinbefore described and such additions as may be brought within the jurisdiction of the Association.

ARTICLE II

Protective Covenants Concerning Use of Property

1. Minimum Lot Size: One lot, as shown on the Plat of SOMERSET, a Subdivision, shall be the minimum building area upon which a single family residence may be constructed. Each lot shall be used only for single family private residential purposes. Only one dwelling house with outbuildings ordinarily incident or appurtenant thereto

IN THE RECORDS OF
JEFFREY K. BARTON
CLERK CIRCUIT COURT
INDIAN RIVER CO., FLA.

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C. R. B. Vero Beach Planning

shall be erected, placed or suffered to remain on any one lot in said subdivision. Each dwelling house shall be designed and erected for occupation by a single private family. No separate guest houses shall be permitted without the approval of the Architectural Review Committee.

(a) No lot shall be conveyed, assigned, transferred, leased, licensed or devised or in any way held, dealt with or built upon except as one single tract without the prior consent of the Architectural Review Committee. The Architectural Review Committee may permit the use of multiple lots or parts of lots as one single tract which would be considered as a single lot for the purposes of these restrictions.

2. Minimum Square Footage. The main residential dwelling shall not consist of less than 1,400 square feet, exclusive of garages, covered walks, porches and auxiliary buildings. The height of any building shall not be more than two (2) full stories above street level.

(a) In the event the residence is two stories, the first floor shall be constructed of not less than 1,200 square feet, exclusive of garages, covered walls, porches, and auxiliary buildings.

3. Construction of Residences. Prior to any clearing of any lot, the layout for the proposed construction must be approved by the Architectural Review Committee. No building or improvement shall be erected, placed or altered on any lot until the construction and landscaping plans and specifications therefor have been approved by the Architectural Review Committee as to the quality of workmanship and materials, harmony of external designs with existing structures in the subdivision and the location with respect to topography and finished grade elevation. Once construction of any building or improvement is begun, work thereon must be performed diligently and be completed within a reasonable period of time.

(a) Turner Builders of Vero Beach, Inc., shall be the exclusive General Contractor and Builder for the Subdivision.

(b) All owners must commence construction within two years of the date of the original deed of the property from Developer. In the event owner does not commence construction within two years then Developer shall have the right to repurchase said property at the same price as which the lot was purchased from the Developer. Developer must exercise said right within 60 days of the two year anniversary date of the original purchase.

(c) The Architectural Review Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee, or its designated representative, fails to approve or disapprove within 30 days after plans and specification have been submitted to it or, in any event, if no action to enjoin the construction has been commenced prior to its completion, approval will not be required and the related covenants shall be deemed to have been complied with fully.

(d) All electricity, telephone and other utility wires shall be carried underground from owner's lot line to residence and auxiliary buildings. All such wires from owner's residence to auxiliary buildings shall be contained underground.

4. Landscaping. A basic landscaping plan for each home must be submitted to and approved by the Architectural Review Committee prior to work being initiated and shall include the following:

(a) A minimum sum of \$1,000.00, not including sprinkler system or sod shall be spent on

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landscaping.

- (b) Sodding will be required on all front, side and back yards.
- (c) All portions of lots referred to in these restrictions lying between the building line and street or roadway line shall be used only for ornamental purposes and shall be landscaped in accordance with rules established by the Architectural Review Committee.

5. Pets. No animals, livestock, birds or fowl shall be kept, bred, raised or maintained on any part of the property except dogs, cats and pet birds which may be owned in reasonable numbers as pets of the occupants but not for any commercial use or purpose. All animals must be kept on a leash when they are outside the owner's premises and must not become a nuisance to other residents. No kennels or animal enclosure shall be erected without the approval of the Architectural Review Committee. All pets must be kept under control at all times and must not become a nuisance by barking or other acts. Parrots and mynah birds will be permitted only if kept in air conditioned homes with the windows closed.

6. Condition of Lots. Upon construction of a dwelling, all owners shall maintain lawns and grounds in a manner in keeping with good husbandry and the general character of the other lots in the subdivision.

- (a) All lots must be mowed and properly maintained to avoid unsightly appearance.
- (b) No refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere thereon at any time.

(c) In the event that any Owner shall fail or refuse to keep his lot in accordance with this restriction, then after fifteen days written notice, if Developer owns any lot in the subdivision, it may enter upon said lot and remove the same at the expense of the Owners, and such entry shall not be deemed a trespass.

- (d) Said expenses shall become a lien on the property and a personal expense of the owner.

7. Walls/Fences. Any walls, fences or hedges on side yard or rear yard perimeters or in front yard areas must be approved by the Architectural Review Committee.

8. Unattached Buildings. No structure of a temporary or permanent character, including but not limited to tents, garages, sheds, barns or other buildings, shall be erected on any lot at any time without the written permission of the Architectural Review Committee. Nor shall any such structure be used as a residence, either temporarily or permanently without permission of the Architectural Review Committee. Any such structure must be of the same type materials and of the same architectural style as the main dwelling.

9. Garbage. Trash, garbage or other waste shall not be kept except in sanitary containers. Garbage and rubbish receptacles shall be in complete conformity with sanitary regulations and shall not be visible from adjoining lots or public areas. All such receptacles, together with pumps, motors, chlorinators and other pool equipment shall be underground or screened by the use of decorative wood fences or suitable shrubbery. All water pumps or sprinkler systems and gas tanks shall be inconspicuous and harmonize with existing structures.

10. Setback Requirements. No building or structure of any kind for any permitted use shall be erected or reconstructed less than 25 feet from rear lot line nor less than 25 feet from any street or roadway boundary line nor less than 15 feet from any side line. This covenant excludes eaves and steps with regard to the measured restrictions.

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11. **Signs.** Owners shall not display or place any sign of any character except for signs displaying "for rent" "for sale", "open house" or the owner's name, not to exceed one (1) square foot. The sign size and design shall be subject to approval by the Architectural Review Committee.

12. **Automobile Storage Areas.** Any such dwelling must contain a double-car garage. No automobile garage shall be enclosed or converted to other use. No carports shall be permitted.

13. **Trucks and Other Vehicles.** All recreational vehicles, vans, campers and motorcycles shall be kept inside the enclosed garage and no commercial business involving any of the same shall be conducted. All boats shall be kept in enclosed garages, on specially built areas properly screened by use of decorative wood fence or shrubbery. Only four-wheel passenger automobiles, panel trucks and trucks of one-half (1/2) ton or less shall be placed, parked or stored upon any lot, except service or construction companies using trucks in the normal course of their business, nor shall any maintenance or repair be performed upon any boat or motor vehicle upon any lot. No heavy equipment, except during construction, shall be kept, stored or parked on the owner's property.

14. **Driveways.** All driveways shall be of concrete or asphalt.

15. **Swimming Pools.** Any swimming pool to be constructed or altered on any lot shall be subject to the approval of the Architectural Review Committee. Any lighting of a pool or other recreation area shall be designed so as to buffer the surrounding residences from the lighting and must be approved by the Architectural Review Committee. All pools shall be either screened or surrounded by a decorative fence.

16. **Mailboxes.** All mailboxes, newspaper boxes and post lights are to be of one design throughout the entire subdivision and must be approved by the Architectural Review Committee. If and when the United States mail service or the newspaper or newspapers involved shall indicate a willingness to make delivery to wall receptacles attached to dwellings, each property owner, on the request of the Architectural Review Committee, shall replace the boxes or receptacles previously employed for such purpose or purposes with wall receptacles attached to dwellings. The builder or contractor shall be required to furnish a mailbox for each new home.

17. **Construction.** There shall be no construction activity on Sundays.

