

ORIGINAL 040762-EL
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COMMISSION
CLERK

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July 16, 2004

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***ALSO ADMITTED IN GEORGIA
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Ms. Blanca S. Bayo, Director
Division of the Commission
Clerk and Administrative Services
The Public Service Commission
of the State of Florida
2540 Schumard Boulevard
Tallahassee, Florida 32399-0850

RE: Coastal Blue Dev., LLC - Seychelles, A Condominium
Variance
Our File Number: C542-15516

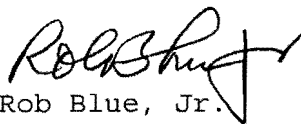
Dear Ms. Bayo:

On behalf of our client, Coastal Blue Development, LLC., we are formally submitting a petition for a variance or waiver from Rule 25-6.049 of the Florida Administrative Code. In addition to the original signed petition we have attached seven additional copies and a diskette containing versions of the petition in both Microsoft Word and Corel Wordperfect formats.

Should you or your staff have any questions or need any additional information please do not hesitate to contact my office. In the mean time I would like to thank you and your staff for your help in this matter.

Sincerely,

BURKE, BLUE & HUTCHISON, P.A.


Rob Blue, Jr.

Rbjr/jf
Enclosures
c: Coastal Blue Dev, LLC

PANAMA CITY BEACH OFFICE: BEACH FINANCIAL CENTRE
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DOCUMENT NUMBER-DATE
07825 JUL 19 2004
FPSC-COMMISSION CLERK

ORIGINAL

STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION

IN RE:

Coastal Blue Development, LLC.,
a Florida Limited Liability Company
d/b/a, Seychelles, a Condominium

Docket # 040762 - EU

Petitioner

PETITION FOR A VARIANCE OR WAIVER FROM
RULE 25-6.049(5)(A) OF THE FLORIDA ADMINISTRATIVE CODE

Respectfully Submitted by:



Rob Blue, Jr., Esq.
Burke, Blue and Hutchison, P.A.
221 McKenzie Avenue
Panama City, Florida 32401
Phone – 850-769-1414

DOCUMENT NUMBER-DATE

07825 JUL 19 3

FPSC-COMMISSION CLERK

**STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION**

IN RE:

Coastal Blue Development, LLC.,
a Florida Limited Liability Company
d/b/a, Seychelles, a Condominium

Docket #

Petitioner

**PETITION FOR A VARIANCE OR WAIVER FROM
RULE 25-6.049(5)(A) OF THE FLORIDA ADMINISTRATIVE CODE**

COMES NOW the Petitioner, Coastal Blue Development, LLC., doing business as “Seychelles, a Condominium,” and hereby petitions the Florida Public Service Commission for a variance or waiver pursuant to Section 120.542 of the Florida Statutes and Section 28-104 of the Florida Administrative Code.

I. Applicable Rules:

Coastal Blue Development, LLC., seeks a variance or waiver from Section 25-6.049(5)(a) which states

“Individual electric metering by the utility company shall be required for each separate occupancy unit of new commercial establishments, residential buildings, condominium cooperatives, marinas, and trailer, mobile home and recreational vehicle parks for which construction is commenced after January 1, 1981.”

A literal interpretation of this rule, however, creates a conflict with several other provisions of the Florida Administrative Code when the facts surrounding this condominium development are presented. Section 25-6.049 (5)(a) provides specific exemptions for the individual metering requirement.

Section 25-6.049(5)(a)(3) states:

“For electric used in hospitals, nursing homes, living facilities located on the same premises, and operated in conjunction with, a nursing home or other health care facility providing at least the same level and types of

services as a nursing home, convalescent home, facilities certified under Chapter 651, Florida Statutes, college dormitories, convents, sorority houses, fraternity houses, motels, hotels and similar facilities.” (emphasis added)

Seychelles is more than a traditional condominium, it is technically a “resort condominium” under Florida Statute 509.242(1)(c) and as a result operates in a manner that is identical to a traditional resort hotel as opposed to a residential condominium. Under Florida Statute 509.242(1)(c)

“a resort condominium is any unit or group of units in a condominium, cooperative, or timeshare plan which is rented more than three times in a calendar year for periods of less than 30 days or 1 calendar month, whichever is less, or which is advertised or held out to the public as a place regularly rented for periods of less than 30 days or 1 calendar month, whichever is less.”

Furthermore, in terms of operation and management, Seychelles arguably meets the definition of a hotel under Chapter 509.242(1)(A) of the Florida Statutes since they define a hotel as;

“...any public lodging establishment containing sleeping room accommodations for 25 or more guests and providing the services generally provided by a hotel and recognized as a hotel in the community in which it is situated or by the industry.”

While the Plaintiff admits there are legal distinctions between a resort condominium and a hotel that affect important matters involving financing, ownership and taxation, the petitioner asserts that the practical similarities between a hotel and resort condominium are relevant to the analysis at hand.

II. Underlying Statute - Chapter 366.05 of the Florida Statutes:

Under Chapter 366 of the Florida Statutes, The Florida Legislature has declared the regulation of public utilities to be in the public interest and provides the provisions of chapter a designed to accomplish that purpose. Under FS 366.05(1) the Florida Legislature states that:

“The Commission shall have the power to prescribe fair and reasonable rates and charges, classifications, standards of quality and measurements, and service rules and regulations to be observed by each public utility; ...”

Rule 25-6.049(5)(A) and 25-6.049(5)(A)(3) of the Florida Administrative Code have been adopted to accomplish the Commission's mandate of regulating Public Utilities in the name of public interest.

Furthermore, pursuant to docket # 810308-EU, September 2, 1981 it appears that part of the intent of Rule 25-6.049(5)(a) and 25-6.049(5)(a)(3) is to promote energy conservation. Petitioner believes the dual principles of achieving fair rates and conserving energy are better served if the Seychelles is master metered.

III. Type of Action Requested:

Petitioner requests the Commission grant a variance or waiver from the literal requirements of Rule 25-6.049(5)(a) requiring individual meters for each unit of a condominium. The reason for this request is the Petitioner believes it falls within the scope of Rule 25-6.049(5)(a)(3) and should be exempted from individual metering and allowed to master meter the entire facility. Such an action will better serve the intent of Florida Statute Chapter 366 while simultaneously eliminating a needless burden on both the developer and the ultimate owners of Seychelles.

IV. Facts That Demonstrate Hardship and Fairness

A. Seychelles would share the burdens, but not benefits of operating as a hotel.

Once completed, Seychelles will be operated by an association that represents the investor/owners of 197 resort condominium units located at 5115 Gulf Drive, Panama City Beach, Florida 32408. Seychelles will, for all intents and purposes, operate as a resort hotel. It will have to comply with the same rules and regulations, it will offer similar services, and its operating costs will mirror those of any other Northwest Florida resort hotel. Forcing Seychelles to individually meter each individual unit and pay the residential rates would constitute an unfair burden since it would result in electric bills that are, on average, 20-25% higher than similarly situated hotels that compete with Seychelles for the same business.

As part of the Declaration of Condominium for Seychelles, the Developer has designated that all units are resort condominiums as defined under Chapter 509.242 and shall not be used for residential purposes. (Exhibit A, Prospectus, Sections 14a, 14b and Exhibit A, Sections 3, 9a) Pursuant to Chapter 509.242 of the Florida Statutes, Seychelles will be a public lodging establishment that offers short term rental more than three times in each calendar year for a period of less than thirty days or one calendar month, whichever is less, and that will be advertised or held out to the public as a place regularly rented for periods of less than thirty days or one calendar month, whichever is less. In simpler terms, all of the units are available for short term rental and there are no residential condominiums in the Seychelles complex. For all practical purposes, Seychelles will operate in a manner that is nearly identical to a resort hotel and offer many of the same amenities and services. In addition to a premium beachfront location, Seychelles will offer many of the amenities found at resort hotels such as pools, exercise rooms and on-

demand video services. A copy of the Condominium Documents filed with the Florida State Department of Business and Professional Regulation has been attached as Exhibit A.

