

DECLARATION OF CONDOMINIUM
OF
TRANQUIL HARBOUR, A CONDOMINIUM
Bay County, Florida

MADE THIS 11th day of April, 2007, by Tranquil Harbour Development, LLC,
a Florida limited liability company (the "Developer"), for itself, its
successors, grantees and assigns.

WHEREIN, the Developer makes the following declarations:

1. PURPOSE. The purpose of this Declaration is to submit the lands
described in this instrument and the improvements on such lands to the
condominium form of ownership and use in the manner provided by Chapter 718,
Florida Statutes (the "Condominium Act"), 2004.

A. Name. The name by which this condominium is to be identified
is "Tranquil Harbour, a condominium," (the "Condominium").

B. The Land. The lands owned by the Developer, which by this
instrument are submitted to the Condominium form of ownership, are the lands
lying in Bay County, Florida, described on Exhibit "A" attached hereto.

2. DEFINITIONS. The terms used in this Declaration and its exhibits
shall have the meaning stated in the Condominium Act and as follows unless the
context otherwise requires:

A. Assessment means a share of funds required for payment of
common expenses which are from time to time assessed against the unit owner.

B. Association means Tranquil Harbour Owners Association, Inc.,
a non-profit Florida corporation, and its successors (the corporate entity
responsible for the operation of the Condominium).

C. Association Property includes that property, real and personal,
in which title or ownership is vested in the Association for the use and benefit
of its members. Association Property may consist of fee ownership of real or
personal property, or may include lesser interests in real or personal property,
including but not limited to easements over and across real property and use
rights in any of the foregoing.

D. Board of Directors means the board of administration
responsible for the administration of the Association.

E. By-Laws means the By-Laws of the Association existing from time
to time.

F. Common Elements means the Condominium property that is not
within the units.

G. Common Expenses shall include expenses of administration;
expenses of insurance; expenses of maintenance, operation, repair and replacement

and betterment of the Common Elements and Limited Common Elements and the portions of the unit to be maintained by the Association; expenses declared common by provisions of this Declaration and the Association's By-Laws, as the same may be amended from time to time in accordance with the provisions hereof, and any valid charge against the Condominium as a whole.

If the Association enters into a contract for cable television services for Unit Owners in the Condominium, the cost of such service shall be a Common Expense.

The cost of maintenance and replacement of Boardwalk and Boat Slips will be a Common Expense for the Association.

H. Common Surplus means the excess of all receipts of the Association including, but not limited to, Assessments, rents, profits, revenues on account of the Common Elements, or any other source of income, over the Common Expenses.

I. Condominium means all the Condominium Property as a whole when the context so permits as well as the meaning stated in the Condominium Act.

J. Condominium Parcel means a unit, together with the undivided share in the Common Elements appurtenant to the unit.

K. Condominium Property means the lands, leaseholds and personal property that are subject to Condominium ownership, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with the Condominium.

L. Declaration or Declaration of Condominium means the instrument or instruments by which the Condominium is created as they may be from time to time amended.

M. Institutional Mortgagee means a bank, savings and loan association, an insurance company, a pension fund, a real estate investment trust, a mortgage banker, Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal or State agencies, or other like business entities holding a mortgage on a Condominium Parcel.

N. Limited Common Element means those Common Elements which are reserved for the use of a certain Condominium unit or units to the exclusion of other units, as specified in this Declaration.

O. Number and Gender are used herein so that, when the context so permits, the use of the plural shall include the singular, the singular shall include the plural and the use of any gender shall be deemed to include all genders.

P. Special Assessment means any Assessment levied against Unit owners other than the Assessment required by a budget adopted annually. An amendment to an annual budget is not considered a special assessment.

Q. Stormwater Management System. Stormwater Management System means the stormwater management system as permitted for the Condominium by the Florida Department of Environmental Protection including all retention areas, filters, culverts and related appurtenances.

R. Utility Services as used in the Condominium Act and as construed with reference to this Condominium, and as used in the Declaration and By-Laws, shall include but not be limited to electric power, hot and cold water, heating, refrigeration, air conditioning, cable television, garbage, telephone and sewage disposal.

S. Voting Certificate means a document which designates one of the record title owners, or the corporate, partnership, or entity representative who is authorized to vote on behalf of a Unit owned by more than one owner or by any entity.

T. Voting Interest means the voting rights distributed to the Association members. Each unit shall be entitled to one vote, subject to and in accordance with provisions of the Bylaws.

U. Unit Owner or unit owners, means the record title holder(s) of a Condominium Parcel.

V. Director means the members of the Board of Directors of the Association. A person who has been convicted of any felony by any court of record in the United States and who has not had his or her right to vote restored pursuant to law in the jurisdiction of his or her residence is not eligible for Board membership. The validity of an action by the Board of Directors is not affected if it is later determined that a member of the Board of Directors is ineligible for Board membership due to having been convicted of a felony.

3. TRANQUIL HARBOUR, A CONDOMINIUM, DEVELOPMENT PLAN. The subject Condominium is described and established as follows:

A. Survey. The survey of the Land showing the improvements on it is attached as Exhibit "B".

B. Plans. Improvements upon the land are constructed substantially in accordance with the graphic description of the improvements attached hereto as composite Exhibit "C".

C. Easements.

(1) Utility Easements. Developer hereby reserves unto itself and its successors and its assigns, and grants to the Association with the power to assign, perpetual, non-exclusive easements over, across, under and through the Condominium Property for the construction, maintenance and operation

of electric, gas or other utility, cable television, security systems, communications service or other easements pertaining to the construction, maintenance and operation of other equipment, conduits, pipes, lines and similar installations servicing the Condominium Property or other property with the power to relocate any such existing easements in any portion of the Condominium Property and/or Association Property, provided that such easements or the relocation of easements will not prevent or unreasonably interfere with the reasonable use of the Units for their intended purposes.

(2) Cross Easements. Easements are hereby created in favor of all unit owners in any condominium which may from time to time grant reciprocal easements to the unit owners of this Condominium, for pedestrian and vehicular ingress and egress, for use of recreational facilities, if any, and for ingress and egress to provide power, electric, telephone, sewer, water and other Utility Services and lighting facilities, irrigation, television transmission facilities, security service and facilities in connection therewith and other similar purposes; or any one or all of the foregoing. Developer, for itself, its nominee, its assigns and the Association, reserves an easement upon the Common Elements henceforth for any of the foregoing purposes.

(3) Easements for Encroachments. All the Condominium Property shall be subject to easements for encroachments which now exist or hereafter exist, caused by settlement or movement of a building, or caused by minor inaccuracies in building or rebuilding, which encroachments shall be permitted to remain undisturbed and such shall continue until such encroachments no longer exist. Reconstruction following casualty damage may continue any previously existing encroachment.

(4) Ingress and Egress Easement. Each unit owner of the Condominium shall have a nonexclusive easement for ingress and egress between said unit and the public roads and streets serving the Condominium, over the halls, corridors, stairs, walks, driveways, parking areas, exterior access and other portions of the Common Elements of the Condominium.

(5) Easement to Make Repairs. The Association has an easement for an irrevocable right of access to each Unit during reasonable hours, when necessary for the maintenance, repair or replacement of any Common Element or for making emergency repairs necessary to prevent damage to the Common Elements or to another Unit.

(6) Easements as Appurtenances. The easements and other rights created herein for a unit owner shall be appurtenant to the unit of that owner and all conveyances of title to the unit shall include a conveyance of the easements and rights as are herein provided, even though no specific reference to such easements and rights appears in any such instrument.

(7) Easements Reserved for Developer. The Developer, for itself and its successors and assigns, hereby reserves the right to grant easements, and hereby declares and reserves for itself non-exclusive easements, over, under, across, in and through the Condominium Property to permit the Developer and its successors and assigns to act upon and carry out its rights and duties, expressed or implied, pursuant to this Declaration and its exhibits, and to facilitate such other actions by the Developer for the development and sale of units within the Condominium. This easement shall expire 7 years after transfer of control of the Association from the Developer to Unit Owners other than the Developer.

D. Unit Boundaries. Each unit shall include that part of the building containing the unit that lies within the boundaries of the unit, which boundaries are as follows:

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

(a) Upper Boundary. The horizontal plane of the undecorated finished ceiling.

(b) Lower Boundary. The horizontal plane of the undecorated finished floor.

(2) Perimetrical Boundaries. The perimetrical boundaries of the unit shall be the vertical planes of the undecorated finished interior of the walls bounding the unit extended to intersections with each other and with the upper and lower boundaries.

E. Common Elements. The Common Elements include the land and all of the parts of the Condominium not within the unit.

4. THE UNITS. The units of the Condominium are described more particularly and the rights and obligations of their owners established as follows:

A. Types Of Units. There are a variety of unit floor plans as shown on Exhibit "C" attached hereto.

B. Unit Numbers. The units of the Condominium are identified by the numbers set forth on the graphic description of the improvements attached hereto as composite Exhibit "C".

C. Appurtenances to Units. The owner of each unit shall own a share and certain interest in the Condominium Property, which share and interest is appurtenant to the several units as:

(1) Common Elements and Common Surplus. An undivided share in the land and other Common Elements and the Common Surplus for each unit as is set forth in Exhibit "F".

(2) Association Membership. The membership of each unit owner in the Association and the interest of each unit owner in the funds and assets held by the Association.

(3) Limited Common Elements/Automobile Parking Space. The covered automobile parking space shown on graphic description of improvements attached hereto as Exhibit "E" have been set aside as Limited Common Elements so that the right to use each of such parking space will be assigned by the Developer and appurtenant to a particular unit designated by the Developer. No residential unit shall be assigned more than one (1) Limited Common Element parking space by the Developer. The Developer reserves the right at its sole discretion to assign the right to use the various parking space that will be Limited Common Elements for an additional cost at the sole discretion of the Developer. The Limited Common Elements are reserved for use of the units to which they are appurtenant.

(4) Other Automobile Parking Spaces. Automobile parking spaces that have not been assigned as Limited Common Elements will be made available so that at least one automobile parking space will be available for use by each unit owner according to such reasonable rules and regulations as may from time to time be promulgated by the Association; provided, that at all times each unit owner shall be entitled to the use of at least one automobile parking space without charge.

(5) Vote. Each unit shall be entitled to one (1) vote, said vote to be cast by the unit owner in the manner prescribed by the By-Laws of the Association.

(6) Limited Common Elements.

(i) Balconies, windows, all exterior doors, including glass sliding doors, all screens and glass for windows or doors and all air conditioning and heating equipment and such equipment, including pipes, wiring, ducts, fixtures, and other facilities required to provide utilities to a Unit, when any or all of the foregoing shall serve only one (1) Unit, shall be Limited Common Elements appurtenant to the particular Unit served thereby.

(ii) There will also be Limited Common Element storage spaces on the 1st floor, as more particularly shown on the graphic description, Exhibit "C". Not all Units will have a storage space. The Limited Common Element storage space will be numbered using an S- with a number corresponding to the Unit to which the storage space is initially appurtenant; the S- number will be indicated on the deed conveying the Unit involved. Both the Unit number and the storage space number will be indicated on the deed the Developer uses to convey the Unit and its appurtenances to the initial purchaser. After being acquired by an initial purchaser, a Limited Common Element storage space may be conveyed,

leased or otherwise transferred by deed to another unit owner in the Condominium by reference to the S- number initially assigned to it. If the unit owner acquiring the storage space owns more than one unit in the condominium, the instrument of conveyance must make clear to which unit the storage space shall be appurtenant, as it shall not be appurtenant to more than one unit. Such conveyance, lease or other transfer need not be in connection with the conveyance, lease or other transfer of the unit to which it was initially appurtenant. After conveyance thereof, such storage space shall be appurtenant to the unit identified in the instrument of conveyance, or in the case of a unit owner owning only one unit, to the one unit owned by the unit owner to which it was conveyed. Thereafter, the legal description of the unit to which the storage space is appurtenant shall be deemed to include the storage space, whether or not separately described, unless the instrument of conveyance, lease or other transfer expressly indicates otherwise.

(iii) The maximum number of Limited Common Element storage spaces allowable for a unit is one (1).

D. Liability for Common Expense. Each unit shall be liable for a proportionate share of the Common Expenses such share being the same undivided share in the Common Elements appurtenant to his Unit.

E. Maintenance, Alteration and Improvement. Responsibility for the maintenance for the Condominium Property, and restrictions upon its alterations and improvements shall be as follows:

(1) Units & Limited Common Elements.

(a) By the Association. The Association shall maintain, repair and replace as a Common Expense of this Condominium:

(i) All portions of a unit, except interior surfaces, contributing to the support of the condominium building, which portion shall include but not be limited to the outside walls of the condominium building, including the exterior building finish, and all fixtures on its exterior, boundary walls of units, floor and ceiling decking, load bearing columns and load bearing walls;

(ii) The railings and stairways that may be included as part of the Limited Common Elements appurtenant to a unit; also, where the problem to be repaired or requiring replacement is common to all or a substantial number of the following Limited Common Element items, to wit: balconies, exterior doors, all screens and glass for windows or doors and facilities required to provide utilities to a Unit, the items shall be repaired or replaced as a Common Expense of the Condominium. Otherwise, the repair, maintenance and replacement of the foregoing Limited Common Elements will be the responsibility of the unit owner.