18. **Nuisances.** No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

19. **Antennas.** No aerial, antenna, or television reception dish shall be placed or erected upon any lot, or affixed in any manner to the exterior of any building, unless otherwise agreed to by the Architectural Review Committee.

20. **Rentals.** Homeowners may rent their property to one immediate family.

ARTICLE III

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Developer and each owner of a lot by acceptance of a deed, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay the Association the following (a) annual general assessments or charges, and (b) special assessments for capital improvements or major repairs.

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All such assessments, together with interest thereon and costs of collection as provided by the Board of Directors of the Association, shall be a charge on the land and shall be a continuing lien upon the lot against which each such assessment is made. Each such assessment, together with interest and costs of collection, shall also be the personal obligation of the owner of such lot at the time when the assessment fell due.

Section 2. General Assessment.

(a) Purpose of Assessment. The general assessment levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of The Properties and for the improvement, maintenance, repair, upkeep, replacement and operation of the Common Areas and Common Facilities.

(B) Basis for Assessment. Each lot shall be assessed as determined by the Association. Any lot owner takes title subject to the right of the association to make assessments against each lot for the purpose of maintaining 11th Terrace and surface water and stormwater management systems, which assessments will become a lien upon the land if not paid.

(C) Method of Assessment. The method and manner of assessment shall be as set forth in the Association's bylaws.

(D) Date of Commencement of Annual Assessment. The annual assessments shall commence on the date of conveyance to an owner.

Section 3. Effect of Non-Payment of Assessment; the Personal Obligation of the Owner; the Lien; Remedies of Association. If the assessments are not paid on the date when due then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon becoming a continuing lien on the property which shall bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns (The personal obligation of the then owner to pay such assessment shall pass to the owner's successors in title.)

If the assessment is not paid within 30 days after the due date, the assessment shall bear interest from the date of delinquency at the rate of 18% per annum until paid in full. The Association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgement is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action including attorney's fees and costs on appeal.

Section 4. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed on The Properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have been due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment.

Section 5. Damage or Destruction of Common Area by Owner and Repair of Same. In the event any common areas are damaged or destroyed by a lot owner or any of his/her guests, tenants, licensees, agents, or members of

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his/her family, such owner does hereby authorize the Association to repair said damaged area; in a good workmanlike manner in conformance with the original plans of the area involved, or as the area may have been modified or altered subsequently by the Association. The amount necessary for such repairs shall become a Special Assessment upon the lot of said member. In the event the assessment is not paid within 60 days of written notice a lien will be imposed on said member's lot.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2. Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A members shall be all those owners as defined in Section 1 with the exception of the Developer. Class A members shall be entitled to one vote for each lot in which they hold the interests required for membership by Section 1. When more than one person holds such interest or interests in any lot, all such persons shall be members, and the vote for such lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such lot which is owned by more than one person.

Class B. The Class B member shall be the Developer. The Class B member shall be entitled to six (6) votes for each lot in which it holds the interest required for membership by Section 1 until such lot is first sold, provided that the Class B membership shall cease and become converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A exceed the total vote outstanding in the Class B membership; or,
- (b) on December 31, 2022.

From and after the happening of these events, whichever occurs earlier, the Class B members shall be deemed to be a Class A member entitled to one vote for each lot in which it holds the interests required for membership under Section 1.

ARTICLE V

General Provisions

- 1. **Duration.** The covenants and restrictions of this Declaration shall be perpetual.
- 2. **Amendment.** This Declaration may be amended at any time by an instrument signed by not less than eighty (80%) percent of the voting members of the Association. Any amendment shall be recorded.
- 3. **Enforcement.** Any mortgagee of record, any owner or the Developer shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this covenant, or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The party bringing the action shall be entitled to recover, in addition to costs and disbursements, reasonable attorneys' fees, in the event said party prevails.

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4. Severability. Invalidation of any one (1) or more of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

5. Exterior Maintenance. In addition to maintenance upon the common areas, the Association may provide exterior maintenance upon any lot requiring same, when necessary in the opinion of the Board of Directors of the Association to preserve the beauty, quality of the neighborhood, maintenance including paint, repair, roof repair and replacement, gutters, downspouts, exterior building surfaces and yard cleanup and/or maintenance.

6. Assessments of Costs. The cost of such maintenance shall be assessed against the lot or lots upon which such maintenance is performed or, in the opinion of the Board of Directors of the Association, benefiting from same. The assessment shall be apportioned among the lots involved in the manner determined to be appropriate by the Board of Directors of the Association. If no allocation is made, the assessment shall be uniformly assessed against all of the lots in the affected area. The exterior maintenance assessments shall not be considered part of the annual or special assessments. Any exterior maintenance assessment shall be a lien on the lot and the personal obligation of the owner and shall become due and payable in all respects, together with interest and fees for the cost of collection, as provided for the other assessments of the Association, and shall be subordinate to mortgage liens to the extent provided by Section 4 of Article III hereinabove.

7. Access at Reasonable Hours. For the purpose of performing the maintenance authorized by this or any other Article, the Association, through its duly authorized agents or employees, shall have the right, after reasonable notice to the owners, to enter upon any lot or the exterior of any improvements thereon at reasonable times and such access shall not be deemed trespass.

ARTICLE VI

Storm Water Management

1. Definitions. "Surface Water or Stormwater Management System" means a system which is designed and constructed or implemented to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from the system, as permitted pursuant to chapters 40c-4, 40C-40, or 40C-42, F.A.C.

2. Duties of Association. The Association shall be responsible for the maintenance, operation and repair of the surface water or stormwater management system. Maintenance of the surface water or stormwater management system(s) shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. Any repair or reconstruction of the surface water or stormwater management system shall be as permitted or, if modified, as approved by the St. Johns River Water Management District.

3. Covenant for Maintenance Assessments for Association. Assessments shall also be used for the maintenance and repair of the surface water or stormwater management systems including but not limited to work within retention areas, drainage structures and drainage easements.

4. Easement for Access and Drainage. The Association shall have a perpetual non-exclusive

easement over all areas of the surface water or stormwater management system for access to operate, maintain or repair the system. By this easement, the Association shall have the right to enter upon any portion of any lot which is a part of the surface water or stormwater management system, at a reasonable time and in a reasonable manner, to operate, maintain or repair the surface water or stormwater management system as required by the St. Johns River Water Management District permit. Additionally, the Association shall have a perpetual non-exclusive easement for drainage over the entire surface water or stormwater management system. No person shall alter the drainage flow of the surface water or stormwater management system, including buffer areas or swales, without the prior written approval of the St. Johns River Water Management District.

5. Use of Property - Surface Water or Stormwater Management System. The Association shall be responsible for the maintenance, operation and repair of the surface water or stormwater management system. Maintenance of the surface water or stormwater management system(s) shall mean the exercise of practices which allow the systems to provide drainage, water storage, conveyance or other surface water or stormwater management capabilities as permitted by the St. Johns River Water Management District. The Association shall be responsible for such maintenance and operation. Any repair or reconstruction of the surface water or stormwater management system shall be as permitted, or if modified as approved by the St. Johns River Water Management District.

6. Amendment. Any amendment to the Covenants and Restrictions which alter the surface water or stormwater management system, beyond maintenance in its original condition, including the water management portions of the common areas, must have the prior approval of the St. John's River Water Management District.

7. Enforcement. The St. Johns River Water Management District shall have the right to enforce, by a proceeding at law or in equity, the provisions contained in this Declaration which relate to the maintenance, operation and repair of the surface water or stormwater management system.