Seychelles has retained the services of Abbott Resorts (also known as “Abbott Realty”) to manage Seychelles on behalf of the Association of condominium unit owners. (“Association”) (Exhibit A, Management Agreement) Abbott Resorts will register with and obtain the proper permits from the Florida Department of Business and Professional Regulation to operate transient rentals at Seychelles as well as any other applicable business licenses required by city, county or state officials. (Exhibit A, Declaration, Section 3) Once registered to operate transient rentals, Seychelles will be subject to all health and safety standards required of hotels under Florida Law. (See Chapter 509.211 and Chapter 509.221) Seychelles must also provide access for handicapped individuals in order to comply with the Americans with Disabilities Act.

Unlike residential condominiums, Abbott Resorts, on behalf of Seychelles, must register with the Florida Department of Revenue to collect and remit sales taxes on revenue from providing transient rental accommodations. According to Chapter 212.03 of the Florida Statutes, the Florida Department of Revenue considers a facility to be primarily catering to transient rentals when more than half the total units available are occupied or held open for, tenants who have a continuous residence for periods of less than three months. Since all of the units at Seychelles will serve the transient public, sales tax on rental revenue must be paid to the State of Florida.

Furthermore, Abbott Resorts, on behalf of Seychelles, is engaged in the business of providing short term rentals for tourists throughout the Gulf Coast region. They compete directly for business with other property management companies, hotels and motels from Pensacola to Panama City, Florida. It is anticipated that Abbott Resorts shall undertake a wide range of promotional efforts to attract tourists to Seychelles. For the purposes of this request it is reasonable to assume that Abbott Resorts shall advertise and promote Seychelles to potential customers in a manner similar to the other Resort Condominiums they manage. Some of these promotional activities will include developing and distributing color brochures, promoting Seychelles at trade shows for the tour and travel industry, advertising in appropriate travel magazines or other media venues, developing internet based advertising and directly soliciting sales from tour and travel providers such as tour bus operators, group travel planners and travel agents. Abbott Resorts will also include Seychelles in its national reservation system in order to match Abbott Customers with Seychelles in order to keep the units filled. Abbott Resorts will also maintain a commercial rental office on the premises that will operate just like a hotel check-in desk. All rental guests will check in and check out just as they would in a hotel. Bills for lodging and guest services will be identical to those used in a hotel where fees for services such as long distance telephone usage or on demand cable movies are included on a single statement.

Either the Association or Abbott Resorts will also arrange for maintenance and housekeeping services comparable to those found in a hotel. Such services will include

housecleaning services for individual units, linen services, landscaping, general maintenance and janitorial services for the common areas. It is anticipated that Abbott Resorts and the Association will employ full and part-time employees to accomplish many of these tasks and that the job descriptions and payroll costs for these employees will be similar to those found in resort hotels.

Not only is Seychelles operating in a manner similar to any other resort hotel in the State of Florida, it is also complying with the same regulations and shouldering the same regulatory and taxation burdens required of hotels. If this variance is not granted then Seychelles would be placed in the unfair position of having to shoulder all of the burdens of operating a hotel, but would lose one of the benefits accorded all other hotels. Seychelles would have to pay a vastly higher rate for electricity while simultaneously paying for all the other costs associated with operating a resort hotel placing Seychelles at a significant competitive disadvantage.

Furthermore, such comparisons before this board are not unprecedented. According to Order #PSC-01-0626-PAA-EU, issued *March 14, 2001 re: The Petition of Sundestin Homeowners Association for Master Metering*, the Florida Public Service Commission stated that, "The types of facilities that are exempted from the individual metering requirement are these in which, due to their nature or mode of operation, it is not practical to attribute usage to individual occupants. For example, hotels and motels are commercial enterprises in which occupants of the units are not billed for their use of electricity, but rather pay a bundled rate for the use of a room for a limited time." It is also worth noting that this decision reflects a broader policy issued by the Gulf Power Company and approved by the Public Service Commission. Under the "Rules and Regulations For Electric Service" published by Gulf Power Company and approved by the Public Service Commission, Residential Service should generally not be provided to customers who will use the electricity in "any endeavor which sells or rents a commodity or provides a service for a fee." (Exhibit B, Section 1.5(b)) The criteria for General Service specifically identifies "recognized boarding and rooming houses" as a specific example of the sort of customer that should receive power at a General Service rate. (Exhibit B, Section 1.6.1)

Also, in 1997, the Commission, recognizing the timeshare resorts are similar in nature to hotels and motels, amended rule 25.6-049(5)(a)(3) to include timeshare resorts in the exemption from the individual metering rule. The theory being that conservation would be better served by the resort receiving one master bill for electricity as opposed to many individual bills. In this manner, the manager of the timeshare would have a better awareness of electricity consumption and, hopefully, pay more attention to energy costs and consumption. Both timeshare condominiums and resort condominiums are similar to hotels and motels in that they operate transient rentals, although timeshares condominiums are not held out to the general public in a manner similar to resort condominiums, hotels and motels. Yet the owners of timeshare condominiums derive the benefit of enjoying lower electricity costs through master metering despite the fact that they are less like a hotel or motel than a resort condominium.

B. Rate Differential

Master metering will save the Association an estimated 25% - 30% in overall electric costs. Master metering will also enable the Association and Abbott Resorts to accurately monitor electricity consumption and take steps to reduce overall consumption.

First, Master metering would reduce the monthly meter fees by \$1970.00 per month. Under the current rates, Gulf power is entitled to levy a \$10.00 monthly charge for each meter at the residential rate and \$35.00 for each meter at the commercial general service demand rate. (Exhibits C and D) Under the current rules, Seychelles will require 197 residential meters and at least one 1 commercial meter for the common areas and 1 commercial meter for the 2 commercial units. This would result in a fixed monthly cost of \$2040.00. If master metering were allowed, Seychelles would eliminate the charge on each residential meter eliminating \$1970.00 in administrative costs each month leaving them with a single charge of \$60.00 per month. In annual terms, this represents a savings of \$23,600 per year.

Second, under a Master metering system, Seychelles would qualify for a relatively lower commercial rate that also is designed to encourage energy conservation. If this variance is granted, Seychelles would fall under the commercial General Service Demand Rate Structure as opposed to the current Residential Rate Structure. (Exhibit B) Under the current rates set by the Public Service Commission, the applicable commercial rate is ¢1.396 per kilowatt/hour (Kw/h) while the residential rate is ¢3.93 per Kw/h. Both rates attach a fuel charge of ¢2.472 per Kw/h that shifts upward during periods of high demand. Assorted tolls and charges add an additional ¢.406 per Kw/h under the Residential Rate Structure and ¢.355 per Kw/h under the General Service Demand Rate Structure. (Exhibit E) Therefore, if the Public Service Commission granted Seychelles the requested variance, it would pay the total General Service Demand Rate of ¢4.223 per Kw/h instead of the current total Residential Rate of ¢6.808 per Kw/h saving some ¢2.585 per Kw/h, representing a reduction of 38% on the base rate. (Exhibits B, C, D, E)

That savings, however, is reduced when the demand charge for the General Service Demand Rate is included. Currently a Demand Charge of \$5.42 per Kilowatt of billing demand is assessed each month. For billing purposes the demand charge is based on the maximum fifteen minute increment of demand in a given monthly billing cycle, rounded to the nearest whole kilowatt. (Exhibit D) The end result of this Demand Charge is that Seychelles should realize its highest savings in the Fall and Winter months when occupancy is lower and there is far less need to operate heating and air conditioning systems. Conversely, in the Summer months when full occupancy is not uncommon and air conditioners are in continuous use, the Demand Charge will have a much more significant impact. Abbott Resorts and the Association will obviously have an incentive to reduce their peak energy consumption in order to reduce the Demand Charge to as low a level as possible.