(iii) All conduits, ducts, plumbing, wiring and other facilities for the furnishing of Utility Services contained in the portion of a unit maintained by the Association; and all such facilities contained within a unit that service part or parts of the Condominium other than the unit within which contained;

(iv) All portions of a unit which are damaged as a result of a casualty for which the Association has secured insurance coverage;

(v) All incidental damage caused to a Unit in the course of such work as is described above or caused to a Unit in the course of the Association's maintenance and operation of the Common Elements shall be repaired promptly at the expense of the Association;

(vi) In the event of doubt or question as to whether the Association or a Unit Owner is responsible for the repair of the item or items involved, and where damage to the Common Elements or to another Unit is occurring or is likely to occur in the absence of repair, the Association shall undertake repair of the item or items involved and determine responsibility for payment for same as soon as reasonably practicable thereafter;

(vii) Notwithstanding the foregoing, the Association's undertaking of repair, as provided above, shall not be considered evidence of or acceptance of responsibility for the ultimate cost of such repair and shall not be admitted in evidence on the question of responsibility in any proceeding thereon, whether judicial, administrative, formal or informal. Such ultimate responsibility for the cost of repair shall be determined based on applicable principles of law, including the terms and provisions of this Declaration.

(b) By the Unit Owner. The responsibility of the unit owner shall be as follows:

(i) To maintain, repair and replace at his expense all portions of his Unit, including Limited Common Elements appurtenant thereto, except the portion to be maintained, repaired and replaced by the Association, or, in the event damage resulting from casualty, that portion for which the Association has secured insurance coverage; consistent, with and subject to the foregoing, the Unit Owner shall repair and replace window glass, fogged window glass, glass sliding doors and screens and shall also be responsible for repairing and replacing any items installed by the Unit Owner on balconies. Such shall be done without disturbing the rights of other unit owners. All Limited Common Element air conditioning and heating equipment and such equipment, including pipes, wiring, ducts, fixtures serving only one Unit shall be maintained, repaired and replaced at the expense of the Unit Owner.

(ii) Except in the event of damage resulting from

casualty for which the Association has secured insurance coverage, the portions of a unit to be maintained, repaired and replaced by a unit owner at his expense shall include but not be limited to the following: service equipment such as dishwasher, refrigerator, compactor, disposal, oven and stove and hot water heater, whether or not built-in; interior fixtures such as electrical and plumbing fixtures; floor coverings except the floor slab; and inside paint and other inside wall and floor finishes; and Limited Common Element balcony floor finishes.

(iii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the condominium building, including any balcony, porch, patio or similar facility whether a part of the unit or not, in any manner whatsoever without the prior written consent of the Board of Directors of the Association, including installation of television antennae.

(iv) To promptly report to the Association any defect or need for repairs for which the Association is responsible.

(C) Alteration and Improvement. Except as elsewhere reserved to Developer, neither any unit owner nor the Association shall make any alteration in the portions of the condominium building that are to be maintained by the Association, or remove any portion of such, or make any additions to them, or to do anything that would jeopardize the safety or soundness of the condominium building, or impair any easement, without first obtaining approval in writing of owners of all units in which such work is to be done and the approval of the Board of Directors of the Association. The Association may require that a copy of plans of all such work prepared by an architect licensed to practice in this state shall be filed with the Association prior to the start of work.

(2) Common Elements.

(a) By the Association. The maintenance and operation of the Common Elements shall be the responsibility of the Association and a Common Expense of this Condominium.

(b) Alteration and Improvement. After the completion of the improvements included in the Common Elements contemplated by this Declaration, there shall be no substantial alteration nor further substantial improvement of the real property constituting the Common Elements without prior approval by the owners of not less than two-thirds (2/3) of the units. No such alteration or improvement shall materially interfere with the rights of any unit owner without his consent.

(c) Enlargement. Land or other property interests acquired by the Association may be added to the land or other property interests

submitted to Condominium ownership hereby. This may be done by an amendment to this Declaration that includes the description of the interests in the property being added to the Common Elements, submit same to the Declaration and shall vest title to the property added to the Common Elements in the unit owners as a part of the Common Elements, without naming them and without further conveyance, in the same proportion as the undivided shares in the Common Elements that are appurtenant to the units owned by them. Such enlargement of the Common Elements shall be effective upon the recording in the public records of Bay County, Florida, of a certificate of the Association certifying that the amendment was adopted, which certificate shall be executed by the officers of the Association with the formalities of a deed.

(d) Land Not Incorporated. Any land acquired by the Association that is not incorporated as a part of the Common Elements by amendment of this Declaration, may be sold, mortgaged or otherwise disposed of by the Association with the prior approval of not less than two-thirds (2/3) of the unit owners. This approval shall be evidenced by a certificate stating that the approval was duly given, which certificate shall be executed by the officers of the Association with the formalities of a deed and delivered to a purchaser or mortgagee of such land.

(e) Personal Property. Any personal property acquired by the Association may be sold, mortgaged or otherwise disposed of by appropriate vote of the Board of Directors of the Association without approval of the unit owners.

(3) Limited Common Elements. The Limited Common Elements shall be maintained, repaired and replaced as provided above; further, the party obligated to repair, maintain and replace particular Limited Common Elements shall also have the right to alter or improve them at such party's expense; provided, however, that any such alteration or improvement may not adversely affect the structural integrity of the unit or unit building, and any alteration or improvement which makes any change in the outside appearance of the unit or unit building must be first approved by the Board of Directors of the Association. Except as otherwise provided, the Limited Common Elements may be altered or improved only by the Association at its expense, acting through its Board of Directors, which shall not require the consent of the owners of units to which the Limited Common Elements are appurtenant.

5. ASSESSMENTS. The making and collection of Assessments against unit owners for Common Expenses shall be pursuant to the By-Laws and subject to the following provisions:

A. Share of Common Expenses. Each unit owner shall be liable for a proportionate share of the Common Expenses and shall share in the Common

Surplus, such share being the same as the undivided share in the Common Elements appurtenant to his unit. A unit owner, regardless of how title is acquired, including, without limitation, a purchaser at a judicial sale, shall be liable for all Assessments coming due while he is the owner of a unit. Additionally, a unit owner is jointly and severally liable with the previous owner for all unpaid assessments that came due up to the time of transfer of title. This liability is without prejudice to any right the owner may have to recover from the previous owner the amounts paid by the owner.

B. Non Waiver. The liability for Assessments may not be avoided by waiver of the use or enjoyment of any Common Elements or by abandonment of the unit for which the Assessment is made.

C. Operating Capital. Each purchaser of a unit from the Developer will pay to the Association a sum equal to one quarter's maintenance fee on his unit as a contribution towards operating capital of the Association. The Association may use its accumulated operating capital or other sources of funds for repayment of loan(s) or advances used to fund start up expenses.

D. Interest; Application of Payment. Assessments and installments on such Assessments paid on or before ten (10) days after "the date when due" (as hereafter clarified) shall not bear interest but all sums not paid on or before ten (10) days after the date when due shall bear interest at ten percent per annum, simple interest, from the date when due until paid. All payments upon accounts shall be first applied to any interest accrued by the Association, then to any administrative late fee, then to any costs and reasonable attorneys fees, and then to the delinquent assessment first due. For clarification purposes, the "date when due" shall not be earlier than the date a certificate of occupancy has been issued for a unit by regulatory authority exercising jurisdiction over the completion and occupancy of the unit.

E. Lien for Assessments. The Association shall have a lien on each Condominium Parcel for any unpaid Assessments together with interest thereon, against the owner of such Condominium Parcel. Reasonable attorney's fees incurred by the Association incident to the collection of such Assessment or the enforcement of such lien, shall be payable by the unit owner and secured by such lien. The Association's lien shall also include other use charges and operation costs designated by this Declaration as Common Expenses.

The Association's lien shall be effective from and after the time of recording in the public records of Bay County, Florida, of a claim of lien stating the description of the Condominium Parcel, the name of the record owner, the name and address of the Association, the amount due and the date when due, and the lien shall continue in effect until all sums secured by the lien have been fully paid. The claim of lien shall be signed and acknowledged by an

officer or agent of the Association. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of the lien. All liens of the Association shall be subordinate to the lien of an Institutional Mortgagee recorded prior to the time of recording of the claim of lien.

F. Collection and Foreclosure. The Board of Directors may take such action as they deem necessary to collect Assessments of the Association by personal action or by enforcing and foreclosing the Association's lien, and may settle and compromise same, if in the best interest of the Association. The Association's lien shall be effective as and in the manner provided for by the Condominium Act, and shall have the priorities established by the Act. The Association shall be entitled to bid at any sale held pursuant to a suit to foreclose an Assessment lien, and to apply as a cash credit against its bid, all sums due the Association covered by the lien enforced. In case of such foreclosure, the Association shall be entitled to the appointment of a receiver if the unit is rented.

G. Liability of Mortgagee. The liability of a first mortgagee or its successor or assignees who acquire title to a unit by foreclosure or by deed in lieu of foreclosure for the unpaid Assessments that became due prior to the mortgagee's acquisition of title is limited to the lesser of:

(1) The unit's unpaid Common Expenses and regular periodic Assessments which accrued or came due during the 6 months immediately preceding the acquisition of title and for which payment in full has not been received by the Association; or

(2) One percent of the original mortgage debt. The provisions of this paragraph apply only if the first mortgagee joined the Association as a defendant in the foreclosure action. Joinder of the Association is not required if, on the date the complaint is filed, the Association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the mortgagee.

The person acquiring title shall pay the amount owed to the Association within 30 days after transfer of title. Failure to pay the full amount when due shall entitle the Association to record a claim of lien against the parcel and proceed in the same manner as provided elsewhere for the collection of unpaid Assessments.

Any unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectable from all of the unit owners, including such acquirer of title, whether as a result of foreclosure or by acceptance of a deed in lieu of foreclosure. The new owner by virtue of the acquiring of such title shall forthwith become liable for the payment of the Common Expenses and such other expenses as may be chargeable to the owner of a unit hereunder.

H. Certificate. Any unit owner shall have 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 shall have the same right as to any Condominium Parcel upon which he has a lien. Any person other than the owner who relies upon such certificate shall be protected thereby.

I. Liability for Assessments Prior to Substantial Completion Excused. All Unit Owners are excused from paying assessments for the period of time beginning with the recording of this Declaration until the date of recording of a surveyor's certificate indicating that the improvements are substantially complete.

6. ASSOCIATION. The operation of the Condominium shall be by Tranquil Harbour Owners Association, Inc. a corporation not for profit under the laws of Florida, which shall fulfill its functions pursuant to the following provisions:

A. Articles of Incorporation. A copy of the Articles of Incorporation of the Association is attached and made a part hereof as Exhibit "D".

B. By-Laws. The By-Laws of the Association shall be the By-Laws of the Condominium, a copy of which is attached and made a part hereof as Exhibit "E".

C. Limitation Upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair parts of the Condominium Property, the Association shall not be liable to unit owners for injury or damage, other than the cost of maintenance and repair, caused by any latent conditions of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons. The shares of members in the funds, assets and property rights of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

D. Restraint Upon Assignment of Shares in Assets. The Shares of members in the funds, assets and property rights of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

7. INSURANCE. The insurance other than title insurance that shall be carried on the Condominium Property and the property of the unit owners shall be governed by the following provisions:

A. Authority to Purchase; Named Insured. All insurance policies upon the Condominium Property shall be purchased by the Association. The named insured shall be the Association individually and as agent for the unit owners, without naming them, and as agent for their mortgagees. Provision shall be made for the issuance of mortgagee endorsements and memoranda of insurance to the

mortgagees of unit owners. Such policies shall provide that payments by the insurer for losses shall be made to the Association, or if required by the holder of a first mortgage on one of the units, an insurance trustee designated by the Association, and all policies and their endorsements shall be deposited with the Association or, if applicable, the insurance trustee. Unit owners may obtain coverage at their own expense upon their personal property and for their personal liability and living expense.

B. Coverage.

(1) Casualty. All buildings and improvements upon the land shall be insured in an amount equal to the maximum insurable replacement value except, in the case of flood insurance, the amount shall not be required to exceed the amounts available under the National Flood Insurance Program or its successor, and all personal property included in the Common Elements shall be insured for its value, all as determined annually by the Board of Directors of the Association with such deductible clauses required to obtain coverage at a reasonable cost. Such coverage shall afford protection against:

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

(b) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, including but not limited to vandalism and malicious mischief, windstorm and flooding.

(c) Insurance policies providing casualty coverages pursuant to 7. B.(1)(a) and (b) above shall provide that the word "building" wherever used in the policy shall include, but shall 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, in accordance with the original plans and specifications. With respect to the coverage provided for by this paragraph, the unit owners shall be considered additional insureds under the policy. Further, such policies, when appropriate and possible, shall waive the insurer's right to (1) subrogation against the Association and against the unit owners individually and as a group (2) benefit of the pro rata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurance have issued coverage on the same risk and (3) avoid liability for a loss that is caused by an act of the Board of Directors of the Association or a director or one or more unit owners.