8. Swale Maintenance. The Developer has constructed a Drainage Swale upon each Lot for the purpose of managing and containing the flow of excess surface water, if any, found upon such lot from time to time. Each lot owner, including builders, shall be responsible for the maintenance, operation and repair of the swales on the lot. Maintenance, operation and repair shall mean the exercise of practices, such as mowing and erosion repair, which allow the swales to provide drainage, water storage, conveyance or other stormwater management capabilities as permitted by the St. Johns River Water Management District. Filling, excavation, construction of fences or otherwise obstructing the surface water flow in the swales is prohibited. No alteration of the Drainage Swale shall be authorized and any damage to any Drainage Swale, whether caused by natural or human-induced phenomena, shall be repaired and the Drainage Swale returned to its former condition as soon as possible by the Owner of the Lot

upon which the Drainage swale is located.

IN WITNESS WHEREOF, we have set our hands and seals this 21st day of January.

off.

Signed, sealed and delivered in the presence of:
Paula Vance
Carol M. Wiley

Turner Builders of Vero Beach, Inc.
By: James H. Turner Pres.
President
Attest: Judy S. Turner
Secretary

(CORPORATE SEAL)



STATE OF FLORIDA
COUNTY OF INDIAN RIVER

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared JAMES H. TURNER and JUDY S. TURNER, well known to me to be the President and Secretary of TURNER BUILDERS OF VERO BEACH, INC., in the foregoing instrument and that they severally acknowledged executing the same in the presence of two subscribing witnesses freely and voluntarily under authority duly vested in them by said corporation and that the seal affixed thereto is the true corporate seal of said corporation and who did take an oath.

WITNESS my hand and official seal in the County and State last aforesaid this 21st day of January, A.D. 1918.

Paula Vance
Notary Public
Printed Name: _____
Commission No.: _____
My Commission Expires: _____
(Notary Seal)



PAULA S. VANCE
My Comm Exp. 8/20/99
Bonded By Service Ins
No. CC486952
 Florida State Other U.S.

SM 1193P02594

SCHEDULE "A"

THE WEST ¼ OF THE WEST ¼ OF THE NORTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 36, TOWNSHIP 32 SOUTH, RANGE 39 EAST, LESS CANAL AND PARCEL CONVEYED TO GROTH BY DEED RECORDED IN OFFICIAL RECORD BOOK 76, PAGE 255, PUBLIC RECORDS OF INDIAN RIVER COUNTY, FLORIDA., SAID LAND LYING AND BEING IN INDIAN RIVER COUNTY, FLORIDA.

TAX PARCEL I.D. NUMBER 36-32-39-00000-50000-00005.0

OR 193P62595

2259971 RECORDED IN THE RECORDS OF JEFFREY R SMITH, CLERK OF CIRCUIT COURT INDIAN RIVER CO FL,
BK: 2632 PG: 1139, 12/31/2012 11:08 AM

This instrument prepared by, or under the supervision (and after recording return to:)

Daniel A. Kaskel, Esq.
Sachs Sax Caplan, P.L.
6111 Broken Sound Parkway NW
Suite 200
Boca Raton, Florida 33487

(Reserved for Clerk of Court)

DECLARATION OF RESTRICTIVE COVENANTS

KNOW BY ALL THESE MEANS PRESENTS that the undersigned, EDEN COAST, LLC, a Florida limited liability company ("Developer") hereby makes, declares and imposes on the land herein described, this Declaration of Restrictive Covenants (this "Declaration") for the benefit of Somerset Bay Condominium Association, Inc. (the "Association"), and the covenants running with the title to the land contained herein, which shall be binding on the Developer, all heirs, successors, assigns, transferees, receivers, personal representatives, mortgagees, lessees, and against all persons claiming by, through or under them.

WHEREAS, Developer is the owner of that certain property located in Indian River County more particularly described on Exhibit "A attached hereto and incorporated herein (the "Property");

WHEREAS, in connection with the settlement of the actions styled *Somerset Bay Condominium Association, Inc. v. Weston Real Estate Investment Corp. et al.*, Indian River County Circuit Court Case No. 312009-CA-012705 and *Westfield Insurance Company v. Somerset Bay, et al.*, Indian River County Circuit Court Case No. 31-2012-CA-000447 (collectively, the "Settlement"), Developer has agreed to develop and maintain the Property subject to the terms and conditions contained in this Declaration of Restrictive Covenants.

NOW THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer hereby agrees as follows:

1. The above recitals are true and accurate and incorporated herein by this reference.
2. In the event of multiple ownership of the Property, each of the subsequent owners, transferees, successors, assigns, lessees and mortgagees, and other parties in interest shall be bound by the terms, provisions and conditions of this Declaration.
3. Developer agrees and declares, for itself, and its transferees, successors, assigns, lessees and mortgagees, that any improvement(s) to the Property shall consist of no more than two (2) four-story buildings in character and quality consistent with the Somerset Bay at Bermuda Club with respect to quality and architectural details.

4. Developer further agrees, for itself, and its transferees, successors, assigns, lessees and mortgagees, that it shall mow and maintain the Property in accordance with applicable governmental requirements and/or ordinances.

5. The provisions of this Declaration shall become effective upon execution hereof and shall continue until such time, if ever, that this Declaration is released by the Association.

6. It is the intention of the Developer and of the Association that this Declaration memorializes the development restrictions and maintenance obligations recited in the Settlement referred to above.

7. Enforcement of the terms of this Declaration shall be by action against the parties or persons violating or attempting to violate any covenants contained in this Declaration. The prevailing party in any action or suit pertaining to or arising out of this Declaration shall be entitled to recover its reasonable attorneys' fees and costs incurred in any such proceeding. This enforcement provision shall be in addition to any other remedies available at law, in equity or both.

8. Invalidation of any of these covenants by judgment of court shall not affect any of the other provisions of this Declaration, which shall remain in full force and effect.

9. All rights, remedies and privileges granted herein shall be deemed to be cumulative and the exercise of any one or more shall neither be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other additional rights, remedies or privileges as may be available to it.

10. This Declaration shall be recorded in the public records of Indian River County, Florida at the Association's expense.

[Signature appears immediately following]

Signed, witnessed, executed and acknowledges this 2ND day of OCTOBER 2012.

EDEN COAST LLC, a Florida limited liability company

Witness: [Signature]
Print Name: John Genoni

Witness: [Signature]
Print Name: Charles Genoni

By: [Signature]
Print Name: John M Genoni
Title: VP

STATE OF FLORIDA)
)ss:
COUNTY OF BREVARD)

The foregoing instrument was acknowledged before me this 2ND day of October, 2012, by John M. Genoni, as V.P. of EDEN COAST LLC, a Florida limited liability company. He is personally known to me or presented ~~as~~ as identification.



[Signature]
Name: MARILYNK McANDREW
Notary Public, State of FL
Commission No. DD 932529

Exhibit "A"**CONDOMINIUM BUILDING 10, SOMERSET BAY @ BERMUDA CLUB:**

Being a part of Tract "P", BERMUDA CLUB SUBDIVISION, as recorded in Plat Book 16, page 3, of the Public Records of Indian River County, Florida, being more particularly described as follows:

Commencing at the Northeast corner of Government Lot 5, Section 26, Township 31 South, Range 39 East, Indian River County, Florida; thence South 88°38'33" West along the North line of said Government Lot 5 a distance of 760.14 feet; thence South 01°21'27" East leaving said North line of Government Lot 5 a distance of 49.00 feet to a point on the South right of way line of Somerset Bay Lane as recorded in said Plat Book 16, page 3, of the Public Records of Indian River County, Florida, said point also being the point of beginning; thence South 01°21'27" East a distance of 159.68 feet to a point on the Northerly line of Tract "S-2", Bermuda Club Subdivision as recorded in Plat Book 16, page 3, of the Public Records of Indian River County, Florida; thence North 67°07'47" West along said Northerly line of Tract "S-2" a distance of 27.42 feet; thence continuing along said Northerly line of Tract "S-2" South 75°17'15" West a distance of 69.89 feet; thence continuing along said Northerly line of Tract "S-2" South 64°04'14" West a distance of 27.03 feet; thence North 01°21'27" West leaving said Northerly line of Tract "S-2" a distance of 175.82 feet to a point on the South right of way line of Somerset Bay Lane; thence North 88°38'33" East along said South right of way line of Somerset Bay Lane and parallel with the North line of Government Lot 5 a distance of 117.59 feet to the Point of Beginning.