As an additional incentive, falling under the General Service Demand Rate would allow Seychelles the opportunity to take the electricity at the local primary distribution voltage and furnish their own transformers for stepping the voltage down. This would result in a further discount of \$.44 per Kilowatt of billing demand as well as a 1% discount on both the Energy Charge and the Demand Charge. (Exhibit D)

Third, Seychelles estimates of a 25% - 30% savings are not inconsistent with the demonstrated experience of other similarly situated resort condominiums in the Gulf Coast area. Sundestin Resorts (Order #PSC-01-0626-PAA-EU) received a master metering variance in March 2000, and since switching to a master metering system they have reported comparable savings in electric costs. Sundestin is nearly identical to Seychelles. Both are resort condominiums located in the Northwest Florida panhandle. Both are roughly the same size and style of construction. Abbott Resorts has been retained to manage both as resort properties. Given these similarities it is reasonable to assume that Seychelles will achieve savings similar to Sundestin's. (Exhibit F) Furthermore a review of other Florida resort condominiums similar to Seychelles who have received a master metering variance in the State of Florida indicates they have estimated and achieved savings of 20%-35% on their electric bills. (PSC Docket Numbers 980667-EU, 030974-EU, 001543-EU, 030557-EU)

Master metering will enable the Association or its managers to more accurately track overall electricity usage and undertake initiatives to conserve energy and further reduce their electricity consumption and costs. If Seychelles is not master metered, Abbott Resorts would not have access to the individual accounts and would not have any realistic method for evaluating actual power consumption or determining if certain energy efficiency measures were achieving their desired effect. Even if the Association or Abbott Resorts could collect the information on 197 separate accounts, the cost and manpower required to collate and analyze that data on a monthly basis would be prohibitive and pointless when that same information would be provided free of charge as part of a single bill for a master meter.

C. Construction Costs and Administration Costs

If the Variance is granted, the developers of Seychelles can achieve significant savings since they will no longer have to provide wiring, equipment and meters to install 197 individual meters and ensure they meet the standards imposed under the Gulf Power Company's "Electric Service and Meter Installations" requirements. (Exhibit B) The cost of a single meter box varies from \$60.00 to \$80.00, and if we make the rough assumption that the cost of installation is approximately equal to the cost of the box we can see that the granting the variance will save \$23,640 to \$31,250, not counting incidental costs. Furthermore, the elimination of 197 individual meters frees up considerable storage and utility space that can be put to better use or eliminated outright from the cost of construction altogether.

Master metering would also benefit the electric service provider, Gulf Power, since master metering would eliminate the need to read 197 individual meters each month and eliminate the direct and indirect costs of servicing and billing 197 accounts.

V. Support Underlying Rule and Statute.

The purpose of Rule 25-6.049 is to encourage conservation of electricity. The implication is that individual metering encourages conservation since each user is personally aware of the actual costs of their energy consumption and is thus more inclined to conserve electricity. The Florida Legislature also adopted Chapter 366.81, Florida Statutes, commonly known as the Florida Energy Efficiency and Conservation Act (FEECA) that provides that energy conservation, reduction in, and control of, the growth rates of electric consumption and of weather sensitive peak demand are of particular importance.

Rule 25-17.001, Florida Administrative Code, interprets FEECA and provides that, increasing the efficiency of the end use consumption of electricity, to the extent it is cost effective, is a priority. The rule also establishes that reducing the growth rate of weather sensitive peak demand on the electric system, to the extent it is cost effective, is also a priority.

This theory that individual metering for each condominium unit will promote energy conservation is not applicable in this instance since Seychelles is operated as a resort hotel and the individual unit owners will not be responsible for energy consumption at the resort. That responsibility falls to Abbott Resorts employed on behalf of the Association. Conservation efforts will be best served if the management team receives a single electric bill and constantly monitors electricity consumption at a single location. Having to monitor over 197 individual meters or deduce energy usage patterns by analyzing 197 accounts each month would prove both impractical and expensive resulting in lost opportunities to conserve electricity.

Recognizing that resort condominiums are similar in nature to hotels and motels, the Commission has already granted variances to other similarly situated properties such as Holiday Villas in 1998, Sundestin Resort in 2001, Fountainebleau Towers in 2004 and St. Maarten at Silver Shells also in 2004. (PSC Docket Numbers 980667, 030974-EU, 001543-EU, 030557-EU) The grant of those variances was, in no small part, based on the notion that the public interest in energy conservation is better served if the owners and operators of resort condominiums receives one master bill for electricity for the entire structure.

Supporting documentation submitted with earlier petitions before this Commission attest that master metering at resort condominiums has demonstrably served the public interest through increased energy conservation. In both instances, the owners and operators of a resort condominium indicate that once master metering was in place, the cost of electricity became easy to track and it became the responsibility of the Resort Manager to control electricity costs and consequently implement measures to reduce energy

consumption. Such measures range from simple tasks such as closing the blinds and adjusting thermostats in unoccupied rooms to the use of automatic setback controls or other conservation techniques used in hotels and motels. Following such examples, Abbott Resorts, who already manages the Sundestin Resort cited in this paragraph, will certainly take advantage of the variance to implement similar measures at Seychelles.

VI. Conclusion

Granting Seychelles this waiver or variance from the individual metering requirements of Rule 25.6-049 of the Florida Administrative Code would serve the public interest in promoting energy conservation and achieving fair rates for all energy consumers.

First, master metering would allow Abbott Resorts to closely monitor electric consumption on a monthly basis. The incentive of reducing the costs of electricity will encourage both Abbott Resorts and the Association to implement a wide range of energy conservation measures. Master metering will enable Abbott Resorts to closely track the success or failure of these efforts and provide ample opportunity to adjust and maximize their efforts to lower energy consumption.

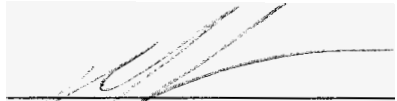
Second, Seychelles would achieve significant savings in administrative and construction costs. Seychelles would not have to install and wire 197 residential power meters. It would not have to pay a \$10.00 per month service fee for each meter. While Gulf Power would not have to read 197 meters and service 197 separate accounts.

Third, master metering would serve the principal of fairness since Seychelles would receive the same benefit already accorded to all other hotels, motels, timeshare resorts and some resort condominiums. As demonstrated, Seychelles, in terms of operation, is remarkably similar to most other resort hotels and motels. It must register with the Florida Department of Business and Professional Regulation under the same laws that govern hotels and motels. Its tax on transient rental revenue is the same as every other hotel and motel in Florida. It will be subject to the same health and safety regulatory requirements for hotels and motels in the state of Florida. Yet, if Seychelles does not receive this variance, it will have to pay substantially higher rates for electricity placing it at a significant competitive disadvantage.

VII. Duration of Variance or Waiver

Petitioner requests the Public Service Commission grant a permanent waiver or variance. Recognizing that the owners of Seychelles could vote to cease operation as a public lodging pursuant to Chapter 509.242 of the Florida Statutes, Petitioner requests that the variance or waiver be subject to the condition that it continues to operate as a public lodging establishment. In the event that the members of the Association vote to no longer allow transient rentals, the variance or waiver would terminate and each condominium unit would be subject to the individual metering requirements under Rule 25.6-049(5)(a).

Wherefore, for all the foregoing reasons, Petitioner respectfully requests the Public Service Commission grant its request for a variance or waiver from Section 25-6.049(5)(a) of the Florida Administrative Code.

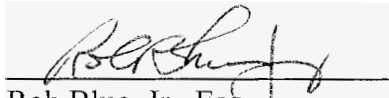


Charles W. Fuller
Coastal Blue Development, LLC
P.O. Box 28105
Panama City Beach, Florida
32408



Rob Blue, Jr., Esq.
Burke, Blue and Hutchison, P.A.
221 McKenzie Avenue
Panama City, Florida
32401
Phone – 850-769-1414

I Hereby Certify that an original and seven (7) copies of the foregoing petition for a variance or waiver have been furnished by U.S. Mail this 11th day of July, 2004, to the Public Service Commission of the State of Florida, Attn: Ms. Blanca S. Bayo, Director, Division of the Commission Clerk and Administrative Services.