(2) Liability. Public liability in such amounts and with such coverage as shall be required by the Board of Directors of the Association.

(3) Worker's Compensation. Worker's compensation policy, if required to meet the requirements of law.

(4) Other. Such other insurance as the Board of Directors of the Association shall determine from time to time to be desirable.

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense of this Condominium.

D. Insurance Trustees; Share of Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association or to such bank located in the State of Florida with trust powers as may be designated as insurance trustee by the Board of Directors of the Association, which trustee is referred to in this instrument as the "insurance trustee." The insurance trustee shall not be liable for payment of premiums, nor the renewal or the sufficiency of policies, nor for the failure to collect any insurance proceeds. The duty of the insurance trustee, or the Association if no insurance trustee is designated, shall be to receive such proceeds as are paid and to hold the proceeds in trust for the purpose elsewhere stated in this instrument and for the benefit of the unit owners and their mortgagees in the following shares but which shares need not be set forth on the records of the insurance trustee:

(1) Unit Owners. An undivided share for such unit owner; such share being the same as the undivided share in the Common Elements appurtenant to his unit.

(2) Mortgages. In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear; provided, however, except as otherwise provided, no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except distributions of such proceeds made to the unit owner and mortgagee pursuant to the provisions of this Declaration.

E. Distribution of Proceeds. Proceeds of insurance policies received by the Association or the insurance trustee shall be distributed to or for the beneficial owners in the manner herein provided in "8. RECONSTRUCTION OR REPAIR AFTER CASUALTY."

F. Association as Agent. The Association is irrevocably appointed agent for each unit owner and for each owner of a mortgage or other lien upon a unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

8. RECONSTRUCTION OR REPAIR AFTER CASUALTY.

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

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

(2) Unit Building.

(a) Lesser Damage. If the damaged improvement is a unit building and if one-third or less of the units in the unit building are found by the Board of Directors of the Association not to be tenantable, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided herein that the Condominium shall be terminated.

(b) Major Damage. If the damaged improvement is a unit building and if more than one-third of the units in the unit building are found by the Board of Directors not to be tenantable, then the damaged property will not be reconstructed or repaired and the Condominium will be terminated without agreement, unless within sixty (60) days after the casualty seventy-five percent (75%) of the Voting Interests and the mortgagee holding the greatest number of first priority recorded mortgages on the units making up the seventy-five (75%) Voting Interests consents in writing to reconstruction or repair of the Condominium.

(3) Certificate. The insurance trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

B. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached as exhibits; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is the unit building, by the owners of the units, which approval shall not be unreasonably withheld.

C. Responsibility. If the damage is not the result of a casualty for which the Association has secured insurance coverage and is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

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

E. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair by the Association, or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, assessment shall be made against all unit owners in sufficient amounts to provide funds for the payment of such costs. This Special Assessment, when limited in purpose to the payment of costs of reconstruction and repair, may be made by the Board of Directors, without approval of the unit owners or their mortgagees, upon a 2/3's vote of the directors, a quorum being present. Such Assessments shall be in proportion to the owner's share in the Common Elements.

F. Construction Funds. The funds for payment of the costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the Association or the insurance trustee and funds collected by the Association from Assessments against unit owners shall be disbursed in payment of the costs in the following manner:

(1) Association. If the total Assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Association is more than Ten Thousand Dollars (\$10,000.00), then the sums paid upon such Assessments shall be deposited by the Association with the insurance trustee if one has been designated. In all other cases, the Association shall hold the sums paid upon such Assessments and disburse them in payment of the costs of reconstruction and repair.

(2) Construction Fund. The proceeds of insurance collected on account of a casualty, and the proceeds from collections of Assessments against unit owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) Association Lesser Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than Ten Thousand Dollars (\$10,000.00), then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request of a mortgagee that is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such funds shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(b) Association Major Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is more than Ten Thousand Dollars (\$10,000.00), then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association upon approval by an architect qualified to practice in Florida and employed by the Association to supervise the work.

(c) Unit Owner. Notwithstanding whether the construction fund remains in the possession of an insurance trustee or the Association Board of Directors, no unit owner shall be entitled to possession of said funds, or any part thereof, for the purpose of effecting his or her own unit repairs so long as the insurance trustee or Association Board of Directors undertakes to effect said repairs and replace the damaged Condominium Property, including Common Elements and Units, with property of like kind and quality to that which existed prior to the casualty for which said proceeds were received. Neither the Association nor the insurance trustee shall be under any obligation to expend any part of the construction funds received for casualty claims arising under insurance policies purchased by the Association as designated in any adjustment report for said claim or casualty, so long as the Association undertakes to effect repairs to provide the unit owners with Condominium Property, including Common Elements and Units, of like kind and quality to that which existed prior to the casualty for which said proceeds were received.

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

(e) Certificate. Notwithstanding the provisions of this instrument, the insurance trustee shall not be required to determine whether or not sums paid by the unit owners upon Assessments shall be deposited by the Association with the insurance trustee, nor to determine whether the disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. Instead, the insurance trustee may rely upon a certificate of the Association made by its president and secretary as to any or all, of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is required in this instrument to be named as payee, the insurance trustee shall also name the mortgagee as a payee of any distribution

of insurance proceeds to a unit owner; and further provided that when the Association, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund so requires, the approval of an architect named by the Association shall be obtained prior to disbursements in payment of costs of reconstruction and repair.

9. USE RESTRICTIONS. The use of the Condominium Property shall be in accordance with the following provisions as long as the Condominium exists and the Common Elements in useful condition exist on the Land. Neither the Association nor any Unit Owner shall use any of the Condominium Property for commercial purposes, except as permitted below.

A. Units. Each of the Units may be used for residential purposes only. Minimum rental periods for units may be imposed by a 60% vote of Voting Interests present at a duly called meeting of the Owners where a quorum is present. Only entire Units may be rented. Limited Common Element storage space appurtenant to a Unit may be transferred, leased or rented, subject to the limitation that no Unit may have more than one (1) Limited Common Element storage space by way of appurtenance or under any lease or rental arrangement. Boat slips may be transferred, leased or rented, subject to the limitation that no Unit may have more than two (2) boat slips by way of purchase, or under any lease or rental arrangement.

B. Common Elements. The Common Elements shall be used only for the purpose for which they are intended in the furnishing of services and facilities for the enjoyment of the Units; no Common Elements shall be used for commercial purposes. Communications facilities, such as but not necessarily limited to cellular radio &/or telephone facilities, as may be approved by the Board of Directors, may be installed and operated in and on the Common Elements; and the Association may place vending machines on the Common Elements for the convenience of Unit Owners as determined from time to time to be appropriate in the sole discretion of the Association Board of Directors.

C. Nuisances. No nuisances shall be allowed 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 Condominium 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 make any use of the Common Elements that will increase the cost of insurance upon the Condominium Property.

D. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property nor any part of it and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction

shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modifications or repair of the Condominium Property shall be the same as the responsibility for the maintenance and repair of the property concerned.

E. Regulations. Reasonable regulations concerning the use of the Condominium Property may be made and amended from time to time by the Association in the manner provided by its Articles of Incorporation and By-Laws. Copies of such regulations and amendments shall be furnished by the Association to all unit owners and residents of the Condominium upon request.

F. Proviso. Provided, however, that until Developer has completed all of the contemplated improvements and closed the sales of all developer-owned units included within the condominium, neither any unit owner nor the Association nor the use of the Condominium shall interfere with the completion of the contemplated improvements and the sale of the units. Further, until such time as the Developer completes and sells all of the Units in the Condominium the Developer reserves the right to prohibit access to any portion of the Common Elements or uncompleted Units, to any of the occupants of the Condominium, and to utilize various portions of the Common Elements or the Units in connection with such construction and development. Also, the Developer may make such use of unsold developer-owned units and Common Elements as may facilitate completion and sale of Units, including but not limited to the maintenance of a sales office, the showing of any units, and the lighting and display of signs and rental of unsold units, provided that the cost of such lighting is paid for by the Developer. The sales office, the furniture and furnishings in all model units, signs and all items pertaining to sales shall not be Common Elements and shall remain the property of the Developer. The Developer shall have the absolute right to rent or lease unsold developer-owned Condominium units subject to any duly adopted requirements imposed by the Association and which are applicable to all other owners and units.

10. NOTIFICATION OF TRANSFER OF INTEREST. The transfer of fee ownership or other interest in units in the Condominium by sale, lease, gift, devise, inheritance, foreclosure or other method, shall not be subject to the prior approval of the Association; however, both the transferor and the transferee shall notify the Association of the transfer unless same is a lease or rental for a term of less than one (1) month, within ten (10) days of the date of the transfer, together with such other information concerning the transferee as the Association may reasonably require.

11. COMPLIANCE AND DEFAULT. Each unit owner shall be governed by and shall comply with the terms of the Declaration of Condominium, Articles of Incorporation and By-Laws and regulations adopted pursuant to those documents,

and all of such as they may be amended from time to time. Failure of a unit owner to comply with such documents and regulations shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Act:

A. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association.

B. Fines. The Association may levy fines in the manner provided in the Bylaws.

C. Costs and Attorney's Fees. In any proceeding arising because of an alleged failure of a unit owner or the Association to comply with the terms of the Declaration, Articles of Incorporation of the Association, the By-Laws or the regulations adopted pursuant to them, and the documents and regulations as they may be amended from time to time, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be awarded by the Court.

D. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction or other provision of the Condominium Act, this Declaration, the Articles of Incorporation of the Association, or the By-Laws shall not constitute a waiver of the right to do so thereafter.

12. SPECIFIC RIGHTS OF INSTITUTIONAL MORTGAGEES. In addition to the rights and privileges expressly granted to the mortgagees of Condominium units in other Articles of this Declaration of Condominium, each and every Institutional Mortgagee shall have the following rights and entitlements:

A. Upon written request to the Association, the Association shall make available to Institutional Mortgagees current copies of the Declaration of Condominium and its Exhibits including but not necessarily limited to the By-Laws and rules of the Association, and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances.

B. An Institutional Mortgagee shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year of the Association.

C. The liability of a first mortgagee for assessments shall be limited as elsewhere provided herein. Provided, nevertheless, no mortgagee, whether an Institutional Mortgagee or otherwise, acquiring title to a Condominium Parcel as a result of foreclosure, or a deed in lieu of foreclosure, shall be,

during the period of its ownership of such parcel, whether or not such parcel is unoccupied, excused from the payment of some or all of the Common Expenses coming due during the period of such ownership.

D. Upon written request to the Association identifying the name and address of the Institutional Mortgagee, such Institutional Mortgagee will be entitled to timely written notice of the following:

(1) Any condemnation, loss or other casualty loss which affects a material portion of the Condominium or any unit which is encumbered by a mortgage held by the Institutional Mortgagee;

(2) Any delinquency in the payment of Assessments or Common Expenses owed by an owner of a unit subject to a mortgage held by an Institutional Mortgagee, which remains uncured for a period of sixty (60) days;

(3) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(4) Any proposed action which would require the consent of a specified percentage of mortgage holders.

13. AMENDMENTS. Except as elsewhere provided otherwise, this Declaration of Condominium may be amended in the following manner:

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

B. Adoption. A resolution for the adoption of a proposed amendment may be proposed by either the Board of Directors of the Association or by the members of the Association, at a meeting called for this purpose. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approval must be either by:

(1) Approval by the owners of two-thirds (2/3) of the Units;

or

(2) Until the first election of Directors, only by 2/3's of the Directors, provided the amendment does not increase the number of Units nor alter the boundaries of the Common Elements.

(3) If there is an omission or error in this Declaration of Condominium, or in other documents required by law to establish the Condominium, the Association may correct the error or omission by an amendment to the Declaration, or the other documents required to create a condominium, and such Amendment need only be approved by a majority of Directors when proposed by directors or a majority of the Voting Interests when proposed by members of the Association. This procedure for amendment cannot be used if such an amendment

would materially or adversely affect property rights of Unit owners, unless the affected Unit owners consent in writing. This subsection does not restrict the powers of the Association to otherwise amend the Declaration, or other documentation, but authorizes a simple process of amendment requiring a lesser vote for the purpose of curing defects, errors, or omissions when the property rights of Unit owners are not materially or adversely affected.

(4) In addition to any other method of amending this Declaration provided for elsewhere herein, Developer reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering Unit ownerships, (iii) to bring this Declaration into compliance with the Florida Condominium Act, (iv) to correct clerical or typographical errors in this Declaration or any Exhibit hereto or any amendment thereto; or (v) to make any other change in this Declaration or any Exhibit hereto or any amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer to make or consent to a Special Amendment on behalf of each owner, mortgagee or other lienholder. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power of the Developer to make, execute and record Special Amendments. The reserved rights of the Developer under this Article shall expire when all obligations or liabilities of the Developer in any way arising in connection with the Condominium have been satisfied, terminated, settled or have expired. The Special Amendment reflecting such changes need only be executed by the Developer.