CONDOMINIUM BUILDING 11, SOMERSET BAY @ BERMUDA CLUB:

Being a part of Tract "P", BERMUDA CLUB SUBDIVISION, as recorded in Plat Book 16, page 3, of the Public Records of Indian River County, Florida, being more particularly described as follows:

Commencing at the Northeast corner of Government Lot 5, Section 26, Township 31 South, Range 39 East, Indian River County, Florida; thence South 88°38'33" West along the North line of said Government Lot 5 a distance of 877.73 feet; thence South 01°21'27" East leaving said North line of Government Lot 5 a distance of 49.00 feet to a point on the South right of way line of Somerset Bay Lane as recorded in said Plat Book 16, page 3, of the Public Records of Indian River County, Florida, said point also being the point of beginning; thence continue South 01°21'27" East a distance of 175.82 feet to a point on the Northerly line of Tract "S-2" of said Bermuda Club Subdivision; thence South 64°04'14" West along said Northerly line of Tract "S-2" a distance of 27.03 feet; thence continuing along said Northerly line of Tract "S-2" South 86°22'35" West a distance of 100.65 feet to the intersection with the East line of Tract "C-1" of said Bermuda Club Subdivision; thence leaving said Northerly line of Tract "S-2", North 11°01'05" West along the said East line of Tract "C-1" a distance of 163.11 feet; thence North 78°58'53" East leaving said East line of Tract "C-1" a distance of 10.08 feet to a point on a curve located on the Westerly right of way line of Somerset Bay Lane; thence along said right of way line of Somerset Bay Lane along a curve to the left having a delta angle of 167°03'05", a radius of 45.00 feet and an arc length of 131.21 feet to a point of reverse curve; thence along said right of way line of Somerset Bay Lane along a curve to the right having a delta angle of 86°43'27", a radius of 25.00 feet and an arc length of 37.84 feet; thence North 88°38'33" West along the South right of way line of Somerset Bay Lane parallel with the North line of Government Lot 5 a distance of 28.35 feet back to the Point of Beginning.

**BY-LAWS
OF
SOMERSET BAY CONDOMINIUM ASSOCIATION, INC.**

1. IDENTITY

These are the By-laws of the SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, the Articles of Incorporation of which were filed in the office of the Secretary of State on the 2nd day of December, 1999. The SOMERSET BAY CONDOMINIUM ASSOCIATION, INC., hereinafter called the Association, has been organized for the purpose of administering the operation and management of SOMERSET BAY, A CONDOMINIUM, a condominium unit project established or to be established in accordance with the Condominium Act of the State of Florida upon part or all of the following described property situate, lying and being in Indian River County, Florida, to-wit:

SEE EXHIBIT "A"

A. The provisions of these By-Laws are applicable to said condominium, and the terms and provisions hereof are expressly subject to the effect of the terms, provisions, conditions and authorizations contained in Articles of Incorporation and which may be contained in the Declaration of Condominium which will be recorded in the Public Records of Indian River County, Florida, at the time said property and improvements now or hereafter situate thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration of Condominium to be controlling wherever the same may be in conflict herewith.

B. All present and future owners, tenants, future tenants, or their employees, or any other person that might use said condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and the Declaration of Condominium.

C. The mere acquisition or rental of any of the family units hereinafter referred to as "units" of the project or the mere act of occupancy of any said units will signify that these By-Laws, Charter provisions, and regulations in the Declaration are accepted, ratified and will be complied with.

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

E. The seal of the Association shall bear the name of the Association, the word "Florida", the words "a corporation not for profit," and the year "1999"; an impression of which seal is as follows.

(SEAL)

2. MEMBERSHIP, VOTING, QUORUM, PROXIES

A. The qualifications of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in Article IV of the Articles of Incorporation of the Association, the provisions of which Article IV of the Articles of Incorporation are incorporated herein by reference.

B. A quorum of membership meetings shall consist of persons entitled to cast a majority of the voting interests of the entire membership of the Association. The joining of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of concurring, but not for the purpose of determining a quorum.

C. The vote of the owners of a condominium unit owned by more than one (1) person or by a corporation, partnership or other entity shall be cast by the person named in the voting certificate signed by all of the owners of the condominium unit filed with the Secretary of the Association, and such voting certificate shall be valid until revoked by a subsequent voting certificate. If such voting certificate is not on file or not produced at the meeting, the vote of such owners shall not be considered in determining the requirements for a quorum, nor for any other purpose.

D. Except as specifically otherwise provided herein, unit owners may not vote by general proxy; but may vote by limited proxies substantially conforming to a limited proxy form adopted by the Division of Land Sales, Condominiums and Mobile Homes. Limited proxies and general proxies may be used to establish a quorum. Limited proxies shall be used for votes taken to waive or reduce reserves in accordance with Florida Statutes, Section 718.112(2)(f)2.; for votes taken to waive financial statement requirements provided by Section 718.111(14), Florida Statutes; for votes taken to amend the Declaration pursuant to Section 718.110, Florida Statutes; for votes taken to amend the Articles of Incorporation or By-Laws pursuant to Section 718.112, Florida Statutes; and for any other matter for which the Condominium Act requires or permits a vote of the unit owners. No proxy, limited or general, shall be used in the election of Directors of the Board. General proxies may be used for other matters for which limited proxies are not required, and may also be used in voting for nonsubstantive changes to items for which a limited proxy is required and given. Notwithstanding the provisions of this subparagraph, unit owners may vote in person at unit owner meetings. 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 ninety (90) days after the date of the first meeting for which it was given. Every proxy is revocable at any time at the pleasure of the unit owner executing it.

E. Approval or disapproval of a condominium unit owner upon any matters, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if at an Association meeting.

F. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or where the same may otherwise be required by law, the affirmative vote of the owners of a majority of the voting interests represented at any duly called membership meeting at which a quorum is present shall be binding upon the members.

G. "Voting Interest" means the voting rights distributed to the Association members pursuant to Section 718.104(4)(i), Florida Statutes.

3. ANNUAL AND SPECIAL MEETINGS OF MEMBERSHIP

A. The annual membership meeting shall be held at the office of the Association during the month of March of each year for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, that if that day is a legal holiday, the meeting shall be held at the same hour on the succeeding business day or at such other time and place as the Board of Administration shall select. The exact date and time shall be determined each by the Board of Administration.

B. Special membership meetings shall be held whenever called by the President or by a majority of the Board of Administration, and must be called by officers upon receipt of a written request from members of the Association owning a majority of the voting interests of the membership. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the votes present, either in person or by proxy. See paragraphs 6.F and 4.A of these By-Laws for special meeting requirements and procedures for budget meetings and recall of board members.