Rob Blue, Jr., Esq.
Burke, Blue and Hutchison, P.A.
221 McKenzie Avenue
Panama City, Florida
32401
Phone – 850-769-1414

Petition for a Variance or
Waiver from Rule 25-6.049(5)(A)
of the Florida Administrative
Code

Rob Blue, Jr., Esq.



SEYCHELLES

A CONDOMINIUM



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SEYCHELLES, A CONDOMINIUM

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STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
DIVISION OF FLORIDA LAND SALES, CONDOMINIUMS AND MOBILE HOMES
1940 NORTH MONROE STREET - NORTHWOOD CENTRE
TALLAHASSEE, FLORIDA 32399-1033

Telephone [850] 487-9832

The filing fee of \$20.00 for each residential unit to be sold by the developer as provided by §718.502(3), F.S., must accompany this statement. If the offering is a phase condominium, pursuant to §718.403, F.S., the fee shall be paid as each phase is filed with the Division. A developer may submit more than one phase with this initial filing statement by identifying those additional phases after the name of the condominium.

NOTE: If the Declaration of Condominium is not yet recorded, § 718.104(2), F.S., requires that the developer submit the recording information to the Division within 120 days of its recordation.

FOR STAFF USE ONLY

Prospectus _____ Plot Plan _____
I.D. No.: _____ Declaration _____
Floor Plan _____ Fee Rec'd \$ _____
Articles _____ Budget _____
_____ Form Review _____
By-Laws _____ Receipt Form _____
Recommended _____ Contract _____
Owner Evidence _____ Reviewed By _____
Q&A Sheet _____ Table of Contents _____
Escrow _____ Financial Information _____
Conv. Insp. Rpt. _____ Termite Insp. Rpt. _____

- 1] Name of Condominium: Seychelles, a Condominium
Street Address: 5115 Gulf Drive
City: Panama City Beach County: Bay State: Florida Zip Code: 32408
- 2] Name of Developer/Owner: Coastal Blue Development, LLC
Mailing Address: P.O. Box 28105
City: Panama City Beach State: Florida Zip Code: 32411
Telephone: (850) 233-7006
- 3] Developer's Attorney/Agent: Rob Blue, Jr., Esq.
Mailing Address: 221 McKenzie Avenue
City: Panama City State: Florida Zip: 32401
Telephone: (850) 769-1414
Correspondence preference (please check: Facsimile 2
E-Mail 1 Postal Mail 3
Facsimile: (850) 784-0857 E-mail address: jfaucheux@burkeblue.com
- 4] Name of Condominium Association:
Seychelles Owners Association, Inc.
Mailing Address: 5115 Gulf Drive
City: Panama City Beach County: Bay State: FL Zip: 32408

Telephone: (850) 763-7006

UNIT INFORMATION:

- 5] What is the total number of units in the condominium as described in the Declaration of Condominium (if a phase condominium filing pursuant to §718.403, F.S., what is the total number of units in all phases described in the Declaration?)? 2 commercial units
197
- 6] If a phase condominium pursuant to §718.403, F.S., what is the total number of units in the phase(s) being filed? n/a
- 7] Have residential units been offered for sale in this condominium by another developer? Yes No X
- 8] In order to determine the fees now payable pursuant to §718.502(3), F.S., what is the number of units to be sold by the developer submitting this statement? (If a phase condominium pursuant to §718.403, F.S., what is the number of units in phases being filed with this statement?) 197

CONDOMINIUM TYPE INFORMATION

- 9] Is this condominium in a development that contains more than one condominium? Yes No X
If Yes, please answer a, b and c below.
- a] Does each separate condominium have its own association? Yes No
- b] Is there only one association that operates all the condominiums? Yes No
- c] Are there both a separate association for each condominium and a master/umbrella association? Yes No
- 10] Will this condominium initially contain timesharing plans or interval ownership units? Yes No X
- 11] Has the developer reserved the right to create timesharing estates in this condominium at some future date? Yes No X

(NOTE: A complete timesharing filing pursuant to Chapter 721, Florida Statutes, must be submitted to the Division prior to offering if the developer exercises this right.)
- 12] Is this condominium a conversion of existing, previously occupied improvements? (Conversion Condominium) Yes No X
- 13] Is this a phase condominium pursuant to the requirements of §718.403, F.S.? (Phase Condominium) Yes No X

- 14] Are the units in this condominium
comprised of land only?
(Land Condominium) Yes _____ No X
- 15] Is this condominium in a development
that contains, presently includes, or
will include other types of home
ownership such as single-family
detached homes or townhouses?
(Planned Unit Development) Yes _____ No X
- 16] What other legal condominium type
not specified in questions 9 through
14 might characterize this condominium?
(Example: Mixed-Use Commercial/
Residential; Leasehold; Hotel Condominium) _____ n/a

RECORDING INFORMATION

- 17] Is the Declaration of Condominium
recorded? Yes _____ No X
- If yes, please provide the following information:
- Date Recorded _____ Book _____ Page _____
- County where recorded _____

CONSTRUCTION INFORMATION

- 18] If the construction or remodeling,
landscaping, and furnishing of the
condominium property are not
substantially complete in accordance
with §718.202, F.S., what is the
anticipated completion date? October 31, 2006

SHARED FACILITIES

- 19] Does or will this condominium share recreational
or other facilities with other condominiums
for which unit owners are assessed? Yes _____ No X
- 20] If the answer to question No. 19 is yes,
is the total number of units in all
condominiums that will share
facilities greater than 20? Yes _____ No _____
- 21] Does the association operating this
condominium employ professional
management? Yes X No _____
- If yes, please answer a, b, c and d below.
- [a] Is there a written management
contract? Yes X No _____
- [b] Is the management provided by
a company? Yes X No _____
- [c] Is the developer of this condominium
affiliated with the professional
management? Yes _____ No X
- [d] Is there a resident manager? Yes _____ No X

LEASE INFORMATION

22] Are any units within this condominium subject to a recreational facilities lease? Yes _____ No X

23] Are units in this condominium subject to a land lease? Yes _____ No X

FINANCIAL INFORMATION

24] Is the developer obligated under any mortgage encumbering this development? Yes X No _____

If yes, please provide the following information.

Name of Lender: Amsouth Bank
Address: 70 Baylen Stgreet
City: Pensacola State: FL Zip: 32501
Telephone: 850-444-1677

MISCELLANEOUS INFORMATION

25] Is there a sales brochure for this condominium offering? Yes X No _____

26] As a condition of ownership, are unit owners in this condominium required to join a club such as a golf or tennis club? Yes _____ No X

27] What is the date of the annual meeting of the association for this condominium? September - December

DEVELOPER INFORMATION

28] Is there a Developer guarantee for common expenses? Yes _____ No X

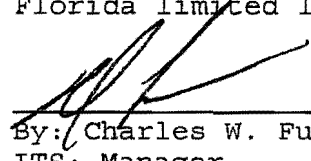
If yes, identify in which document and section the guarantee language is found.