C. Form of Amendment. No provision to 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." Nonmaterial errors or omissions in the amendment process shall not invalidate an otherwise properly promulgated amendment.

D. Proviso. Provided, however, no amendment shall change the configuration or size of any unit in any material fashion, materially alter or modify the appurtenances to the unit, or change the proportion or percentage by which the unit owner shares the Common Expenses of the condominium and owns the Common Surplus of the condominium, unless the record owner of the unit concerned and all record owners of mortgages on such unit shall join in the execution of the amendment and unless at least a majority of the record owners of all other units approve the amendment. Notwithstanding anything hereinabove provided with respect to amendments, no timeshare estates shall be allowed in this Condominium unless an amendment so providing has been approved by all unit owners and all record owners of liens on each unit join in the execution of such amendment.

E. Execution and Recording. A copy of each amendment shall be attached to or incorporated in a certificate certifying that the amendment was adopted, which certificate shall be executed by the officers of the Association with the formalities of a deed. The amendment shall be effective when such certificate is recorded in the public records of Bay County, Florida.

14. TERMINATION. In addition to the manner provided by the Condominium Act, the Condominium

A. will be terminated without agreement if it is determined in the manner elsewhere provided in this Declaration that the condominium building shall not be reconstructed or repaired because of major damage; such termination will be effective upon the recording in the public records where the Condominium is located a resolution of the Board of Directors reciting that the Condominium is terminated because of major damage, as provided herein; and

B. may be terminated for any reason by agreement of seventy-five percent (75%) of all Voting Interests in the condominium and the consent of the mortgagee holding the greatest number of first priority recorded mortgages on the units making up such 75% Voting Interests; such termination shall become effective when an instrument executed or joined in by the 75% Voting Interests and the consenting mortgagee in the manner required for the conveyance of land in Florida evidencing the termination has been recorded in the public records of the county where the Condominium is located.

C. Upon termination becoming effective by reason of either (a) or (b) above, unit owners shall be tenants in common as to ownership of the real property herein described and any improvements thereon. The Association shall

endeavor to sell the Condominium Property, and any Association Property it then holds and wind up its affairs, and shall have authority to enter into a contract for sale of same, upon the condition that it hold the proceeds of sale in trust for the benefit of the unit owners and mortgagees, as their interests may appear. In furtherance of the foregoing, all unit owners and their mortgagees, their successors and assigns, by accepting the deed or mortgage affecting their unit, are deemed to have appointed the Association its attorney-in-fact for the purpose of entering into such contracts, executing deeds as to all units in conformance with the terms and provisions of such contract for sale and executing any and all other closing documents necessary and useful in the closing of such transaction, including but not limited to bills of sale, curative instruments, affidavits and closing statements. This power is coupled with an interest and is irrevocable. After providing for all necessary costs and expenses, including court costs and reasonable attorneys fees in the event of litigation necessary to complete the termination and sale, the unit owners and their mortgagees shall have an undivided interest in the accumulated proceeds of sale and in any common surplus of the Condominium in accordance with the percentages of ownership in the Common Elements set forth in this Declaration. The Association shall continue its existence and operation until its assets are liquidated and affairs are wound up. Thereupon, membership in the Association by each unit owner shall terminate.

D. The termination of the Condominium does not bar the creation of another condominium affecting all or any portion of the property described herein.

E. Prior to the Board of Directors taking any action looking towards termination of the Condominium, the Board shall comply with the notice provisions contained in 718.117 (1), Florida Statutes, as same may be amended from time to time, and after such termination shall also comply with the notice provisions regarding providing notice of the recording of the document evidencing such termination.

15. CONDEMNATION. The Association shall represent the unit owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of any part of the Common Elements. In the event of a taking or acquisition of part or all of the Common Elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association for the use and benefit of the unit owners and their mortgagees as their interest may appear.

16. SEVERABILITY. The invalidity in whole or in part of any covenant or restriction, or any section, subsection, sentence, clause, phrase or word, or other provision in this Declaration of Condominium or the exhibits thereto including the Articles of Incorporation, By-Laws and regulations of the Association shall not affect the validity of the remaining portions.

IN WITNESS WHEREOF, the Developer has executed this Declaration the day and year first above written.

Signed, Sealed and Delivered
in the presence of:

Tranquil Harbour Development, LLC
a Florida limited liability company
By Its: Managing Member
Cape San Blas Development, Inc.
a Florida corporation

Elizabeth Lewis
Signature of Witness

Elizabeth Lewis
Print Name of Witness

Timothy Dodson
By: Timothy Dodson
As: President

Jo Fauchey
Signature of Witness

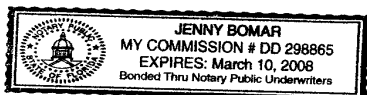
Jo Fauchey
Print Name of Witness

STATE OF Florida
COUNTY OF Bay

The foregoing instrument was acknowledged before me this 11th day of April, 2007, by Timothy Dodson, in his capacity as noted above, and who is personally known to me or produced _____ As identification.

(Notary Seal)

Jenny Bomar
Notary Public



THIS INSTRUMENT PREPARED BY:
DOUGLAS L. SMITH, ESQ.
BURKE BLUE HUTCHISON WALTERS & SMITH P.A.
221 MCKENZIE AVENUE
PANAMA CITY, FLORIDA 32401

EXHIBIT A TO THE DECLARATION OF
TRANQUIL HARBOUR, A Condominium

LEGAL

Note: The legal description will be also shown on the boundary survey attached, subject to tolerances due to construction and for encroachments of any kind, which are considered non-material adjustments.

PARCEL I:

LOT 1, 2, 3, 4, 5, 7, AND 8, IN BLOCK 1, OF UNIT NO. 6, MEXICO BEACH SUBDIVISION, ACCORDING TO THE PLAT THEREOF, AS RECORDED IN PLAT BOOK 7, AT PAGE 75, OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA LESS THAT PORTION OF LOT 2, BLOCK 1, DEEDED TO THE CITY OF MEXICO BEACH FL. IN OFFICIAL RECORDS BOOK 1341, PAGE 1308, OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA.

PARCEL II:

A 5 FOOT WIDE BY 133.0 FOOT LONG PARCEL OF PROPERTY ON THE SOUTHEAST EDGE OF THE 25 FOOT WIDE STREET KNOWN AS 37TH STREET NORTH, ALSO KNOWN AS: COMMENCING AT THE SOUTHEAST CORNER OF THE NORTHWEST QUARTER OF SECTION 23, TOWNSHIP 6 SOUTH, RANGE 12 WEST, BAY COUNTY, FLORIDA AND RUN NORTH 1750.30 FEET; THENCE WEST 2049.50 FEET; THENCE SOUTH 60 DEGREES 22 MINUTES 00 SECONDS WEST, 361.30 FEET; THENCE SOUTH 33 DEGREES 52 MINUTES 00 SECONDS WEST, 219.00 FEET; THENCE NORTH 56 DEGREES 08 MINUTES 00 SECONDS WEST, 620.00 FEET TO THE SOUTHWESTERLY CORNER OF LOT 3, BLOCK 1, MEXICO BEACH UNIT NO. 6, AS RECORDED IN PLAT BOOK 7, PAGE 75 OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA, AND THE POINT OF BEGINNING; THENCE CONTINUE NORTH 56 DEGREES 08 MINUTES 00 SECONDS WEST, 5.00 FEET; THENCE NORTH 33 DEGREES 52 MINUTES 00 SECONDS EAST, 133.00 FEET; THENCE SOUTH 56 DEGREES 08 MINUTES 00 SECONDS EAST, 5.00 FEET TO THE WESTERLY LINE OF AFORESAID LOT 3, BLOCK 1; THENCE SOUTH 33 DEGREES 52 MINUTES 00 SECONDS WEST ALONG THE WESTERLY LINE OF SAID LOT 3, BLOCK 1, 133.00 FEET TO THE POINT OF BEGINNING.

LESS AND EXCEPT THE ASSOCIATION PROPERTY MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL "A"

COMMENCING AT THE SOUTHWESTERLY (ALSO MOST WESTERLY CORNER) OF LOT 1, BLOCK "1", MEXICO BEACH UNIT 6 AS PER PLAT THEREOF RECORDED IN PLAT BOOK 7, PAGE 75 OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA AND RUN THENCE NORTH 33 DEGREES 54 MINUTES 42 SECONDS EAST, FOR A DISTANCE OF 89.00 FEET ALONG THE NORTHERLY BOUNDARY OF SAID LOT 1, TO THE POINT OF BEGINNING; THENCE NORTH 33 DEGREES 54 MINUTES 42 SECONDS EAST, FOR A DISTANCE OF 1.02 FEET; THENCE SOUTH 68 DEGREES 30 MINUTES 00 SECONDS EAST, FOR A DISTANCE OF 175.11 FEET; THENCE SOUTH 33 DEGREES 57 MINUTES 16 SECONDS WEST, FOR A DISTANCE OF 23.92 FEET; THENCE NORTH 57 DEGREES 11 MINUTES 37 SECONDS WEST, FOR A DISTANCE OF 114.02 FEET; THENCE NORTH 68 DEGREES 30 MINUTES 00 SECONDS WEST, FOR A DISTANCE OF 58.36 FEET TO THE POINT OF BEGINNING.
CONTAINING 1,480.48 SQUARE FEET OR 0.03 ACRES, MORE OR LESS.

PARCEL "B"

COMMENCING AT THE SOUTHEASTERLY (ALSO MOST EASTERLY CORNER) OF LOT 8, BLOCK "1", MEXICO BEACH UNIT 6 AS PER PLAT THEREOF RECORDED IN PLAT BOOK 7, PAGE 75 OF THE PUBLIC RECORDS OF BAY COUNTY, FLORIDA; THENCE NORTH 65 DEGREES 38 MINUTES 37 SECONDS WEST, ALONG THE NORTHEASTERLY BOUNDARY LINE OF SAID LOT 8 FOR A DISTANCE OF 108.95 FEET TO THE POINT OF BEGINNING; THENCE SOUTH 21 DEGREES 08 MINUTES 20 SECONDS WEST, FOR A DISTANCE OF 83.94 FEET; THENCE SOUTH 33 DEGREES 52 MINUTES 00 SECONDS WEST, FOR A DISTANCE OF 48.83 FEET; THENCE NORTH 74 DEGREES 35 MINUTES 00 SECONDS WEST, FOR A DISTANCE OF 23.97 FEET; THENCE SOUTH 26 DEGREES 51 MINUTES 19 SECONDS WEST, FOR A DISTANCE OF 52.91 FEET; THENCE SOUTH 72 DEGREES 35 MINUTES 17 SECONDS WEST, FOR A DISTANCE OF 21.37 FEET; THENCE NORTH 60 DEGREES 29 MINUTES 32 SECONDS WEST, FOR A DISTANCE OF 28.13 FEET; THENCE NORTH 53 DEGREES 41 MINUTES 29 SECONDS WEST, FOR A DISTANCE OF 32.58 FEET; THENCE NORTH 56 DEGREES 03 MINUTES 27 SECONDS WEST, FOR A DISTANCE OF 45.95 FEET; THENCE NORTH 33 DEGREES 52 MINUTES 00 SECONDS EAST, FOR A DISTANCE OF 33.08 FEET; THENCE SOUTH 74 DEGREES 35 MINUTES 00 SECONDS EAST, FOR A DISTANCE OF 142.52 FEET; THENCE NORTH 33 DEGREES 52 MINUTES 00 SECONDS EAST, FOR A DISTANCE OF 48.00 FEET; THENCE NORTH 21 DEGREES 08 MINUTES 20 SECONDS EAST, FOR A DISTANCE OF 83.83 FEET; THENCE SOUTH 68 DEGREES 51 MINUTES 40 SECONDS EAST, FOR A DISTANCE OF 1.00 FEET TO THE POINT OF BEGINNING.
CONTAINING 6,254.15 SQUARE FEET OR 0.14 ACRES, MORE OR LESS.

Note: It is anticipated that the legal description will be amended to add Lot 6 and to delete a portion of Lot 8, in Block 1 of Unit No. 6, Mexico Beach Subdivision, according to the Plat thereof, as recorded in Plat Book 7, at page 75, of the public records of Bay County, Florida.

EXHIBIT B TO THE DECLARATION OF
Tranquil Harbour, A Condominium

NOTE: The construction of the condominium is not substantially complete at this time. This Declaration is being recorded as authorized under Section 718.104 (e), Florida Statutes. When the construction of the condominium is substantially completed, the Declaration of Condominium of Tranquil Harbour, a Condominium shall be amended by the Developer to include a survey and a certificate in accordance with Section 718.104(4)(e), Florida Statutes.

EXHIBIT C TO THE DECLARATION OF
Tranquil Harbour, A Condominium

Note: The construction of the condominium is not substantially complete at this time. This Declaration is being recorded as authorized under Section 718.104(e), Florida Statutes. When the construction of the condominium is substantially completed, the Declaration of Condominium of Tranquil Harbour, a Condominium, shall be amended by the Developer to include a survey and a certificate in accordance with Section 718.104(4)(e), Florida Statutes.