Where a unit is owned by more than one person, the Association shall provide notice, for meetings and all other purposes, to that one address which the Developer initially identifies for that purpose and thereafter as one or more of the owners of the unit shall so advise the Association

in writing, or if no address is given or the owners of the unit do not agree, to the address provided on the deed of record. An officer of the Association, or the manager or other person providing notice of the Association meeting, shall provide an Affidavit or United States Postal Service certificate of mailing, to be included in the official records of the Association affirming that the notice was mailed or hand delivered, in accordance with this provision, to each unit owner at the address last furnished to the Association.

C. Notice of all membership meetings, regular or special, shall be given by the President, Secretary or Treasurer of the Association, or other officer of the Association in the absence of said officers. Written notice, which notice shall incorporate an identification of agenda items, shall be given to each unit owner at least fourteen (14) days prior to the annual meeting and shall be posted in a conspicuous place on the condominium property at least fourteen (14) continuous days preceding the annual meeting. Upon notice to the unit owners, the board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of unit owner meetings shall be posted. Unless a unit owner waives in writing the right to receive notice of the annual meeting by mail, the notice of the annual meeting shall be sent by mail to each unit owner. An officer of the Association shall provide an affidavit, to be included in the official records of the Association, affirming that notices of the Association meeting were mailed or hand-delivered in accordance with this provision, to each unit owner at the address last furnished to the Association. Any approval by unit owners called for by the Florida Condominium Act, or the applicable declaration or by-laws, including, but not limited to, the approval requirement in Section 718.111(8), Florida Statutes, shall be made at a duly noticed meeting of unit owners and shall be subject to all requirements of this chapter or the applicable condominium documents relating to unit owner decision-making except that unit owners may take action by written agreement, without meetings, on matters for which action by written agreement without meetings is expressly allowed as set forth below in these By-Laws or any Florida Statute which provides for the unit owner action. Unit owners may waive notice of specific meetings as set forth below in these By-Laws, or any Florida Statute.

The Directors of the Board of Administration shall be elected by written ballot or voting machine. Proxies shall in no event be used in electing the Board of Administration, either in general elections or elections to fill vacancies caused by recall, resignation, or otherwise unless otherwise provided in the Condominium Act. Not less than sixty (60) days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery including regularly published newsletters to each unit owner entitled to vote, a first notice of the date of the election. Any unit owner or other eligible person desiring to be a candidate for the Board of Administration must give written notice to Association not less than forty (40) days before a scheduled election. Together with the written notice and agenda as set forth in the paragraph above, the Association shall then mail or deliver a second notice of the meeting to all unit owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8½ inches by 11 inches which must be furnished by the candidate, not less than thirty-five (35) days before the election, to be included with the mailing of the ballot, with the costs of mailing and copying to be borne by the Association. However, the Association has no liability for the contents of the information sheets prepared by the candidates. In order to reduce costs, the Association may print or duplicate the information sheets on both sides of the paper. The division shall by rule establish voting procedures consistent with the provisions contained herein, including rules providing for the secrecy of ballots. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least twenty (20%) percent of the eligible voters must cast a ballot in order to have a valid election of directors of the Board of Administration. No unit owner shall permit any other person to vote his ballot, and any such ballots improperly cast shall be deemed invalid. A unit owner who needs assistance in casting the ballot for the reasons stated in Section 101.051, Florida Statutes, may obtain assistance in casting the ballot. Any unit owner violating this provision may be fined by the Association in accordance with Section 718.303, Florida Statutes. The regular election shall occur on the date of the annual meeting. Notwithstanding the provisions of this subparagraph, an election and balloting are not required unless more candidates file notices of intent to run or are nominated than vacancies exist on the Board.

Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the

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meeting, shall be deemed equivalent to the giving of such notice to such member. If any membership meeting cannot be organized because the quorum has not attended, or because a greater percentage of the membership to constitute a quorum may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration of Condominium, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present. Adequate notice of all meetings (excluding the annual meeting), including adjourned meetings, shall be posted conspicuously on the condominium property at least forty-eight (48) continuous hours in advance except in an emergency. Unit owners may waive notice of specific meetings and may take action by written agreement without meetings provided there is strict compliance with the percentage of voting interest required to make decisions and to constitute a quorum as provided in the Declaration of Condominium, By-Laws and Articles of Incorporation of this condominium.

D. At membership meetings, the President shall preside, or in his absence, the membership shall elect a chairman.

E. The order of business at annual membership meetings and, as far as practical at any other membership meetings, shall be:

- (1) Calling of the roll and certifying of proxies.
- (2) Proof of notice of meeting or waiver of notice.
- (3) Reading of minutes.
- (4) Reports of officers.
- (5) Reports of committees.
- (6) Appointment of Chairman of Inspectors of Election.
- (7) Election of Directors.
- (8) Unfinished business.
- (9) New business.
- (10) Adjournment.

F. Meetings of the Association shall be held at the principal office of the project or such other suitable place convenient to the owners as may be designated by the Board of Administration.

G. Unit owners shall have the right to participate in meetings of unit owners with reference to all designated agenda items. However, the Association may adopt reasonable rules governing the frequency, duration, and manner of unit owner participation.

H. Any unit owner may tape record or videotape a meeting of the unit owners subject to reasonable rules adopted by the Division of Florida Land Sales, Condominiums and Mobile Homes.

I. Minutes of all meetings of unit owners and Board of Administration shall be kept in a business-like manner and shall be available for inspection by unit owners and Board Members at all reasonable times. The Association shall retain these minutes for a period of not less than seven (7) years.

4. BOARD OF ADMINISTRATION AND OFFICERS

A. The Board of Administration shall consist of a minimum of three (3) directors with the number determined by a vote of majority of a quorum of members at a membership meeting. Each director elected at the first annual meeting of the membership thereafter shall serve for the term of one (1) year or until his successor is duly elected.

Any director of the Board of Administration may be recalled and removed from office with or without cause by a vote or agreement in writing by a majority of the voting interests. A special meeting of the unit owners to recall a director or directors of the Board of Administration may be called by ten (10%) percent of the voting interests giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting.

(1) If the recall is approved by a majority of all voting interests by a vote at a meeting, the Board of Administration shall duly notice and hold a board meeting within five

(5) full business days of the adjournment of the unit owner meeting to recall one or more board members. At the meeting, the Board shall either certify the recall, in which case such member or members shall be recalled effective immediately and the recalled director or directors or the Board of Administration shall turn over to the board any and all records and property of the Association in their possession, within five (5) full business days or the Board shall proceed according to (3) below.

(2) If the proposed recall is by an agreement in writing by a majority of all voting interests, the agreement in writing or a copy thereof shall be served on the association by certified mail or by personal service in the manner authorized by Chapter 48 of the Florida Rules of Civil Procedure. The Board of Administration shall duly notice and hold a meeting of the Board within five (5) full business days after receipt of the agreement in writing. At the meeting, the Board shall either certify the written agreement to recall a director or directors of the board, in which case such director or directors shall be recalled effective immediately and shall turn over to the Board within five (5) full business days, any and all records and property of the Association in their possession, or proceed as described in subparagraph (3).

(3) If the Board determines not to certify the written agreement to recall a director or directors of the Board, or does not certify the recall by a vote at a meeting, the Board shall, within five (5) full business days after the meeting file with the Division of Land Sales, Condominiums and Mobile Homes, a petition for non-binding arbitration pursuant to the procedures of Section 718.1255, Florida Statutes. For purposes of this Article, the unit owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration.

(4) If the Board fails to duly notice and hold a board meeting within five (5) full business days of service of an agreement in writing or within five (5) full business days of the adjournment of the unit owner recall meeting, the recall shall be deemed effective and the board members so recalled shall immediately turn over to the Board any and all records and property of the Association.