29] If the Developer has offered for sale or lease residential condominium units described by the attached documents for which there is a filing requirement prior to this filing being submitted to the Division, are copies of these contracts attached so that the Division may assure that all documents to which purchasers are entitled are in proper form? n/a

30] If the developer has closed on any contracts for sale, or contracts for lease with a lease period of more than five [5] years, prior to notification by the Division that the filing is proper or presumed proper, are copies of those contracts and deeds, if deeded, attached so that the Division may assure that all documents to which purchases are entitled are in a proper form? n/a

31] Is the information contained herein true and correct as of the date hereof and no material facts requested have been omitted to the best of your knowledge? Yes X No _____

COASTAL BLUE DEVELOPMENT, LLC, a
Florida limited liability company



By: Charles W. Fuller
ITS: Manager

FILING CHECKLIST
SEYCHELLES, A CONDOMINIUM

	Executed Copy Enclosed	Copy of Proposed Instrument Enclosed	N/A No Such Instrument To Be Used	Will Be Submitted As an Amendment
PROSPECTUS TEXT		X		
DECLARATION OF CONDOMINIUM		X		
ARTICLES OF INCORPORATION		X		
CERTIFICATE OF INCORPORATION			X	
BY-LAWS		X		
ESTIMATED OPERATING BUDGET		X		
FORM OF AGREEMENT FOR SALE OR LEASE		X		
RECEIPT FOR CONDOMINIUM DOCUMENTS		X		
ESCROW AGREEMENT	X			
PLOT PLAN		X		
FLOOR PLAN		X		
SURVEY		X		
MANAGEMENT AND MAINTENANCE CONTRACTS		X		
GROUND LEASE			X	
FORM OF UNIT LEASE IF A LEASEHOLD			X	
LEASE OR AGREEMENT AND OTHER DOCUMENTS FOR USE OF RECREATIONAL FACILITIES OR PROPERTY		X		
DECLARATIONS OF SERVITUDE			X	
CONVERSION INSPECTION REPORT			X	
TERMITE INSPECTION REPORT			X	
COVENANTS AND RESTRICTIONS			X	
RULES AND REGULATIONS		X		
SALES BROCHURE		X		
LOCAL AND STATE APPROVAL OF DEVELOPMENT PLAN			X	
QUESTION AND ANSWER SHEET		X		
EVIDENCE OF DEVELOPER'S OWNERSHIP OR CONTRACTUAL INTEREST	X			

PROSPECTUS (OFFERING CIRCULAR)
OF SEYCHELLES, A CONDOMINIUM

1. THIS PROSPECTUS (OFFERING CIRCULAR) CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.
2. THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, CONTRACT DOCUMENTS, AND SALES MATERIALS.
3. ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS (OFFERING CIRCULAR) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

IMPORTANT MATTERS TO BE CONSIDERED
IN ACQUIRING A CONDOMINIUM UNIT

THE CONDOMINIUM IS TO BE CREATED AND IS BEING SOLD AS FEE SIMPLE INTEREST.

See Paragraph 4 of the text of the Prospectus.

MANAGEMENT OF THE ASSOCIATION WILL INITIALLY BE PROVIDED PURSUANT TO A MANAGEMENT CONTRACT BETWEEN SEYCHELLES OWNERS ASSOCIATION, INC., A NON-PROFIT FLORIDA CORPORATION CONSISTING OF THE UNIT OWNERS (THE "ASSOCIATION"), AND ABBOTT RESORTS, LLC, (THE "MANAGER").

See Exhibit L to this Prospectus which is the Management Agreement.

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

See Article V of Exhibit B to this Prospectus which is the Association's Articles of Incorporation and paragraph 15 of Exhibit C to this Prospectus which is the Association's By-Laws.

INDEX

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EXHIBITS TO PROSPECTUS

<u>Exhibit</u>	<u>Title</u>
A	Declaration of Condominium
B	Articles of Incorporation
C	By-Laws
D	Estimated Operating Budget
E	Survey, Plot Plan and Unit Floor Plans
F	Subscription and Purchase Agreement
G	Escrow Agreement
H	Regulations
I	Description of Commonly Used Facilities
J	Estimated Closing Costs
K	Undivided Share of Common Elements
L	Management Agreement
M-1	Beach Service Easement
M-2	General Services Easement
N	Developer's Ownership Interest
O	Association Lease

FOR

SEYCHELLES, A CONDOMINIUM

This Prospectus is submitted by Coastal Blue Development, LLC, a Florida limited liability company (the "Developer"), in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, (the "Condominium Act").

1. NAME AND LOCATION OF THIS CONDOMINIUM. The name of the condominium is "Seychelles, a condominium," ("Seychelles"), which is located in Bay County, Florida.

2. DESCRIPTION OF Seychelles. Seychelles is created pursuant to the Declaration of Seychelles (the "Declaration") which is attached hereto as Exhibit A. Seychelles is operated by Seychelles Owners Association, Inc., a non profit Florida corporation consisting of the unit owners of Seychelles (the "Association"). The Articles of Incorporation of the Association are attached hereto as Exhibit B and the By-Laws of the Association are attached hereto as Exhibit C. Seychelles property consists of land together with improvements located thereon. The legal description of the land is found on Exhibit A to the Declaration of Seychelles. The improvements included within Seychelles are described in Exhibit C to the Declaration of Seychelles. The survey of Seychelles is found as Exhibit B to the Declaration of Seychelles. Seychelles consists of two buildings: the building South of Gulf Drive contains 197 resort units and 1 commercial unit; the building North of Gulf Drive will be a parking garage and will also contain 1 commercial unit, as depicted below and on Exhibit E hereto:

<u>Unit Type</u>	<u>Number of Units</u>
Type A- 1 st Floor 2 Bedroom/Bunk/2 Bath	2
Type A 2 Bedroom/Bunk/2 Bath	42
Type B 1 Bedroom/Bunk/2 Bath	132
Type C 1 Bedroom/Bunk/2 Bath	21
Commercial Unit - CC-1	1
Commercial Unit - CC-2	1

The estimated latest date of completion of construction, finishing and equipping of the buildings and swimming pool is October 31, 2006. Developer shall be excused for the period of any delay in the performance of any obligations hereunder, when prevented from so doing by cause or causes beyond Developer's control which shall include, without limitation, all labor disputes, inability to obtain any material or services, civil commotion, or acts of God.

3. MAXIMUM NUMBER OF UNITS. The maximum number of units that will use facilities in common is 197 resort units and 2 commercial units.

4. TRANSFER OF OWNERSHIP.

THE CONDOMINIUM IS TO BE CREATED AND IS BEING SOLD AS FEE SIMPLE INTEREST.

5. COMMONLY USED FACILITIES. A description of the recreational and other commonly used facilities that will be used only by the unit owners of Seychelles is attached and made a part hereof as Exhibit I and includes a description of each room or area and its intended purposes, approximate floor area, capacity in numbers of people, the minimum amount of expenditure that will be made, if any, to purchase the personal property to be used in the room or facility and the estimated date when each room or facility will be available for use by the unit owners. The approximate location of the recreational and commonly used facilities is set forth on Exhibit C to the Declaration.

6. COMMONLY USED SWIMMING POOLS, SPA AND DECKS. Among the Common Elements, there are two outdoor swimming pools, one spa and 1 deck, all located on the 1st floor that are intended to serve the Unit Owners of Seychelles and their guests.

(a) Pool #1. Pool #1's approximate size is 954 square feet. The pool has a capacity of serving 20 people. This swimming pool is heated. A spa will be provided in the area where Pool #1 will be located. It will be approximately 78 square feet in surface area, and will have the capacity to serve 2 people.

(b) Pool #2. Pool #2's approximate size is 861 square feet. The pool has a capacity of serving 18 people. This swimming pool is unheated.

(c) Deck. The deck surrounding the pools and spa is approximately 4448 square feet. This deck has a capacity of serving 128 people.

(d) Availability. Pool #1 along with the spa, Pool #2 along with the kiddie pool and the deck surrounding all of them are estimated to be available October 31, 2006. Developer shall be excused for the period of any delay in the performance of any obligations hereunder, when prevented from so doing by cause or causes beyond Developer's control which shall include, without limitation, all labor disputes, inability to obtain any material or services, civil commotion, or acts of God.

7. NO RECREATION LEASE. The recreational and other commonly used facilities are not leased.

8. NO TIME SHARE ESTATES. There will be no time share estates created with respect to any units in Seychelles.

9. NO CLUB MEMBERSHIPS. There will be no recreational facilities lease or club memberships associated with the recreational or other commonly used facilities within Seychelles.

10. LEASE OF UNITS. The Developer's plan does not include a program of leasing units rather than selling them except that the Developer may lease units after their completion and pending their sale; provided, however, no unit will be transferred subject to any lease.

11. ASSOCIATION MANAGEMENT.

MANAGEMENT OF THE ASSOCIATION WILL INITIALLY BE PROVIDED PURSUANT TO A MANAGEMENT AGREEMENT BETWEEN SEYCHELLES OWNERS ASSOCIATION, INC., A NON-PROFIT FLORIDA CORPORATION CONSISTING OF THE UNIT OWNERS (THE "ASSOCIATION"), AND ABBOTT RESORTS, LLC, (THE "MANAGER").