In the amendment to the Declaration, contemplated above, the survey will take the place of both Exhibit B and this Exhibit C.

EXHIBIT D TO THE DECLARATION OF
TRANQUIL HARBOUR, A Condominium
Articles of Incorporation of
Tranquil Harbour Owners Association, Inc.

850-205-0381

3/23/2007 10:26

PAGE 001/002

Florida Dept of State



I certify from the records of this office that TRANQUIL HARBOUR OWNERS ASSOCIATION, INC. is a corporation organized under the laws of the State of Florida, filed on March 22, 2007.

The document number of this corporation is N07000003024.

I further certify that said corporation has paid all fees due this office through December 31, 2007, and its status is active.

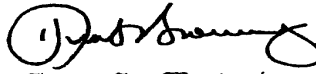
I further certify that said corporation has not filed Articles of Dissolution.

I further certify that this is an electronically transmitted certificate authorized by section 15.16, Florida Statutes, and authenticated by the code, 907A00020090-032307-N07000003024-1/1, noted below.

Authentication Code: 907A00020090-032307-N07000003024-1/1

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this the
Twenty-third day of March, 2007




Kurt S. Browning
Secretary of State

H07000075851 3

ARTICLES OF INCORPORATION
OF
TRANQUIL HARBOUR OWNERS ASSOCIATION, INC.

The undersigned, by these Articles associate themselves for the purpose of forming a corporation not for profit under Chapter 617, Florida Statutes, and certify as follows:

ARTICLE I

NAME. The name of the corporation shall be "Tranquil Harbour Owners Association, Inc." (the "Association") and the street address of its initial principal office is 2135 River Cliff Drive, Roswell, Georgia 30076.

ARTICLE II

PURPOSE. The purpose for which the Association is organized is to provide an entity pursuant to the Condominium Act, which is Chapter 718, Florida Statutes, 2006, for the operation, management, maintenance and control of the Condominium being developed by Tranquil Harbour Development, LLC, a Florida limited liability company, its successors and assigns, the "Developer". The Association shall make no distribution of income to its members, directors or officers.

ARTICLE III

POWERS. The powers of the Association shall include and be governed by the following provisions:

(A) The Association shall have all the common law and statutory powers of a corporation not for profit under chapter 617, Florida Statutes, and all of the statutory powers of a corporation under chapter 607, Florida Statutes (where permitted as to a corporation not for profit), to the extent not in conflict with the terms of these Articles or the declaration of condominium of the Condominium.

(B) The Association shall have all the powers and duties set forth in these Articles and the declaration of condominium of the Condominium and in the Condominium Act except where the Act allows limitations by these Articles or the declaration of condominium of the Condominium and all of the powers and duties reasonably necessary to operate condominiums pursuant to the declaration of condominium of the Condominium and as it may be amended from time to time, including but not limited to the following:

(1) To hold title to and own fee simple or other lesser interest in real, personal or mixed property, wherever situated, including units in the Condominium, and to lease, mortgage and convey same.

(2) To make and collect assessments against the members as unit owners to defray the costs, expenses and losses of the Condominium and to defray the costs, expenses and losses of any other business, enterprise, venture or property interest of the Association.

Prepared by:
Douglas L. Smith, Esq.
Fla Bar No.: 0816140
Burke Blue Hutchison Walters & Smith, P.A.
221 McKenzie Avenue
Panama City, FL 32401
phone: 850-769-1414
matter: T364-20082

Articles - 1

H07000075851 3

H07000075851 3

(3) To use the proceeds of the assessments in the exercise of these powers and duties.

(4) To maintain, repair, replace and operate the property of the Condominium or any other property of the Association, including, but not limited to, any portions of the Stormwater Management System serving the condominium as exempted or permitted by applicable regulatory authority that may become part of the Common Elements or property of the Association.

(5) To purchase insurance upon the property of the Condominium, the other property of the Association and insurance for the protection of the Association and its members.

(6) To reconstruct improvements after casualty and to further improve the property of the Condominium or any other property of the Association.

(7) To make and amend reasonable regulations respecting the use of the property of the Condominium or the other property of the Association.

(8) To enforce by legal means the provisions of the Condominium Act, the declaration of condominium of the Condominium, these Articles, the By-Laws of the Association and regulations for the use of the property of the Condominium or the other property of the Association.

(9) To contract for the management of the Association, the Condominium or any portion thereof, and to delegate to such contractor all powers and duties of the Association except such as are specifically required by the declaration of condominium of the Condominium to have approval of the Board of Directors or the membership of the Association.

(10) To contract with the Developer, its successors and assigns, and any of the partners of the Developer, their officers, directors, partners or shareholders.

(11) To acquire fee simple title to, to lease, acquire memberships or acquire other possessory or use interest in and to operate lands and facilities, whether or not contiguous to the lands of the Condominium intended to provide for the enjoyment, recreation or other use or benefit of the members, or a substantial number of the members, of the Association.

(13) To employ personnel to perform the services required for the proper operation, management, maintenance or control of the Association, the Condominium or any other property of the Association.

(14) To hire attorneys or other professionals for the purpose of bringing legal action or enforcing rights in the name of and on behalf of the members of the Association where such actions or rights are common to all members, or a substantial number of the members; and to bring such action in the name of and on behalf of the members.

(15) To maintain and improve the boardwalk and boat slips.

(C) All funds and the title of all properties acquired by the Association and their proceeds shall be held in trust for the members in accordance with the provisions of the declaration of condominium of the Condominium and by the By-Laws of the Association.

Articles - 2

H07000075851 3

H07000075851 3

ARTICLE IVMEMBERS.

(A) The members of the Association shall consist of all of the record owners of units in the Condominium and after termination of the Condominium, shall consist of those who are members at the time of such termination and their successors and assigns.

(B) A change of membership in the Association shall be established by recording in the public records of Bay County, Florida, a deed or other instrument establishing a record title to a unit in the Condominium and the delivery to the Association of a certified copy of such instrument. The owner designated by such instrument thus becomes a member of the Association and the membership of the prior owner is terminated.

(C) The share of a member in the funds or assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

(D) The owner of each unit the Condominium shall be entitled to at least one (1) vote as a member of the Association. The manner of exercising voting rights shall be determined by the By-Laws of the Association.

ARTICLE VDIRECTORS.

(A) The affairs of the Association will be managed by a Board consisting of not less than three (3) nor more than five (5) directors who shall be designated or elected as hereinafter set forth. Directors need not be members of the Association.

(B) The names and addresses of the members of the first Board of Directors who have been designated as such by the Developer and who shall hold office until their successors are designated or elected as herein provided and have qualified or until removed as herein provided are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Timothy Dodson	2135 River Cliff Drive Roswell, Georgia 30076
David Connart	1234 Airport RD., Suite 121 Destin, Florida 32541
Pamela Dodson	2135 River Cliff Drive Roswell, Georgia 30076

The Developer shall have the right to designate the members of the Board of Directors for so long as the law will permit it to do so. This right includes the right by the Developer, in its sole discretion, to change or remove, from time to time, directors it has designated and the right to fill vacancies on the Board of Directors, as to those directors it is allowed by law to designate. Unit Owners, other than the Developer, shall have the right to elect such directors at such time and in such manner as the law requires.

Articles - 3

H07000075851 3

H07000075851 3

(C) Until unit owners other than the Developer are entitled to elect at least a majority of the Board of Directors, the Board of Directors shall consist of three (3) members. The first election of Directors shall not be held until required by the Condominium Act, including Section 718.301(1)(a)-(e) thereof, or until the Developer elects to terminate its control of the Association. The provisions of Section 718.301 (1) (a)-(e) are set forth in Article (D) below.

(D) Section 718.301(1)(a-e) of the Condominium Act provides as follows:

"718.301 Transfer of association control.-

- (1) When unit owners other than the developer own 15 percent or more of the units in a condominium that will be operated ultimately by an association, the unit owners other than the developer shall be entitled to elect no less than one-third of the members of the board of administration of the association. Unit owners other than the developer are entitled to elect not less than a majority of the members of the board of administration of an association:
- (a) Three years after 50 percent of the units that will be operated ultimately by the association have been conveyed to purchasers;
 - (b) Three months after 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;
 - (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
 - (e) Seven years after recordation of the declaration of condominium; or, in the case of an association which may ultimately operate more than one condominium, 7 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 §718.403, 7 years after recordation of the declaration creating the initial phase, whichever occurs first. The developer is entitled to elect at least one member of the board of administration of an association as long as the developer holds for sale in the ordinary course of business at least 5 percent, in condominiums with fewer than 500 units, and 2 percent, in condominiums with more than 500 units, of the units in a condominium operated by the association. Following the time the developer relinquishes control of the association, the developer may exercise the right to vote any

Articles - 4

H07000075851 3

H07000075851 3

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 members of the board of administration."

(E) Beginning with the election at which unit owners other than the Developer are entitled to elect at least a majority of the Board of Directors, the affairs of the Association will be managed by a Board consisting of five (5) directors. After unit owners other than the Developer are entitled to elect a majority of the members of the Board of Directors, directors of the Association shall be elected at the annual meeting of the members in the manner determined by the By-Laws. Directors may be removed and vacancies on the Board of Directors shall be filled in the manner provided by the By-Laws.

ARTICLE VI

OFFICERS. The affairs of the Association shall be administered by the officers designated in the By-Laws. The officers shall be elected by the Board of Directors at its first meeting following the annual meeting of the members of the Association and shall serve at the pleasure of the Board of Directors. The names and addresses of the officers who shall until serve their successors are designated by the Board of Directors are as follows:

<u>NAME</u>	<u>ADDRESS</u>
Timothy Dodson (President)	2135 River Cliff Drive Roswell, Georgia 30076
David Connart (Vice President)	1234 Airport RD., Suite 121 Destin, Florida 32541
Pamela Dodson (Secretary/Treasurer)	2135 River Cliff Drive Roswell, Georgia 30076

ARTICLE VII

INDEMNIFICATION. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement of any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a director or officer of the Association, whether or not he is a director or officer at the time such expenses are incurred, except when the director or officer is adjudged guilty of willful misfeasance in the performance of his duties. The foregoing right of indemnification shall be in addition to and not exclusive of all of the rights to which such director or officer may be entitled. The directors shall be authorized to purchase directors and officers liability insurance providing coverage to the officers and directors of the Association at the expense of the Association.

ARTICLE VIII

BY-LAWS. The first By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided by the By-Laws.

Articles - 5

H07000075851 3

H07000075851 3

ARTICLE IX

AMENDMENTS. Amendments to the Articles of Incorporation shall be proposed and adopted in the following manner:

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

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

(1) Not less than two-thirds (2/3) of the voting interests of the entire membership of the Association, or

(2) Until the transfer of control from the Developer to unit owners other than the Developer, by two-thirds (2/3) of the directors.

(C) Provided, however, that no amendment shall make any changes in the qualifications for membership nor the voting rights of members without approval in writing by all members and the joinder of all record owners of mortgages upon the Condominium.

(D) Provided, further, that no amendment shall abridge, limit or alter the rights reserved by or granted to the Developer, its successors or assigns, or any successor developer, by these Articles or By-Laws without the prior written consent of the Developer, its successors or assigns, or a successor developer.

(E) A copy of each amendment shall be certified by the Secretary of State and recorded in the public records of Bay County, Florida.

ARTICLE X

TERM. The term of the Association shall be perpetual.

ARTICLE XI

SUBSCRIBERS. The name and address of the subscriber to these Articles of Incorporation is as follows:

NAME

Timothy Dodson

ADDRESS

2135 River Cliff Drive
Roswell, Georgia 30076

Articles - 6

H07000075851 3

H07000075851 3

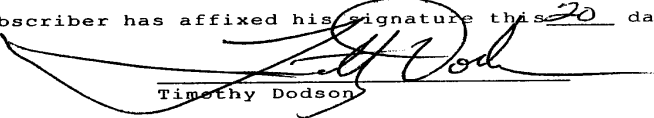
ARTICLE XII

APPOINTMENT OF REGISTERED AGENT AND OFFICE. Douglas L. Smith, Esq. is hereby appointed to serve as Registered Agent of the Association. The street and mailing address of the Registered Office of the Registered Agent is 221 McKenzie Avenue, Panama City, Florida.

ARTICLE XIII

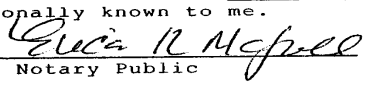
DISPOSITION OF ASSETS UPON DISSOLUTION. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency or utility or to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association.

I WITNESS WHEREOF, the subscriber has affixed his signature this 20 day of March, 2007.


Timothy Dodson

STATE OF Georgia
COUNTY OF Gwinnett

The foregoing instrument was acknowledged before me this 20 day of March, 2007, by Timothy Dodson who is personally known to me.