The Developer is entitled to elect or appoint at least one (1) director of the Board of Administration of the Association as long as the Developer holds for sale in the ordinary course of business five (5%) percent of the units in the condominium operated by the Association.

B. Election of directors shall be conducted in the following manner:

(1) Each director of the Board of Administration shall be elected by a plurality of the votes cast at the annual meeting of members of the Association as set forth in paragraph 3.C. above.

(2) If a vacancy occurs on the Board as a result of a recall and less than a majority of the Board Members are removed, the vacancy may be filled by the affirmative vote of a majority of the remaining directors, notwithstanding any provision to the contrary contained in paragraph 3.C. above. If vacancies occur on the Board as a result of a recall and a majority or more of the Board is removed, the vacancies shall be filled in accordance with procedural rules to be adopted by the division, which rules need not be consistent with paragraph 3.C. above. The rules must provide procedures governing the conduct of the recall election as well as the operation of the Association during the period after a recall but prior to the recall election.

C. The organizational meeting of a newly elected Board of Administration shall be held within ten (10) days of their election, at such time and such place as shall be fixed by the directors at the meeting at which they were elected, and notice of the organizational meeting shall be conspicuously posted on the condominium property at least forty-eight (48) continuous hours in advance.

D. The officers of the Association shall be elected annually by the Board of Administration. Any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Administration, or any special meeting of the Board called for such purposes.

E. Regular meetings of the Board of Administration may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegram at least ten (10) days prior to the day named for such meeting, unless notice is waived. These meetings shall be open to all unit owners and notice of the meeting shall be posted conspicuously on the condominium property forty-eight (48) continuous hours in advance, except in an emergency. 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.

F. Special meetings of the directors may be called by the President, and must be called by the Secretary at the written request of three (3) directors. Not less than three (3) days notice of a meeting shall be given to each director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting. Notice to unit owners shall be given in accordance with subparagraph E above.

G. Any director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of 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 directors are present at any meeting of the board, no notice shall be required and any business may be transacted at such meeting. Notice to unit owners shall be given in accordance with subparagraph E above.

A director of the Association who is present at a meeting of its board at which action is taken on any corporate matter shall be presumed to have assented to the action taken, unless he votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. Directors may not vote by proxy or by secret ballot at Board Meetings. A vote or abstention for each member present shall be recorded in the minutes. A director who is absent from a board meeting may indicate, in writing, his/her agreement with actions taken at the meeting, but such a writing does not constitute a vote at the meeting, nor may such writing be used to establish a quorum at such meeting.

H. A quorum of a directors' meeting shall consist of the directors entitled to cast a majority of the votes of the entire board. The acts of the board approved by a majority of the votes present at the meeting at which a quorum is present shall constitute the act of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, these By-Laws or the Declaration of Condominium. If any directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage has not attended, whenever the latter percentage of attendance may be required, the directors who are present may adjourn the meeting from time to time until a quorum or the required percentage attendance, if greater than a quorum, is present. Meetings of Board of Administration and any committee thereof at which a quorum of the members of that committee are present shall be open to all unit owners. Any unit owner may tape record or videotape meetings of the Board of Administration. The right to attend such meetings includes the right to speak at such meetings with reference to all designated agenda items. The Division of Florida Land Sales, Condominiums and Mobile Homes shall adopt reasonable rules governing the tape recording and videotaping of the meeting. The Association may adopt reasonable rules governing the frequency, duration, and manner of unit owner statements. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least forty-eight (48) continuous hours preceding the meeting except in an emergency. However, written notice of any meeting at which non-emergency special assessments, or at which amendment to rules regarding unit use will be proposed, discussed, or approved, shall be mailed or delivered to the unit owners and posted conspicuously on the condominium property not less than fourteen (14) continuous days prior to the meeting. Evidence of compliance with this 14-day notice shall be made by an affidavit executed by the secretary and filed among the official records of the

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Association. Upon notice to the unit owners, the Board shall by duly adopted rule designate a specific location on the condominium property upon which all notices of Board meetings shall be posted. Notice of any meeting in which regular 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. At any adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. A member of the board of administration may join by written concurrence in any action taken at a meeting of the board, but such concurrence may not be used for the purpose of creating a quorum.

I. The presiding officer of directors' meetings shall be the President. In the absence of the President, the Vice President shall preside.

J. The directors' fees, if any, shall be determined by the members.

K. The operation of the condominium shall be by the Association. The Board of Administration shall exercise those powers and duties permitted by the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration of Condominium. Such powers and duties shall be exercised in accordance with the Articles of Incorporation, these By-Laws and the Declaration of Condominium, and shall include, without limiting the generality of the foregoing, the following:

- (1) To make, levy and collect assessments against members and members' units to defray the costs of the condominium, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association. Assessments shall be made against units annually.
- (2) The maintenance, repair, replacement, operation and management of the condominium wherever the same is required to be done and accomplished by the Association for the benefit of its members.
- (3) The reconstruction of improvements after casualty, and further improvement of the property, real and personal.
- (4) To make and amend regulations governing the use of the property, real and personal, and the common elements of the condominium, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Declaration of Condominium.
- (5) To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including condominium units in the condominium, as may be necessary or convenient in the operation and management of the condominium, and in accomplishing the purposes set forth in the Declaration of Condominium.
- (6) To contract for the maintenance and management of the condominium and to authorize the management agent to assist the Association in carrying out its powers and duties by performing such functions as the collection of assessments, preparation of the records, enforcement of rules, and maintenance of the common elements. The Association shall, however, retain at all times the powers and duties granted them by the Condominium Act, including, but not limited to, the making of assessments, promulgation of rules, and execution of contracts on behalf of the Association.
- (7) To enforce by legal means the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration of Condominium and any regulations hereinafter promulgated governing use of the property in the condominium.
- (8) To pay all assessments and taxes which are liens against any part of the condominium other than condominium units and the appurtenances thereto, and to assess the same against the members and their respective condominium units subject to such liens.

(9) To carry insurance for the protection of the members and the Association against casualty and liability.

(a) The Association shall use its best efforts to obtain and maintain adequate insurance to protect the Association property, the common elements, and the Condominium property required to be insured by the Association pursuant to paragraph (b). The Association may also obtain and maintain liability insurance for directors and officers, insurance for the benefit of Association employees, and flood insurance for common elements, Association property, and units. An association or group of associations may self-insure against claims against the Association, the Association property, and the Condominium property required to be insured by an association, upon compliance with Florida Statute Sections 624.460-624.488. A copy of each policy of insurance in effect shall be made available for inspection by unit owners at reasonable times.

(b) All hazard policies issued to protect condominium buildings shall provide that the word "building" wherever used in the policy shall include, but shall not necessarily be limited to, fixtures, installation or additions comprising that party of the building within the unfinished interior surfaces of the perimeter walls, floors and ceiling of the individual units initially installed or replacements thereof, or like kind or quality in accordance with the original plans and specifications or as existed at the time the unit was initially conveyed if the original plans and specifications are not available. However, the word "building" shall not include floor coverings, wall coverings or ceiling coverings. With respect to the coverage provided for by this paragraph, the unit owners shall be considered additional insureds under the policy.

(10) To pay all costs of power, water, sewer and other utility services rendered to the condominium and not billed to the owners of the separate condominium units.

(11) To employ personnel to perform the services required for proper administration of the Association.

(12) To approve leases, subleases or other transfers of a unit other than sales or mortgage of a unit and to charge a fee for such approval. Any such fee may be preset, but in no event shall exceed fifty (\$50.00) dollars. However, if the lease or sublease is a renewal of a lease or sublease with the same lessee or sublessee, no charge shall be made.