A copy of the proposed Management Agreement between the Association and the Manager is attached to this Prospectus as Exhibit L. The term of the Management Agreement begins with the date the Declaration of Seychelles is recorded in the public records of Bay County, Florida, and continues for a period of three (3) years commencing on the first day of the first full month following the first real estate closing for a Unit in the Condominium, and thereafter for three (3) additional three-year renewal periods, unless on or before ninety (90) days prior to the expiration of the initial or any such renewal period, either party shall notify the other in writing that it elects to terminate it, in which case it shall be thereby terminated at the end of the initial or renewal term, as may be the case. Other provisions for termination contained in the Management Agreement and in the Condominium Act also apply. The nature of the services are the maintenance and operation of the building, landscaping and other facilities operated by the Association, including common elements of Seychelles. The total monthly management fee and the total annual management fee are as follows:

	MONTHLY	ANNUAL
197 resort units		
@ \$20.00/month =	\$3,940.00	\$47,280.00

There are no provisions in the Management Agreement for increases or decreases of the management fee.

Notwithstanding anything to the contrary provided above with respect to the term of this Management Agreement, to the extent that the provisions of

718.302, Florida Statutes apply to this Management Agreement, it may be terminated as provided therein.

12. CONTROL OF ASSOCIATION.

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

This right to control is described in detail in Article V of the Articles of Incorporation of the Association and in Paragraph 15 of the By-Laws. The right to retain control of the Association by the Developer is not greater than that provided to the Developer by Section 718.301 of the Condominium Act, which 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; 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 F.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."

13. NO RESTRICTIONS ON SALE, LEASE OR TRANSFER. The sale, lease or transfer of units is not restricted or controlled.

14. RESTRICTIONS ON USE OF CONDOMINIUM PROPERTY. Restrictions on the use of Units and the Common Elements are set forth in paragraph 9 of the Declaration. These restrictions are summarized as follows:

(A) Units and Limited Common Elements Appurtenant to Them. Resort Units (all units other than the Commercial Units) shall be occupied and used only as residences, including daily, weekly or monthly rentals, and for no other purposes. The Commercial Units may be restricted further by the Developer in a deed of conveyance of a Commercial Unit, but unless further restricted Commercial Units and their appurtenant Limited Common Elements shall be used for business and commercial purposes only, including any commercial purpose permitted by applicable zoning or land use ordinances imposed by governmental authorities. The Commercial Units and their Limited Common Elements may be used in connection with providing housekeeping, linen supply or other services necessary or convenient for the operation of a rental management program for units in Seychelles, a condominium. No resort Unit shall be used as a location for conducting sales or rentals of any real property including, but not necessarily limited to, sales or rentals of any units in Seychelles, a condominium. Except for the Commercial Units, only entire Units may be rented. The Commercial Units and the Commercial Unit Limited Common Elements may be rented in part or in whole to one or more tenants.

(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 use shall be made of the Common Elements that would compete or interfere with the use of the Commercial Units or the Commercial Unit Limited Common Elements by the Owners of the Commercial Units for purposes of facilitating the use of the Commercial Units as herein permitted. No Common Elements shall be used for commercial purposes, except to facilitate the use of the Commercial Units and the Commercial Unit Limited Common Elements for commercial purposes, as herein contemplated. Provided, however, vending machines may be placed on the Common Elements for the convenience of Unit Owners and beach services may be provided on the beach in front of the condominium building pursuant to the Beach Services Easement. Such "beach services" may include equipment sales and rentals, the sale of beach related merchandise such as beach chairs, umbrellas, sunglasses or sun tan products, food and refreshments, and other services or products as determined from time to time by the provider of the beach services.

(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.

(D) On-Site Sales & Rentals. Except for the Commercial Units and the Commercial Unit Limited Common Elements, no part of the Condominium Property shall be used as a location for conducting sales or rentals of condominium units or other real property.

(E) Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or 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.

(F) Balconies. Private balconies within a Unit or which are Limited Common Elements appurtenant thereto may be used only for recreational purposes and may not be improved except as permitted or required hereby. Such areas may not be used for hanging laundry and may not be enclosed, painted or the color or appearance otherwise altered by the owner except with the prior written consent of the Board of Directors of the Association, and except for approved hurricane/storm shutter installations in accordance with Section 4(E)(1)(d) of the Declaration.

(G) Floor Coverings. If ceramic tile flooring, hardwood flooring or other hard surface flooring is installed in any units on the second floor or above, it shall be applied over a resilient sound absorbing underlayment of material acceptable to the Association in order to buffer any noise that might be heard on the floors below. Any unit owner desiring to install such flooring shall make written application to the Association together with such supporting or justifying materials as the Association may request and the Association shall notify the unit owner within a reasonable time after the request has been made as to whether the material is acceptable to the Association. Unit owners will be held strictly liable for violations and for all damage resulting therefrom and the Association has the right to require immediate removal of violations. Each unit owner, by acceptance of a deed or other conveyance of their unit, hereby acknowledges and agrees that sound transmission in a high-rise building such as the Condominium is very difficult to control, and that noises from adjoining or nearby units and/or mechanical equipment can often be heard in another unit. The Developer does not make any representation or warranty as to the level of sound transmission between and among the units and the other portions of the Condominium Property, and the Association hereby waives and expressly releases

any such warranty and claim for loss or damages resulting from sound transmission.

(H) Exterior Improvements. Except as elsewhere provided, no Unit Owner shall cause anything to be applied or attached to, hung, displayed or placed on the exterior walls, terraces, doors or windows of any building (including awnings, antennae, signs, screens, fixtures and equipment) without the prior written consent of the Board of directors of the Association. Any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 ½ feet by 6 feet, that represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations; provided, however, no penetrations of the exterior skin of the building are permitted in connection with the display of flags.

(I) Barbecue Grills. No barbecue grills or other similar outdoor cooking facilities shall be allowed except such barbecue grills or similar outdoor cooking facilities as may be placed by the Association in designated areas, if any.

(J) Hurricane Shutters. Unit Owners may install approved hurricane/storm shutters that have been approved by the Association protecting the balcony and any similar area which are a part of their Unit or Limited Common Elements appurtenant to their Unit.

(K) Parking; Towing. Parking and towing of vehicles may be the subject of regulations promulgated by the Board of Directors.

(L) 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.

(M) 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.

(N) The Condominium Property and its use are subject to the Association regulations, a copy of which are attached as Exhibit H hereto.

(O) There are no restrictions on children other than those set forth in Regulation Number 4.

(P) There are no restrictions on pets other than those set forth in Regulation Number 6(i).

15. UTILITY SERVICES. Utilities and other services are supplied to Seychelles by the following entities or in the following manner:

- (A) Sanitary Sewage - City of Panama City Beach
- (B) Refuse Collection - City of Panama City Beach
- (C) Water Supply - City of Panama City Beach
- (D) Storm Water Management System - There will be a storm water management system that complies with applicable law and regulation and that will be operated and maintained by the Association.
- (E) Electricity - Gulf Power
- (F) Telephone - SmartResort or other corporate package through Seychelles General Services, LLC
- (G) Cable Television - SmartResort or other corporate package through Seychelles General Services, LLC
- (H) Internet - SmartResort or other corporate package through Seychelles General Services, LLC

16. APPORTIONMENT OF COMMON EXPENSES AND OWNERSHIP OF COMMON ELEMENTS. The common expenses and percentage of ownership of the common elements have been apportioned among the units of Seychelles on the basis that the approximate square footage of each unit bears to the approximate square footage of all of the units in Seychelles, appurtenant balconies being excluded from the calculation.

17. ESTIMATED OPERATING BUDGET. The estimated operating budget for Seychelles and the Association including the estimated monthly, quarterly and annual expenses for each condominium unit is attached hereto as Exhibit D.