Notary Public

(Notary Seal)



Articles - 7

H07000075851 3

H07000075851 3

CERTIFICATE OF DESIGNATION OF
REGISTERED AGENT/REGISTERED OFFICE

PURSUANT TO THE PROVISIONS OF SECTION 607.0501, FLORIDA STATUTES, THE UNDERSIGNED CORPORATION, ORGANIZED UNDER THE LAWS OF THE STATE OF FLORIDA, SUBMITS THE FOLLOWING STATEMENT IN DESIGNATING THE REGISTERED OFFICE/REGISTERED AGENT, IN THE STATE OF FLORIDA.

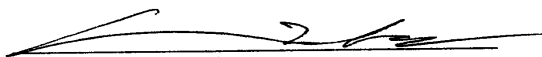
1. The name of the company is:

Tranquil Harbour Owners Association, Inc.

2. The name and address of the registered agent and office is:

Douglas L. Smith, Esq.
221 McKenzie Avenue
Panama City, Florida 32401

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.


(Signature)

3/22/07
(Date)

Articles - 8

H07000075851 3

EXHIBIT E TO THE DECLARATION OF CONDOMINIUM OF
TRANQUIL HARBOUR, A Condominium

By-Laws of Tranquil Harbour Owners Association, Inc.

BY-LAWS

OF

TRANQUIL HARBOUR OWNERS ASSOCIATION, INC.

a corporation not-for-profit
under the laws of the State of Florida

1. Purpose. These are the By-Laws of Tranquil Harbour Owners Association, Inc., a corporation not-for-profit under the laws of the State of Florida (the "Association"). The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of Tranquil Harbour, a Condominium, and with regard to such condominium, the legal entity created pursuant to Chapter 718, Florida Statutes, 2006 (the "Condominium Act").

2. Offices. The initial office of the Association shall be at a location designated by the Association Board of Directors.

3. Fiscal Year. The fiscal year of the Association shall be the calendar year; provided, however, the initial budget of the Association may run for a period that coincides with the beginning of the Association's fiscal activity, the exact timing of which can only be estimated in advance, and ends December 31 of the same year. For subsequent years, the Association budget will run from January 1 through December 31.

4. Seal. The seal of the corporation shall bear the name of the Association, the word "Florida" and the words "corporation not-for-profit," and the year of incorporation, "2007" an impression of which is as follows:

5. Members Meetings. The annual Members meeting shall be held each year at the office of the corporation on a date during the months of September, October, November, or December as from time to time determined by the Board of Directors. The Members may transact at the annual members meeting any business authorized to be transacted by the Members.

6. Special Meetings. Special meetings shall be held whenever allowed by the Condominium Act or called by the President or Vice President, and must be called by such officers upon receipt of a written request from members holding ten percent (10%) of the voting interests of the entire membership.

7. Notice. Notice of all members meetings stating the time and place and identifying each agenda item for which the meeting is called shall be given by the President or Vice President or Secretary unless waived in writing. Such notice shall be posted at a conspicuous place designated by the Board of

Directors on the condominium property at least fourteen (14) continuous days preceding the meeting and shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed or hand delivered not less than fourteen (14) days prior to the date of the meeting. 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. Notice of meeting may be waived before the meetings.

8. Quorum. A quorum of members meetings shall consist of persons holding one-third of the voting interests of the entire membership. The acts approved by a majority of the voting interests present at a meeting at which a quorum is present shall constitute the act of the members, except when approval by a greater voting interest is required by the Declaration of Condominium of the condominium operated by the Association, the Articles of Incorporation of the Association or these By-Laws. In determining whether a quorum is present, proxies may be counted as voting interests present.

9. Members Vote. At any meeting of the members, the voting interest of each Unit shall be entitled to cast one (1) vote for each unit he owns, which shall not be cumulative.

10. Approval or Disapproval of Matters. Whenever the decision of a unit owner is required upon any matter, whether or not the subject of an Association meeting, such decision may be expressed by written agreement as well as by duly recorded vote and shall, in either event, be expressed by the same person who would cast the vote of the unit owner if in an Association meeting, unless the joinder of record unit owners is specifically required by the Declaration.

11. Multiple Ownership.

a. If a Unit is owned by one (1) person or entity, the right to vote on behalf of such Unit shall be established by the record title to the Unit. If a Unit is owned by more than one (1) person, the person or entity entitled to cast the vote for the Unit shall be designated by a voting certificate signed by all of the record owners of the Unit and filed with the Secretary of the Association. If a Unit is owned by a corporation or other entity, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the corporation, or signed by a majority in interest of the ownership interests in the entity if other than a corporation, and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or a change in the ownership of the Unit concerned. A certificate designating a person entitled to cast the vote of a Unit may be revoked by any owner of a Unit. If such a certificate is not on file, the vote of such owner shall not be considered in determining the requirement for a quorum nor for any other purpose.

b. Notwithstanding the provisions of subparagraph a. above of this paragraph entitled "Multiple Ownership", whenever any Unit is owned by a husband and wife they may, but shall not be required to, designate a Voting Member. In the event a Voting Certificate designating a Voting Member is not filed by the husband and wife, the following provisions shall govern their right to vote.

(1) Where both husband and wife are present at a meeting, each shall be regarded as the agent and proxy of the other for purposes of casting the vote for each Unit owned by them. In the event they are unable to concur in

their decision upon any subject requiring a vote, they shall lose their right to vote on that subject at that meeting.

(2) Where only one (1) spouse is present at a meeting, the spouse present may cast their Voting Interest without establishing the concurrence of the other spouse, absent any prior written notice to the contrary to the Association by the other spouse. In the event of prior written notice to the contrary to the Association by the other spouse, their Voting Interest shall not be considered.

(3) Where neither spouse is present, the person designated in a proxy or Voting Certificate signed by either spouse may cast the Voting Interest, absent any prior written notice to the contrary to the Association by the other spouse or the designation of a different Voting Member by the other spouse. In the event of prior written notice to the contrary to the Association or the designation of a different Voting Member by the other spouse, the Voting Interest shall not be considered.

12. Proxies. Votes may be cast in person or by proxy subject to the following provisions. A proxy may be made or revoked by any person entitled to vote and shall be valid only for the particular meeting designated in the proxy and must be filed with the Secretary before the appointed time of the meeting or any adjournment of the meeting, provided that in no event shall a proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given.

a. Unit Owners may not vote by general proxy, but shall vote by limited proxy in the following instances:

- (1) to waive or reduce reserves,
- (2) to amend the Declaration, Articles of Incorporation or the By-Laws, and
- (3) for any other matter which requires a vote of the Unit Owners.

b. Unit Owners may not vote by limited or general proxy in the election of members of the Board of Directors, except that in recall elections, limited proxies are permissible.

c. General proxies may be used for other matters for which limited proxies are not required and may also be used in voting for non-substantial changes to items for which a limited proxy is required and given.

13. Lack of Quorum. If any meeting of members cannot be organized because a quorum is not present, the voting interests who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

14. Order of Business. The order of business at annual meetings and as far as practical at other members meetings shall be:

- a. Collection of election ballots
- b. Election of chairman at meeting.
- c. Call of the roll and certifying of proxies.
- d. Proof of notice of meeting or waiver of notice.
- e. Reading and disposal of any unapproved minutes.
- f. Report of officers.
- g. Report of committees.
- h. Election of inspectors of an election.
- i. Election of directors.
- j. Unfinished business.

- k. New business.
- l. Adjournment.

15. Reservation of Control by Developer. Until required by the Condominium Act including Section 718.301 thereof, or until the Developer or any subsequent developer elects to terminate their control of the Association and the condominiums operated by it, whichever occurs first, the proceedings of all meetings of members of the Association shall have no effect unless approved by the Board of Directors. During the time the majority of the directors serving on the Board of Directors are appointees of the Developer, the Developer reserves the right to chair or designate a representative to chair meeting(s) of members and meetings of the directors.

Section 718.301 of the Condominium Act provides as follows:
"718.301 Transfer of Association control.--

(1) When unit owners other than the developer own 15 percent or more of the units in a condominium that will be operated ultimately by an association, the unit owners other than the developer shall be entitled to elect no less than one-third of the members of the board of administration of the association. Unit owners other than the developer are entitled to elect not less than a majority of the members of the board of administration of an association;

(a) Three years after 50 percent of the units that will be operated ultimately by the association have been conveyed to purchasers;

(b) Three months after 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;

(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

(e) Seven years after recordation of the declaration of condominium; or, in the case of an association which may ultimately operate more than one condominium, 7 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 s. 718.403, 7 years after recordation of the declaration creating the initial phase, whichever occurs first. The developer is entitled to elect at least one member of the board of administration of an association as long as the developer holds for sale in the ordinary course of business at least 5 percent, in condominiums

with fewer than 500 units, and 2 percent, in condominiums with more than 500 units, of the units in a 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 members of the board of administration."

16. Number of Directors. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than five (5) directors, the exact number to be determined by the Board of Directors prior to the election which accomplishes transfer of control of the Association. Such determination shall continue as to the number of directors until these Bylaws are amended to fix the number of directors at a different number than previously fixed by the Board of Directors prior to transfer of control. Directors must be owners of at least a 15% interest in a Unit or owners of at least a 15% interest in the entity that owns a Unit, as shown by evidence satisfactory to the Board of Directors, and if there is not a 15% owner in a particular instance, then the owners of the Unit or entity, as the case may be, may designate a the Voting Member for the Unit on a duly filed voting certificate and such Voting Member shall be considered qualified to be a nominee for director of the Association.

17. Board Vacancy: Unless otherwise provided in the by-laws, any vacancy occurring on the board before the expiration of a term may be filled by the affirmative vote of the majority of the remaining directors, even if the remaining directors constitute less than a quorum, or by the sole remaining director. In the alternative, a board may hold an election to fill the vacancy, in which case the election procedure must conform to the requirements in the paragraph below entitled, "Election of Directors", unless the association has opted out of the statutory election process, in which case the bylaws of the association control. Unless otherwise provided in the bylaws, a board member appointed or elected under this section shall fill the vacancy for the unexpired term of the seat being filled. Filling vacancies created by recall is governed by subparagraph e., in the paragraph entitled "Election of Directors", below and rules adopted by the division.

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

a. Election of directors shall be held at the annual members meeting.

b. In order to be eligible for board membership a person must meet the requirements set forth in the Declaration and in these By-Laws.

c. The election shall be by secret ballot or voting machine and by a plurality of the voting interests, except that in recall elections, limited proxies are permissible. The owner of each Unit shall be entitled to cast a vote for each of as many candidates as there are vacancies to be filled. There shall be no cumulative voting. General proxies shall in no event be used in electing the Board of Directors, either in general elections or elections to fill vacancies caused by recall, resignation or otherwise.

d. 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 a 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 Directors shall give written notice to the Association not less than 40 days before a scheduled election. Together with the written notice and agenda as set forth in the paragraph above, entitled "Notice", the Association shall then mail or deliver a second notice of the election 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 8 1/2 inches by 11 inches which must be furnished by the candidate not less than 35 days before the election, to be included with the mailing of the ballot, with the costs of mailing or delivery 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. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement; however, at least 20 percent of the eligible voters must cast a ballot in order to have a valid election of members of the Board of Directors. 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 of Directors.

e. Subject to the provisions of Section 718.301, Florida Statutes, any member of the Board of Directors may be recalled and removed from office with or without cause by the vote or agreement in writing by a majority of all the voting interests. A special meeting of the Unit Owners to recall a member or members of the Board of Directors may be called by ten (10%) percent of the voting interest 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 recall shall be effective as provided herein. The Board of Directors shall duly notice and hold a Board of Directors meeting within 5 full business days of the adjournment of the Unit Owner meeting to recall one or more Board of Directors members. At the meeting, the Board of Directors shall either certify the recall, in which case such member or members shall be recalled effective immediately and shall turn over to the Board of Directors within 5 full business days any and all records and property of the Association in their possession, or shall proceed as set forth in subparagraph (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 Directors shall duly notice and hold a meeting of the Board of Directors within 5 full business days after receipt of the agreement in writing. At the meeting, the Board of Directors shall either certify the written agreement to recall a member or members of the Board of Directors, in which case such member or members shall be recalled effective immediately and shall turn over to the Board of Directors within 5 full business days any and all records and property of the Association in their possession, or proceed as described in subparagraph (3) below.

(3) If the Board of Directors determines not to certify the written agreement to recall a member or members of the Board of Directors, or does not certify the recall by a vote at a meeting, the Board of Directors shall, within 5 business days after the meeting, file with the division a petition for arbitration pursuant to the procedures of Section 718.1255. For purposes of this section, the Unit Owners who voted at the meeting or who executed the agreement in writing shall constitute one party under the petition for arbitration. If the arbitrator certifies the recall as to any member or members of the Board of Directors, the recall will be effective upon mailing of the final order of arbitration upon the Association. If the Association fails to comply with the order of the arbitrator, the division may take action pursuant to s. 718.501. Any member or members so recalled shall deliver to the Board of Directors any and all records of the Association in their possession within 5 full business days of the effective date of the recall.

f. Provided, however, that notwithstanding the provision in these By-Laws for the election of directors and the provision for directors terms, these provisions shall not serve to eliminate the Developer's reserved right to retain control of the Association pursuant to 718.301.