(13) To insure that internal disputes arising from the operation of the condominium among unit owners, associations, and their agents and assigns shall be submitted to mandatory nonbinding arbitration as provided for in Section 718.1255, Florida Statutes.

(14) To obtain a certificate of compliance from a licensed electrical contractor or electrician which may be accepted by the Board as evidence of compliance of the Condominium units to the applicable Fire and Life Safety Code.

(15) To levy fines as provided in Article XXVI of the Declaration of Condominium. The Association shall provide reasonable notice and opportunity for a hearing before levying a fine against the owner of a unit as follows:

(a) The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:

1. A statement of the date, time and place of the hearing;
2. A statement of the provisions of the declaration, association bylaws, or association rules which have allegedly been violated; and

3. A short and plain statement of the matters asserted by the Association.

(b) The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge, and respond to any material considered by the Association.

(c) The hearing must be held before a committee of other unit owners. If the committee does not agree with the fine, the fine may not be levied.

L. The undertakings and contracts authorized by the said first Board of Administration shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by the first Board of Administration duly elected by the membership.

5. OFFICERS

A. The principal officers of the Association shall be a President, a Secretary and a Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Administration may deem necessary.

B. The President shall be the chief officer of the Association.

C. 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 Administration 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 by the Board of Administration.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and service of all notices of the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep records of the Association, its administration and salaries.

E. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidence of indebtedness. He shall keep the books of the Association in accordance with good accounting practices.

F. The compensation of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Administration from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the condominium.

6. FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

A. The Association shall maintain accounting records for each condominium it manages in the county where the condominium is located, according to good accounting practices. The records shall be open for inspection by unit owners or their authorized representatives at reasonable times and written summaries of them shall be supplied at least annually to unit owners or their authorized representatives. The records shall include, but are not limited to:

(1) A record of all receipts and expenditures.

(2) An account for each unit designating the name and current address of the unit owner, the amount of each assessment, the date on which the assessments come due, the amount paid upon the account and the balance due.

B. The Board of Administration shall adopt a budget for each fiscal year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the common expense budget, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, and operation of common elements and limited common elements, landscaping, street and walkways, office expense, utility services, replacement and operating reserve, casualty insurance, liability insurance, administration and salaries. The Board of Administration shall also establish the proposed assessment against each member as more fully provided in the Declaration of Condominium. Delivery of a copy of any budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget originally adopted if it shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

The proposed annual budget of common expenses shall be detailed and shall show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to, those expenses listed in Section 718.504(20), Florida Statutes. In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. These accounts shall include, but not be limited to, roof replacement, building painting and pavement resurfacing regardless of the amount of deferred maintenance expense or replacement cost, and for any other item for which the deferred maintenance expense or replacement cost exceeds \$10,000.00. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each reserve item. The Association may adjust replacement reserve assessments annually to take into account any extension of the useful life of a reserve item caused by deferred maintenance. This paragraph shall not apply to budgets in which the members of the Association have by a majority of the voting interests of the Association at a duly called meeting of the Association, determined for a fiscal year to provide no reserves or reserves less adequate than required by this paragraph. However, prior to turnover of control of an association by a developer to unit owners other than a developer pursuant to Section 718.301, Florida Statutes, the Developer may vote to waive the reserves for the first two years of the operation of the Association, after which time reserves may only be waived or reduced upon the vote of a majority of nondeveloper voting interests present at a duly called meeting of the Association. If a meeting of the unit owners has been called to determine to provide no reserves or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves, as included in the budget shall go into effect.

Reserve funds and any interest accruing thereon shall remain in the reserve account for authorized reserve expenditures, unless their use for other purposes is approved in advance by a vote of the majority of the voting interests present at a duly called meeting of the Association.

C. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only by check signed by such person or persons as are authorized by the Directors.

D. A review of the accounts of the Association shall be made annually by an accountant, and a copy of the report shall be furnished to each member not later than May 1 of the year following the year for which the report is made.

E. The Association shall obtain and maintain adequate bonding of all persons who control or disburse funds of the Association in the principal sum of not less than \$50,000.00 for each such person or such lesser amount if permitted by Florida Law in the discretion of the Board of Administration. The Association shall bear the cost of bonding. However, in the case of a person providing management services to the Association and required to be licensed pursuant to Section 468.432, Florida Statutes, the cost of bonding may be reimbursed by the Association; all such persons

providing management services to an Association shall provide the Association with a certificate of insurance evidencing compliance with this paragraph.

F. The Board of Administration shall mail a meeting notice and copies of the proposed annual budget of common expenses to the unit owners not less than fourteen (14) days prior to the meeting at which the budget will be considered. The unit owners shall be given written notice of the time and place at which such meeting of the Board of Administration to consider the budget shall be held, and such meeting shall be open to the unit owners. If a budget is adopted by the Board of Administration which requires assessment against the unit owners in any fiscal or calendar year exceeding one hundred fifteen (115%) percent of such assessments for the preceding year, the Board, upon written application of ten (10%) percent of the voting interests to the Board, shall call a special meeting of the unit owners within thirty (30) days upon not less than ten (10) days written notice to each unit owner. At the special meeting, unit owners shall consider and adopt a budget by a vote of not less than a majority of the voting interests. If the proposed budget exceeds one hundred fifteen (115%) percent of such assessments for the prior year, the Board of Administration may submit the proposed budget to the unit owners at a meeting of members or in writing, and if the proposed budget is approved by a majority of the voting interests in writing, the budget shall be adopted. If the proposed budget does not exceed one hundred fifteen (115%) percent of such assessments for the prior year then the board shall adopt the budget without the approval of the membership. If a meeting of the unit owners has been called and a quorum is not attained or a substitute budget is not adopted by the unit owners, the budget adopted by the Board of Administration shall go into effect as scheduled. In determining whether assessments exceed one hundred fifteen (115%) percent of similar assessments in prior years, any authorized provisions for reasonable reserves for repair or replacement of the condominium property, anticipated expenses by the condominium Association which are not anticipated to be incurred on a regular basis, or assessments for betterment to the condominium property shall be excluded for the computation. Provided, however, that so long as the Developer is in control of the Board of Administration, the board shall not impose an assessment for a year greater than one hundred fifteen (115%) percent of the prior fiscal or calendar year's assessment without approval of a majority of the voting interests.

G. Within sixty (60) days following the end of the fiscal or calendar year, or annually on such date as is otherwise provided in the By-Laws of the Association, the Board of Administration of the Association shall mail or furnish by personal delivery to each unit owner a complete financial report of actual receipts and expenditures for the previous twelve (12) months. The report shall show the amounts of receipt by accounts and receipt classifications, and shall show the amounts of expenses by accounts and expenses classifications, including, if applicable, but not limited to, the following:

- (1) Cost for security.
- (2) Professional and management fees and expenses.
- (3) Taxes.
- (4) Cost for recreation facilities.
- (5) Expenses for refuse collection and utility services.
- (6) Expenses for lawn care.
- (7) Cost for building maintenance and repair.
- (8) Insurance costs.
- (9) Administrative and salary expenses.
- (10) General reserves, maintenance reserves and depreciation reserves.

7. PARLIAMENTARY RULES

Robert's Rules of Order (latest edition) shall govern the conduct of the corporate meetings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of Florida.

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8. AMENDMENTS TO BY-LAWS

Amendments to these By-Laws may be proposed by the Board of Administration of the Association acting upon vote of majority of the Directors, or by ten (10%) percent of the voting interests of the Association, whether meeting as members or by instrument in writing signed by them.