18. ESTIMATED CLOSING COST AND TITLE INSURANCE. A schedule of the estimated closing costs to be paid by a purchaser is attached hereto as Exhibit J. An owner's policy of title insurance will be available on or after the closing at Developer's expense.

19. EXISTING OR INTENDED EASEMENTS. There are no existing or intended easements located or to be located in the Condominium Property which are not

described in the Declaration or in the Exhibits to the Declaration, except for the following:

A. Beach Services Easement. The Condominium will be subject to an exclusive easement in favor of Seychelles Beach Services, Inc., its successors and assigns, licensees, franchisees, or concessionaires, or such other entity as designated by Developer in the Beach Services Easement, as it is recorded, for the purpose of providing beach services including equipment sales and rentals, the sale of beach related merchandise such as beach chairs, umbrellas, sunglasses or sun tan products, food and refreshments (the "Beach Service Easement"). The Beach Service Easement will cover the area between the pool deck and the Southernmost boundary of the condominium property; refer to the Survey, Exhibit B to the Declaration, for the location of the Beach and Service Area. The Beach Service Easement will have an initial term of thirty (30) years and will automatically renew for additional thirty (30) year terms unless at least thirty (30) days but no more than ninety (90) days prior to expiration of a term, three-fourths (3/4) or more of the owners of Seychelles elect in writing to cancel rather than renew. Other provisions for termination contained in the Management Agreement and in the Condominium Act also apply. The Beach Service Easement will be recorded in the public records of Bay County, Florida prior to the Declaration of Seychelles. The Declaration of Seychelles, and all rights and privileges arising therefrom, will be subject to the Beach Service

Easement. A copy of the Beach Services Easement is attached to this Prospectus as Exhibit M-1.

Notwithstanding anything to the contrary provided above with respect to the term of this Easement, to the extent that the provisions of 718.302, Florida Statutes apply to this Easement, it may be terminated as provided therein.

B. General Services Easement. The Condominium will be subject to an exclusive easement in favor of Seychelles General Services, Inc., its successors and assigns, licensees, franchisees, or concessionaires, or such other entity as designated by Developer in the General Services Easement, as it is recorded, for the purpose of providing general services, such as but not limited to entertainment-on-demand services, that require installations on the roof of the building south of Gulf Drive (the "General Services Easement"). The General Beach Service Easement will cover the exterior surface of the roof and the parapet walls of the condominium building south of Gulf Drive which are denoted as Limited Common Element MM. The General Service Easement will have an initial term of thirty (30) years and will automatically renew for additional thirty (30) year terms unless at least thirty (30) days but no more than ninety (90) days prior to expiration of a term, three-fourths (3/4) or more of the owners of

Seychelles elect in writing to cancel rather than renew. Other provisions for termination contained in the Management Agreement and in the Condominium Act also apply. The General Service Easement will be recorded in the public records of Bay County, Florida prior to the Declaration of Seychelles. The Declaration of Seychelles, and all rights and privileges arising therefrom, will be subject to the General Service Easement. A copy of the General Services Easement is attached to this Prospectus as Exhibit M-2.

Notwithstanding anything to the contrary provided above with respect to the term of this Easement, to the extent that the provisions of 718.302, Florida Statutes apply to this Easement, it may be terminated as provided therein.

20. WALKOVER. The Condominium Building located on the south side of Gulf Drive will be connected to the Parking Garage on the north side of Gulf Drive by a pedestrian walkover. The Developer will be arranging for approval of the walkover as part of the approval process for the development order for Seychelles. The walkover will be a part of the Common Elements of the Condominium and upon recording the Declaration for Seychelles the Association will have the benefit of and will become responsible for the obligations relative to the walkover.

21. IDENTITY OF DEVELOPER. The Developer is Coastal Blue Development, LLC, a Florida limited liability company. The Developer has not had any prior experience in development of condominiums. The individual directing the operation of Seychelles is Charles W. Fuller, Manager of Coastal Blue Development, LLC. Mr. Charles W. Fuller has developed the Beach Place Condominium in Mexico Beach, Florida consisting of 9 units; Surf Side Condominiums in Mexico Beach, Florida consisting of 18 units; Villas of Mexico Beach in Mexico Beach, Florida consisting of 18 villas along with single family residences over the past 5 years.

22. SECURITY. The adequacy of security of persons and property is neither represented nor guaranteed. Seychelles will not be a gated community.

23. HURRICANES. Hurricanes have occurred in Florida and, as beach front property, Seychelles is exposed to the potential damages of hurricanes, including but not limited to damage from storm surges, wind, and rain. Windows and sliding doors used in the building, while meeting applicable code requirements, are not guaranteed against leaking in hurricane or other high wind or storm conditions. Water or other damages from these or other extraordinary causes shall not be the responsibility of the Developer.

24. COASTAL ENVIRONMENT; MOLD DISCLOSURE. Due to high salt and mineral content, coastal environments can be corrosive to metals. Seychelles is a beach front condominium. Consequently, certain elements of the condominium building and or condominium units may exhibit corrosion as they age. Additionally, the

coastal environment is typically an area of high humidity which is conducive to the growth of mold. Mold is a naturally occurring organism. A failure to properly maintain portions of the condominium property including a unit, where mold is likely to grow, will contribute to the growth and accumulation of mold.

25. ASSOCIATION LEASE. The Developer has entered into a lease with the Association (the "Association Lease") covering certain spaces within the Condominium that the Association may use for an office area and maintenance area. The rent under this Association Lease will be a Common Expense of the Condominium. A copy of the Association Lease is attached hereto as Exhibit O.

25. EXHIBITS TO PROSPECTUS. The following exhibits are made a part of this Prospectus:

<u>Title</u>	<u>Exhibit</u>
Declaration of Seychelles	A
Articles of Incorporation of Seychelles Owners Association, Inc.	B
By-Laws of Seychelles Owners Association, Inc.	C
Estimated Operating Budget	D
Plot Plan and Unit Floor Plans	E
Subscription and Purchase Agreement	F
Escrow Agreement	G
Regulations	H
Description of Commonly Used Facilities	I
Estimated Closing Costs	J
Undivided Share of Common Elements	K
Management Agreement	L
Easements	
Beach Service Easement	M-1
General Service Easement	M-2
Developer's Ownership Interest	N
Association Lease	O

EXHIBIT A TO PROSPECTUS

(Declaration of Condominium of
Seychelles, a Condominium)

DECLARATION OF CONDOMINIUM

OF

SEYCHELLES, A CONDOMINIUM

Bay County, Florida

MADE THIS ____ day of _____, 20__, by Coastal Blue 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"), 20__.

A. Name. The name by which this condominium is to be identified is "Seychelles, 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 Seychelles 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.

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. Common Expenses included but are not necessarily limited to: the Stormwater Management System serving the development as exempted or permitted by applicable regulatory authority; the expense of any contract for entertainment-on-demand services, such as, but not necessarily limited to, cable television, telephone, and broadband internet service, as well as the related expense of leasing space for the location on the Condominium Property of equipment to facilitate delivery of said services; the expenses of any Association lease for space for use by the Association to operate and maintain the Condominium Property; and the licensing expense each resort unit must have from the Division of Hotels and Restaurants of the Department of Business and Professional Regulation to classify the Condominium as a resort condominium that is available for transient rentals in compliance with Chapter 509.242, Florida Statutes.

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 that form of ownership of real property which is created pursuant to the Condominium Act and which is comprised of Units that may be owned by one (1) or more persons and having, as an appurtenance to each Unit, an undivided share in the Common Elements. Condominium also is used to refer to this condominium, i.e., the particular condominium that is created by the recording of this Declaration.

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. Developer means Coastal Blue Development, LLC, a Florida limited liability company, its successor, grantees and assigns.

N. 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.

O. 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.

P. 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.

Q. Resort Condominium. The Condominium and all of the resort units herein are designated as a resort condominium as the same is defined in Chapter 509.242 (2003), Florida Statutes.