19. Director's Term. If five (5) directors are being elected, the three (3) directors receiving the greatest number of votes during the first election in which unit owners other than the Developer elect a majority of the Board of Directors shall serve a term of two (2) years and the other two (2) directors elected at that election shall serve a term of one (1) year. In subsequent elections, directors shall be elected to serve a term of two (2) years. The terms of each director's service shall extend until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

20. Director's Organizational Meeting. The organizational meeting of the newly elected Board of Directors may be held at the location of and immediately after the conclusion of the Unit Owner meeting at which the Owners for the first time elect a majority of the Board of Directors (hereafter sometimes referred to as the "transfer of control" or "transfer of control meeting") or at such other time and place as considered convenient, after proper notice. If the organizational meeting is planned to follow the transfer of control meeting, a notice of this organizational meeting shall be included in the meeting notice for the transfer of control meeting and a copy of it shall be duly posted as elsewhere provided herein. If because of the lateness of the hour or other considerations it seems inconvenient to hold the organizational meeting as planned, the meeting may be canceled and rescheduled for the earliest date reasonably convenient on proper notice.

21. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the directors. Notice of regular meetings shall be given to each director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

22. Special Meeting. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-fourth (1/4) of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting.

23. Notice of Meetings of the Board of Directors. Adequate notice of all meetings, which notice shall specifically incorporate an identification of agenda items, shall be posted conspicuously on the condominium property at least 48

continuous hours preceding the meeting except in an emergency. Written notice of any meeting at which non-emergency special assessments, or at which an amendment to rules regarding use of Units 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 14 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 Association. 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 assessment.

24. Open Meetings and Records. Meetings of the Board of Directors shall be open to all Unit Owners. Minutes of all meetings of the members or the Board of Directors shall be kept in a book available for inspection by unit owners or their authorized representatives, and Board members at any reasonable time. Said minutes shall be retained for a period of not less than seven (7) years.

25. Waiver of Notice. 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.

26. Quorum. A quorum at director's meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors as required by the Declaration of Condominium of the condominium operated by the Association, the Articles of Incorporation of the Association and these By-Laws.

27. Adjourned Meetings. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present and after notice has been provided. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

28. Director Action.

a. Registering Position. A member of the Board of Directors or a committee may submit in writing his or her agreement or disagreement with any action taken at a meeting that the member did not attend. This agreement or disagreement may not be used as a vote for or against the action taken and may not be used for the purposes of creating a quorum.

b. Presumption of Consent. A director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken 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 of Directors meetings. A vote or abstention for each member present shall be recorded in the minutes.

29. Presiding Officer. The presiding officer at directors meetings shall be the chairman of the Board of Directors if such an officer has been elected; and if none, the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

30. Order of Business. The order of business at a directors meeting shall be:

- a. Calling of roll.

- b. Proof of due notice of meeting.
- c. Reading and disposal of any unapproved minutes.
- d. Report of officers and committees.
- e. Election of officers.
- f. Unfinished business.
- g. New business.
- h. Adjournment.

31. Directors Compensation. Directors fees or other compensation, if any, shall be determined by a majority of the voting interests.

32. Powers and Duties of the Board of Directors. All of the powers and duties of the Association existing under the Condominium Act, the Declaration of Condominium of the condominium operated by the Association, the Articles of Incorporation of the Association and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors or employees subject only to the approval by the voting interests when such approval is specifically required.

33. Officers. The executive officers of the Association shall be a President, who shall be a director, a Vice President, who shall be director, a Treasurer, a Secretary, and an Assistant Secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold two (2) or more offices except that the President shall not also be the Secretary or an Assistant Secretary. The Board of Directors from time to time shall elect such other officers and designate their powers and duties as the Board of Directors shall find to be necessary or convenient to manage the affairs of the Association.

34. President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties usually vested in the office of President of an Association, including but not limited to the power to appoint committees from among the members from time to time, as he in his discretion may determine appropriate, to assist in the conduct of the affairs of the Association. After transfer of control of the Association to Unit Owners other than the Developer has occurred, the President shall appoint standing budget committees for each development included in Tranquil Harbour, a Condominium, the majority of the membership of which shall be comprised of owners of Units in the development for the particular budget committee. The President, on behalf of the Board of Directors, shall provide each budget committee a copy of the annual budget (or any amendment thereto or any special assessment proposal made in addition to the annual budget) proposed or to be proposed for adoption and shall solicit the budget committee's comments and recommendations regarding the budget; such comments and recommendations shall be submitted for consideration along with the budget itself to the Board of Directors or membership, as the case may be, when the budget is voted on for approval.

35. Vice President. The Vice President in the absence or disability of the President shall exercise the powers and perform the duties of the President. He also shall assist the President generally and exercise such other powers and perform such other duties as shall be prescribed by the directors.

36. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members in a businesslike manner and available for inspection by unit owners and directors at all reasonable times. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all

other duties incident to the office of Secretary of an Association and as may be required by the directors or the President. The Assistant Secretary shall perform the duties of the Secretary when the Secretary is absent.

37. Treasurer. 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; he shall submit treasurer's reports to the Board of Directors at reasonable intervals; he shall make the treasurer's records available for inspection by directors or members at reasonable times; and he shall perform all other duties incident to the office of treasurer.

38. Officer Compensation. The compensation of all officers and employees of the Association shall be fixed by the Board of Directors. The provision that directors fees shall be determined by voting interests shall not preclude the Board of Directors from employing a director as an employee of the Association nor preclude the contracting with a director for the management of the condominium operated by the Association, the Association or any portions of the property thereof.

39. Fiscal Management. Provisions for fiscal management of the Association as set forth in the Declaration of Condominium of the condominium operated by the Association, the Articles of Incorporation and the Condominium Act shall be supplemented by the following provisions:

a. Budget. The Board of Directors shall adopt a budget for each fiscal year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds according to good accounting practices by accounts and expense classifications including, if applicable, but not limited to the following:

- (1) Administration of the Association
- (2) Management fee
- (3) Maintenance
- (4) Rent for recreational and other commonly facilities.
- (5) Taxes upon Association Property
- (6) Taxes upon leased area
- (7) Insurance
- (8) Security provisions
- (9) Other expenses
- (10) Operating Capital
- (11) Reserves - 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 deferred maintenance expense or replacement cost exceeds Ten Thousand Dollars (\$10,000). The amount to be reserved shall be computed by means of a formula which is based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The Association may adjust replacement reserve assessments annually to take into account any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. This subsection shall not apply to budgets in which the members of the Association have, by a majority vote 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 subsection. However, prior to transfer of control of the Association by the Developer to Unit Owners other than the Developer pursuant to Section 718.301 of the Condominium Act, the Developer

may vote to waive the reserves or reduce the funding of reserves for the first two years of the operation of the Association, after which time reserves may only be waived or reduced upon vote of a majority of the non-developer 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 no such result is 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 or accounts, and shall be used only for authorized reserve expenditures, unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the Association. Prior to turnover of control of the Association by the Developer to Unit Owners other than the Developer under Section 718.301, the Developer-controlled Association shall not vote to use reserves for purposes other than that for which they were intended without the approval of a majority of all non-developer voting interests, voting in person or by limited proxy at a duly called meeting of the Association.

(12) Fees payable to Division

(13) Betterments (Betterments shall include the funds to be used for capital expenditures for additional improvements or additional personal property that will be a part of the common elements of the condominium or the property of the Association.)

(14) Operations (Operations shall include the gross revenues, if any, from the use of the common elements or other property owned by the Association and only the additional direct expense required by the revenue producing operation. Any surplus from such operations shall be used to reduce the assessments in the year following the year in which the surplus is realized. Any losses from such operation shall be met by assessments in the year following the year in which the loss is realized, unless funds cannot be adequately and timely raised in such fashion, in which event the required funds shall be provided by special assessment.) Notwithstanding the foregoing, after transfer of control of the Association from the Developer to Unit Owners other than the Developer, any of the expenses listed above that are not applicable need not be listed.

b. Adoption of Budget. A copy of the proposed annual budget of common expenses shall be mailed or hand delivered to the owners not less than fourteen (14) days prior to the meeting at which the budget will be considered, together with a notice of that meeting. The owner shall be given written notice of the time and place at which such meeting of the Board of Directors to consider the budget shall be held, and such meeting shall be open to the owners. If an adopted budget requires assessment against the unit owners in any fiscal or calendar year exceeding One Hundred-fifteen percent (115%) of the assessments for the preceding year, the Board, upon written application of Ten percent (10%) of the voting interests to the Board received by the Board within twenty-one (21) days after adoption of the annual budget, shall call a special meeting of the owners within sixty (60) days, upon not less than fourteen (14) days written notice to each owner. At the special meeting, owners shall consider and may enact a substitute budget upon vote of a majority of all voting interests.

If the substitute budget is approved by the voting interests at the meeting or by a majority of all voting interests in writing, the budget shall be adopted. 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 directors shall go into effect as scheduled.

In determining whether assessments exceed One Hundred-fifteen percent (115%) 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 or annual basis, or assessments for betterments to the condominium property shall be excluded from the computation. However, as long as the Developer is in control of the Association, the Board shall not impose an assessment for any year greater than One Hundred-fifteen percent (115%) of the prior fiscal or calendar year's assessment without approval of a majority of all voting interests.

c. Assessments. The Board of Directors shall make assessments against each unit for its share of the items of the budget in an amount no less than required to provide funds in advance for payment of all the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred. The assessments shall be made quarterly in advance and shall be due quarterly on the first day of each quarter for which the assessments are made. If a quarterly assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and such quarterly assessment shall be due on the first day of each quarter until changed by an amended assessment. In the event the annual assessment shall be insufficient in the judgment of the Board of Directors, the Board of Directors shall amend the budget and shall make amended assessments for the balance of the year in sufficient amounts to meet the expenses for the balance of the year; provided, however, that any account of the amended budget that exceeds the limit upon increases shall be subject to approval of membership of the Association as previously required in these By-Laws.

d. Reserves. 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.

e. Commingling. All funds collected by the Association shall be maintained separately in the Association's name. For investment purposes only, reserve funds may be commingled with operating funds of the Association. Commingled operating and reserve funds shall be accounted for separately and a commingled account shall not at any time be less than the amount identified as reserve funds. When operating and reserve assessments are collected as a single payment, such shall not be considered commingling of funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.

40. Special Assessments. Assessments for common expenses that cannot be paid from the annual assessment for common expenses shall be made only after notice of the need for such is given to the unit owners concerned. After such notice, Special Assessments may be made in one of two ways, depending on the purpose of the Special Assessment. When the purpose of the Special Assessment is limited to the payment of costs of reconstruction and repair where the loss is occasioned by natural disaster or other casualty, it may be made by the Board of Directors, without approval of the unit owners or their mortgagees, upon a 2/3's vote of the directors, a quorum being present. Such assessment shall be effective and paid as determined by the Board of Directors and indicated in the notice of assessment. All other Special Assessments must be approved in writing by persons entitled to cast more than three-fourths (3/4) of the Voting Interests, and thereupon the assessment shall become effective, and shall be paid in such manner as the Board of Directors of the Association may require in the notice of assessment.

41. Depository. 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 from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

42. Parliamentary Rules. Roberts' Rules of Order (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration of Condominium, Articles of Incorporation or these By-Laws.

43. Official Records:

a. From the inception of the Association, the Association shall maintain a copy of each of the following, where applicable, which shall constitute the official records of the Association:

- (1) The plans, permits, warranties, and other items provided by the Developer pursuant to Section 718.301(4);
- (2) A photocopy of the recorded Declaration of each condominium operated by the Association and all amendments thereto;
- (3) A photocopy of the recorded By-Laws of the Association and all amendments thereto;
- (4) A certified copy of the Articles of Incorporation of the Association or other documents creating the Association and all amendments thereto;
- (5) A copy of the current rules of the Association;
- (6) A book or books containing 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 Unit Owners, 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 it operates. All accounting records shall be maintained for a period of not less than seven (7) years. The accounting records shall include, but are not limited to:
 - (i) Accurate, itemized, and detailed records of all receipts and expenditures.
 - (ii) 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.
 - (iii) All audits, reviews, accounting statements, and financial reports of the Association or condominium.
 - (iv) 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 election, vote, or 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 in §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 inspection and copying. The failure of an Association to provide the records within ten (10) 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 the actual damages or minimum damages for the Association's willful failure to comply with this paragraph. The minimum damages shall be \$50 per calendar day up to ten (10) days, the calculation to begin on the eleventh working day after receipt of the written request. Failure to permit inspection of the Association records as provided herein entitles any person prevailing in an enforcement action to recover reasonable attorneys' fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records for inspection. The Association shall maintain an adequate number of copies of the Declaration, Articles of Incorporation, By-Laws, and rules, and all amendments to each of the foregoing, as well as the Question and Answer Sheet provided for in §718.504, Florida Statutes and year end financial information required by the Condominium Act, on the condominium property to ensure their availability to Unit Owners and prospective purchasers, and may charge its actual costs for preparing and furnishing these documents to those requesting the same. Notwithstanding the provisions of the foregoing paragraphs, the following records shall not be accessible to Unit Owners:

(1) Any record protected by the lawyer-client privilege as described in Section 90.502, Florida Statutes, and any record protected by the work-product privilege including any record prepared by an Association attorney or prepared at the attorney's express direction, which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association, and which was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings, or which was prepared in anticipation of imminent civil or criminal litigation or imminent adversarial administrative proceedings until the conclusion of the litigation or adversarial administrative proceedings.