B. Upon any amendment or amendments to these By-Laws being proposed by said Board of Administration or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special joint meeting of the members of the Board of Administration of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such officer of the proposed amendment or amendments and it shall be the duty of the Secretary to give each member written or printed notice of such meeting in the same form and in the same manner as notice of the call of a special meeting of the members is required as herein set forth.

C. In order for such amendment or amendments to become effective, the same must be approved by an affirmative vote of a majority of the entire membership of the Board of Administration and by an affirmative vote of the members owning a majority of the voting interests in the condominium. No By-Law shall be revised or amended by reference to its title or number only. Proposals to amend existing By-Laws shall contain the full text of the By-Laws to be amended; new words shall be inserted in the text and underlined, and words to be deleted shall be lined through with hyphens. However, if the proposed change is so extensive that this procedure would hinder rather than assist the understanding of the proposed amendment, it is not necessary to use underlining and hyphens as indicators of words added or deleted, but instead a notation must be inserted immediately preceding the proposed amendment in substantially the following language: "Substantial rewording of By-Law. See By-Law...for present text." Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Public Records of Indian River County, Florida, within ten (10) days from the date on which any amendment or amendments have been affirmatively approved by the Directors and members. No amendment to the By-Laws is valid unless recorded with identification on the first page thereof of the book and page of the Public Records of Indian River County, Florida. Non-material errors or omissions in the by-law process shall not invalidate an otherwise properly promulgated amendment.

D. At any meeting held to consider such amendment or amendments to the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association at or prior to such meeting.

9. OFFICIAL RECORDS OF THE ASSOCIATION. Records of the Association shall be maintained as follows:

A. From the inception of the Association, the Association shall maintain each of the following items, when applicable, which shall constitute the official records of the Association.

(1) A copy of the plans, permits, warranties, and other items provided by the Developer pursuant to Section 718.301(4), Florida Statutes.

(2) A photocopy of the recorded Declaration of Condominium of each condominium operated by the Association and of each amendment to each declaration.

(3) A photocopy of the recorded By-Laws of the Association and of each amendment to the By-Laws.

(4) A certified copy of the Articles of Incorporation of the Association, or other documents creating the Association, and of each amendment thereto.

(5) A copy of the current rules of the Association.

(6) A book or books which contain the minutes of all meetings of the Association, of the Board of Directors, and of unit owners, which minutes shall be retained for a period of not less than seven (7) years.

(7) A current roster of all the unit owners and their mailing addresses, unit identifications, voting certifications, and, if known, telephone numbers.

(8) All current insurance policies of the Association and Condominiums operated by the Association.

(9) A current copy of any management agreement, lease, or other contract to which the Association is a party or under which the Association or the unit owners have an obligation or responsibility.

(10) Bills of sale or transfer for all property owned by the Association.

(11) Accounting records for the Association and separate accounting records for each condominium which the Association operates, according to good accounting practices. All accounting records shall be maintained for a period of not less than seven (7) years. The accounting records shall include, but not be limited to:

(a) Accurate, itemized, and detailed records of all receipts and expenditures.

(b) A current account and a monthly, bimonthly, or quarterly statement of the account for each unit designating the name of the unit owner, the due date and amount of each assessment, the amount paid upon the account, and the balance due.

(c) All audits, reviews, accounting statements, and financial reports of the Association or condominium.

(d) All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of one (1) year.

(12) Ballots, sign-in-sheets, voting proxies, and all other papers relating to elections, which shall be maintained for a period of one (1) year from the date of the meeting to which the document relates.

(13) All rental records, when the Association is acting as agent for the rental of condominium units.

(14) A copy of the current Question and Answer Sheet as described by Section 718.504, Florida Statutes.

(15) All other records of the Association not specifically included in the foregoing which are related to the operation of the Association.

B. The official records of the Association shall be maintained in the county in which the condominium is located or within twenty-five (25) miles of the property if maintained in another county.

C. The official records of the Association are open to inspection by any Association Member or the authorized representative of such member at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the Association Member. The Association may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections and copying. The failure of an association to provide the records within five (5) working days after receipt of a written request shall create a rebuttable presumption that the Association willfully failed to comply with this paragraph. A unit owner who is denied access to official records is entitled to three times the actual damages or

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THE RULES AND REGULATIONS
OF
SOMERSET BAY, A CONDOMINIUM

Revised November, 2014

5. No food, glass or animals, are allowed in the pool or on the pool deck. However, service animals are allowed on the pool deck. Drinks are permitted on the pool deck only if in non-breakable containers.
6. Swimmers are encouraged to shower before entering the pool.
7. Unless a person's bathing suit is dry, he/she must leave the pool area via the side gates. No wet bathing suits are allowed inside the Clubhouse.
8. Persons wearing wet bathing suits must use the toilets in the cabana, not in the Clubhouse.
9. Children under the age of sixteen (16) may not use the pool unless under the supervision of an adult.
10. Rules for the fitness center are posted therein.
11. Children under the age of sixteen (16) may not use the Fitness Room unless under the supervision of an adult.
12. Only unit owners, lessees, and guests of a unit owner or of a lessee are allowed to fish in Somerset Lake. Fishing in Somerset Lake is limited to catch-and-release using barbless hooks.

Use of Clubhouse:

1. The Clubhouse belongs to all unit owners and is available only for private functions sponsored by a unit owner.
2. To reserve the Clubhouse for an event, a unit owner must submit the following information to the Management Company and must be present at the event:
 - a. The date of the event
 - b. The time of the event (start to end)
 - c. The number of people the unit owner expects to attend the event

3. The request will be reviewed by the Management Company promptly taking into account many factors including capacity, time, and function and the unit owner will be notified in writing of the decision.

4. Nothing should be taped, glued or tacked to painted or papered walls.

5. The Clubhouse must be cleaned and restored to its normal condition by the unit owner who sponsored the event before noon the following day.

8. All unit owners, lessees, and guests of a unit owner or of a lessee are subject to these Rules and Regulations.
9. Purchasers of units must submit an application for Purchase and approval to the Association prior to closing.

Pets:

1. Unit owners or tenants shall be limited to housing no more than two (2) dogs or cats in their unit. No animal can be kept which the Board has determined to be dangerous. The following dog breeds are prohibited: Pit Bull or Staffordshire Terrier, Rottweiler, Husky, German Shepherd, Malamute, Doberman Pinscher, Chow Chow, Great Dane, St. Bernard, Wolf Mix.
2. All pets must be kept under control and on a leash not more than ten (10) feet long in all common areas.
3. Each pet owner is responsible for cleaning up after his/her pet(s) on the Condominium property and on the undeveloped area at the northwestern end of the property. Pets should be walked on grass areas and away from plantings.
4. Each pet owner is responsible for ensuring that his/her pet(s) does not create a nuisance.
5. Any pet, involved in an incident in which the pet attacks or bites a person or another animal, must thereafter wear a muzzle when outside the owner's unit on the Condominium property. Any pet involved in two (2) such incidents must be removed from the Condominium property as quickly as possible at the expense of the owner. Notwithstanding the foregoing, the Association Board shall have the authority to require that any pet, deemed to be a danger to the community, be removed from the Condominium property at the expense of the owner.

Parking:

1. No parking space may be used for any purpose other than parking automobiles, vans and non-commercial pick-up trucks which are in operating condition with a current license tag.
2. No commercial trucks, motorcycles, vehicles with commercial lettering, recreational vehicles, motor homes, trailers or boats may be parked or placed on the condominium property or left over night without Association Board approval.
3. The number of vehicles permitted is restricted to the number of garages owned by each unit owner.
4. All unit owners' vehicles shall be parked in their appropriate garages, except when loading or unloading or for such other temporary purpose. Unit owners may not park in the visitor parking spaces