(2) Information obtained by the Association in connection with the approval of the lease, sale, or other transfer of a Unit.

(3) Medical records of Unit Owners.

d. The Association shall prepare a Question and Answer Sheet as described in §718.504, Florida Statutes, and shall update it annually.

44. Annual Financial Report. Within 90 days after the end of the fiscal year, or annually on a date provided in the Bylaws, the Association shall prepare and complete, or cause to be prepared and completed by a third party, a financial report for the preceding fiscal year. Within 21 days after the financial report is completed or received by the association from the third party, the Association shall mail to each unit owner at the address last furnished to the Association by the unit owner, or hand deliver to each unit

owner, a copy of the financial report or a notice that a copy of the financial report will be mailed or hand delivered to the unit owner, without charge, upon receipt of a written request from the unit owner.

45. Fidelity Bonds. The Association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse funds of the Association. The insurance policy or fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the Association. 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 §468.432, Florida Statute, 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.

46. Fines. The Association may levy reasonable fines against a Unit Owner for the failure of the Owner of the Unit, or its occupant, licensee, or invitee, to comply with any provision of the Declaration, Bylaws, or Regulations of the Association. No fine will become a lien against a Unit. No fine may exceed \$100 per violation. However, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, provided that no such fine shall 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. A 10 calendar day notice is presumed to be reasonable notice for all purposes. The hearing must be held before a committee of other Unit Owners appointed by the Board of Directors, which need not be a standing committee, but rather may be a committee appointed from time to time, as needed. A Unit Owner against whom a fine is proposed to be levied may attend such hearing in person or by telephone, and if the Unit Owner elects not to attend at all, but rather elects to submit a defense in writing, the committee may conduct the hearing in the Unit Owner's absence. If the committee does not agree with the fine, the fine may not be levied. The provisions of this subsection do not apply to unoccupied Units.

The following procedure shall be followed with respect to imposing fines:

a. The Board of Directors may propose a fine upon its determination that the Owner of a Unit, or its occupant, licensee, or invitee, has failed to comply with any provision of the Declaration, Bylaws, or Regulations of the Association. The Board shall identify the provision of the Declaration, Bylaws or Regulations that has been violated and shall state the amount of the fine proposed in a letter to the committee it has appointed to consider fines.

b. The committee appointed by the Board to consider fines shall have the power de novo to either impose the fine or not, and to determine the final amount of the fine that is to be imposed. It is the hearing before the committee that the Unit Owner, and if applicable, its licensee or invitee, shall be notified he has the opportunity to attend and present his side of the matter. When the committee has reached a decision, the committee chairperson shall be responsible for notifying the Board of the its decision, which shall be made a report item at the next Board of Directors meeting.

47. Transfer Fee. No fee shall be charged by the Association in connection with a transfer, lease, sale or sublease of a Unit, which is subject to approval of the Board of Directors, which is in excess of the expenditures

reasonably required for the transfer or sale, and this expense shall not exceed \$100.00. Until changed by an amendment to these Bylaws, the transfer, lease, sale or sublease of a Unit is not subject to approval of the board of Directors and, therefore, no transfer fee is authorized. No charge shall be made in connection with an extension or renewal of a lease.

48. Alternate Dispute Resolution; Voluntary Mediation; Mandatory Nonbinding Arbitration, Voluntary Arbitration.

a. Definitions. As used in this section, the term "dispute" means any disagreement between two or more parties that involves:

- (1) The authority of the Board of Directors, under any law or association document to:
 - (i) Require any owner to take any action, or not to take any action, involving that owner's Unit.
 - (ii) Alter or add to a common area or element.
- (2) The failure of a governing body, when required by law or an association document to:
 - (i) Properly conduct elections.
 - (ii) Give adequate notice of meetings or other actions.
 - (iii) Properly conduct meetings.
 - (iv) Allow inspection of books and records.

"Dispute" does not include any disagreement that primarily involves title to any unit or common element; the interpretation or enforcement of any warranty; or the levy of a fee or assessment, or the collection of any assessment levied against a party.

b. Voluntary Mediation. Voluntary mediation through Citizen Dispute Settlement Centers as provided for in s. 44.201 is encouraged.

c. Mandatory Nonbinding Arbitration Of Disputes. The Division of Florida Land Sales, Condominiums, and Mobile Homes of the Department of Business and Professional Regulation has made provision for conducting arbitration hearings under the Florida Condominium Act. The department has promulgated rules of procedure to govern such arbitration hearings. The decision of an arbitrator shall be final; however, such a decision shall not be deemed final agency action. Nothing in this provision shall be construed to foreclose parties from proceeding in a trial de novo. If such judicial proceedings are initiated, the final decision of the arbitrator shall be admissible in evidence.

(1) Prior to the institution of court litigation, the parties to a dispute shall petition the division for non-binding arbitration. Arbitration shall be conducted according to rules promulgated by the division. The filing of a petition for arbitration shall toll the applicable statute of limitations.

(2) Parties to an arbitration proceeding may avail themselves of the use of subpoenas and court orders for the attendance of witnesses and the production of books, records, documents, and other evidence, to the extent provided by law and applicable regulation; subpoenas shall be served and shall be enforceable in the manner provided by law.

(3) The arbitration decision shall be presented to the parties in writing. An arbitration decision shall be final if a complaint for a trial de novo is not filed in a court of competent jurisdiction within 30 days. The right to file for a trial de novo entitles the parties to file a complaint

in the appropriate trial court for a judicial resolution of the dispute. The prevailing party may be awarded reasonable attorney's fees.

(4) The party who files a complaint for a trial de novo shall be assessed the other party's arbitration costs, court costs, and other reasonable costs, including attorney's fees, investigation expenses, and expenses for expert or other testimony or evidence incurred after the arbitration hearing if the judgment upon the trial de novo is not more favorable than the arbitration decision. If the judgment is more favorable, the party who filed a complaint for trial de novo shall be awarded reasonable court costs and attorney's fees.

(5) Any party to an arbitration proceeding may enforce an arbitration award by filing a petition in the circuit court for the circuit in which the arbitration took place. A petition may not be granted unless the time for appeal by the filing of complaint for trial de novo has expired. If a complaint for trial de novo has been filed, a petition may not be granted with respect to an arbitration award that has been stayed.

49. Mediation of Other Disputes.

a. Definition. For purposes of this section, the term "other disputes" means any disagreement between two or more parties, including the Association, Unit Owners or non-Unit Owners, other than any disagreement that primarily involves title to any unit or common element, the levy of a fee or assessment, or the collection of any assessment levied against a party or "disputes", as defined in paragraph 49. Alternate Dispute Resolution; Voluntary Mediation; Mandatory Nonbinding Arbitration, Voluntary Arbitration.

b. Mediation. The purpose of this section is to facilitate the Association's resolution of other disputes with a minimum expenditure of time and resources. To prevent excessive and unanticipated legal cost, prior to the institution of court litigation to resolve other disputes, the Association must attempt in good faith to resolve all other disputes through a mediation process.

(i) Procedure. Any party to a controversy subject to mediation hereunder may institute mediation proceedings upon written notice delivered to the other parties in person or by certified mail, which shall reasonably identify the subject of the controversy. Within fifteen (15) days from receipt of such notice, the parties shall select a mediator or in the event the parties cannot agree on a mediator, each party shall name and appoint one mediator. If any party fails to appoint a mediator within such period, the mediator shall be the mediator appointed by the party having timely made such appointment. The two appointed mediators shall then appoint a mediator who will mediate the controversy between the parties. The mediator shall select the time and place for hearing the controversy and shall notify the parties of such time and place by written notice delivered in person or by certified mail at least five (5) days prior to the proceeding. The proceeding shall be conducted by the mediator and conducted according to the mediation rules of the American Arbitration Association, except where they are specifically overridden by or contradict the laws of the State of Florida.

(ii) Decision. Any resolution resolved by mediation shall be in writing, signed by all parties and shall be binding

on all parties and enforceable in any court of competent jurisdiction. The fees for the mediator and costs and expenses incurred by the mediator shall be paid equally by the parties. Each party shall be responsible for its own attorney's fees and costs.

50. Condemnation. The Association has the limited power to convey a portion of the Common Elements to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

51. Certificates of Compliance. A certificate of compliance from a licensed electrical contractor or electrician may be accepted by the Association's Board of Directors as evidence of compliance of the condominium units with the applicable fire and life safety code.

52. Amendments. In addition to any other method provided under the Declaration or Articles of Incorporation, these By-Laws may be amended in the following manner:

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

b. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the voting interests of the Association. Directors and voting interests not present in person or by proxy at the meeting considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by:

(1) Not less than two-thirds (2/3) of the voting interests of the entire membership of the Association.

(2) Until the transfer of control from the Developer to Unit Owners other than the Developer, by two-thirds (2/3) of the directors.

c. 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 underlined, and the 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."

Non-material errors or omissions in the By-Law process shall not invalidate an otherwise promulgated amendment.

53. Execution and Recording. A copy of each amendment shall be attached to or incorporated in a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-Laws, which certificate shall be executed by the officers of the Association with the formalities of a deed.

The amendment shall be valid and effective when such certificate, with a copy of the amendment attached thereto or incorporated therein, is recorded in the public records of Bay County, Florida.

The foregoing was adopted as the By-Laws of Tranquil Harbour Owners Association, Inc., a corporation under the laws of the State of Florida, at the first meeting of the Board of Directors on the 24th day of March, 2007.

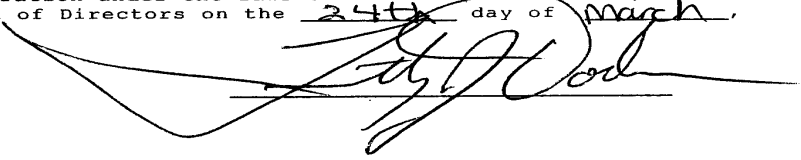
A large, stylized handwritten signature in black ink is written over the signature line of the text block. The signature appears to be "L. J. Wood" or similar, with a long horizontal stroke extending to the right.

Exhibit F to Declaration
Tranquil Harbour, A Condominium
UNDIVIDED SHARE OF COMMON ELEMENTS

An equal undivided share in the land and other common elements and the common surplus is appurtenant to each unit, such undivided share being a 1/36th interest.

JOINDER OF MORTGAGE

Beach Community Bank, a Florida banking corporation ("the Bank"), the owner and holder of a mortgage encumbering the property described in the Declaration of Condominium of Tranquil Harbour, a Condominium, which mortgage is that certain Future Advance Mortgage, Assignment of Rents and Leases and Security Agreement dated April 1, 2005, and recorded on April 4, 2005, in Official Records Book 2589, Page 1400, along with that certain Agreement Modifying Future Advance Mortgage, Assignment of Rents and Leases, Security Agreement and UCC-1 Financing Statement dated September 26, 2005, and recorded on September 30, 2005, in Official Records Book 2681, Page 1850, all of the public records of Bay County, Florida, to the extent it is required to do so under the laws of the State of Florida, joins in the making of the foregoing Declaration of Condominium of Tranquil Harbour, a condominium, and the Bank agrees that the lien of said mortgage shall hereafter encumber each and every one of the condominium parcels as set forth in said Declaration including, but not limited to, each unit's undivided share of the common elements.

Signed, sealed and delivered
in the presence of:

Olivia Moore
Olivia Moore
Printed Name of Witness

Samantha Barrett
Samantha Barrett
Printed Name of Witness

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this 12th day of April, 2007, by Kathleen Pritchard, as Executive Vice President, of Beach Community Bank, on behalf of the corporation. (notary must check applicable box)

☒ is personally known to me.
☐ produced a current driver's license as identification.
☐ produced _____ as identification.

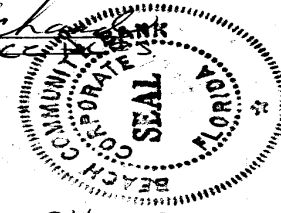


Michelle A. Lamberth
Michelle A. Lamberth
(Print Name)
Notary Public

BEACH COMMUNITY BANK,
a Florida banking
corporation

K.A. Pritchard
Its: Exec Vice President

(Corporate Seal)



THIS DOCUMENT PREPARED BY:

DOUGLAS L. SMITH, ESQ.
BURKE BLUE HUTCHISON WALTERS & SMITH, P.A.
221 MCKENZIE AVE
PANAMA CITY, FL 32401