R. Resort Unit. Each Unit herein which is available for rental more than three (3) times in each calendar year for a period of less than thirty (30) days or one (1) calendar month, whichever is less, and which will be advertised or held out to the public as a place regularly rented for periods of less than thirty (30) days or (1) calendar month, whichever is less.

S. 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.

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

U. 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.

V. 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.

W. 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.

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

Y. 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. SEYCHELLES, A CONDOMINIUM; DEVELOPMENT PLAN. The subject Condominium is described and established as follows:

A. Resort Condominium. This Condominium is being developed as a resort condominium pursuant to Chapter 509.242, Florida Statutes and therefore the resort units within the Condominium are governed by the terms and provisions of Chapter 509.242, Florida Statutes, and the applicable provisions of the Development Order which governs construction of the Condominium.

(1) Resort Condominium Licensing Requirements. Each owner of a resort unit hereby designates the Association as its Irrevocable Agent to apply for and obtain on an annual basis the required license from the Division of Hotels and Restaurants of the Department of Business and Professional Regulation in order to classify the condominium unit as a resort condominium unit and available for transient rentals in compliance with Florida Statutes 509.242.

(2) Transient Rental Requirements. Each resort unit shall be advertised or held out to the public as a resort unit which is regularly rented for periods of less than thirty (30) days or one (1) calendar month, whichever is less, and shall be available for rental more than three (3) times in a calendar year for periods of less than thirty (30) days or one (1) calendar month, whichever is less. A resort unit owner may either rent the unit independently or through a rental management company.

(3) Filing Requirements. Each resort unit owner shall file quarterly reports with the Association on April 1, June 1, October 1 and January 1 of each calendar year on a form supplied by the Association setting forth the resort unit owners' compliance with the requirements to rent the resort unit as provided for above. If the resort unit owner retains a rental management company to rent the resort unit, this management company shall file the required report on behalf of the resort unit owner. On or before February 28 of each year, the Association shall prepare an annual summary of the rental of the resort units as required herein based upon those reports furnished to it by the resort unit owners and the same shall be made available to Bay County for inspection and review.

(4) Requirements Are Appurtenant to Unit. The requirements contained in this section shall be appurtenant to each resort unit located within the Condominium.

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

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

D. Amendment of Plans.

(1) Alteration of Plans. Except as elsewhere provided, the plans attached hereto as composite Exhibit C may be amended only by a majority or more of the total voting interest, provided, however, the Developer reserves the right to amend said plans if such is required by a governmental entity.

E. Easements.

(1) Utility Easements. Developer hereby reserves unto itself and its successors and its assigns, and grants to the Association, the power to grant or assign, perpetual, non-exclusive easements over, across, under and through the Condominium Property for the construction, maintenance and operation of electric, gas or other utilities, 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 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 Elements or for making emergency repairs necessary to prevent damage to the Common Elements or to another Unit.

(6) Warranty. For as long as Developer remains liable under any warranty, whether statutory, express or implied, for any act or omission of Developer in the development, construction, sale and marketing of the Condominium, then Developer and its contractors, agents and designees shall have the right, in Developer's sole discretion and from time to time, to enter the Condominium Property for the purpose of making any necessary inspections, tests, repairs, improvements and/or replacements required for the Developer to fulfill any of its warranty obligations. Failure of the Association or any Unit Owner to grant such access shall be grounds for the Developer to declare the appropriate warranty nullified and of no further force or effect. Nothing herein shall be deemed or construed as the Developer making or offering any warranty, all of which are disclaimed (except to the extent same may not be) as set forth in Section 16 below.

(7) 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.

(8) Easements Reserved for Developer. The Developer, for itself and its successors and assigns, 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.

(9) Right to Grant Easements. The Developer hereby reserves the right to grant easements to others over, under, across, in and through the Condominium Property, but this reserved right shall expire upon the sale and closing of the last of Developer's Units.

F. 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, to the backside of the drywall wall, where drywall is installed, extended to intersections with each other and with the upper and lower boundaries. The Declarant reserves the right to combine two or more Units into one Unit by modifying or eliminating the walls between Units (for example, connecting two units by securely locked doors). However, any Units which have been so combined shall continue to be treated as separate Units for purposes of allocating assessments and votes of Unit Owners.

G. 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. The Commercial Units shall be numbered CC-1 and CC-2.

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) Automobile Parking Spaces. Automobile parking spaces are a part of the Common Elements of the Condominium. At least one automobile parking space will be available for use by each unit owner. Availability of parking spaces will be subject to such reasonable rules and regulations as may from time to time be promulgated by the Developer or the Association.

(4) 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.

(5) Limited Common Elements.

(i) Resort units have balconies adjacent to them that are Limited Common Elements appurtenant to each of the resort units. Limited Common Element balconies are not transferable between and among unit owners.

(ii) Commercial Unit CC-1 has Limited Common Element areas that are appurtenant to it and said areas are lettered as indicated on the graphic description of the improvements, composite Exhibit C hereto. Limited Common Element M consists of the air rights over the surface of the roof and the air rights over and around the parapet walls of the condominium building south of Gulf Drive, together with the right to install fixtures and equipment and improvements to shelter them upon said roof and parapet walls. The plans for such improvements must be furnished to the Association for its files and records, but need not be approved by the Association provided that the plans have been approved by an architect or engineer licensed to practice in the State of Florida. Limited Common Element M does not include the roof itself, or the parapet walls themselves. The roof, roof system and parapet walls are Common Elements.

(iii) Commercial Unit CC-2 has Limited Common Element area A that is appurtenant to it and said area is lettered as indicated on the graphic description of the improvements, composite Exhibit C hereto.

(iv) Limited Common Element areas appurtenant to a Commercial Unit may be transferred, separate and apart from transfer or conveyance of a Commercial Unit, to other Commercial Unit Owners within the Condominium, but are otherwise not transferable. Such transfer shall be by instrument of conveyance executed with the formality of a deed and recorded in the public records of Bay County, Florida. A conveyance of a Commercial Unit will serve to transfer such Common and Limited Common Element areas that are then appurtenant to it, even if Common Elements and Limited Common Elements are not so mentioned in the instrument of conveyance.

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, which contribute 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 balconies that are Limited Common Elements appurtenant to a resort unit, consisting of the balcony slab and structural portions of the walls or railings that are part of the balconies, but excluding interior surfaces of the balcony slab, shall be repaired, maintained and replaced at the expense of the Association;

(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 or Limited Common Elements that are maintained by the Association 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, Limited 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 portions to be maintained, repaired and replaced by the Association, as provided above, or in the event of damage resulting from casualty, that portion for which the Association has secured insurance coverage; the interior surfaces of Limited Common Element balconies shall be maintained, repaired, and replaced by the Unit Owner; consistent, with and subject to the foregoing, the Unit Owner shall repair and replace the following: all floor, wall and ceiling coverings, electrical fixtures, appliances, air conditioner or heating equipment (including pipes, wiring, ducts, fixtures serving only one Unit), water heaters, water filters, built-in cabinets and countertops, and windows, window glass, fogged window glass, glass sliding doors and screens, window treatments, including curtains, drapes, blinds, hardware and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of a unit and serve only one unit and all air conditioning compressors that service only an individual unit, whether or not located within the unit boundaries, and any items installed by the Unit Owner on balconies. Such shall be done without disturbing the rights of other unit owners.

(ii) The owners of the Commercial Units shall be responsible for maintaining, repairing and replacing their respective Commercial Unit Limited Common Elements, except as elsewhere expressly otherwise provided. The owner of Commercial Unit-1, i.e., CC-1, shall maintain, repair and replace the fixtures and equipment and improvements to shelter them that are installed from time to time within Limited Common Element area M. Limited Common Element M consists of the air rights over the surface of the roof and the air rights over and around the parapet walls of the condominium building south of Gulf Drive, together with the right to install fixtures and equipment and improvements upon the roof and parapet walls to shelter them.

(iii) Except as otherwise provided herein, 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; except any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 ½ feet by 6 feet, that represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations; provided, however, no penetrations of the exterior skin of the building are permitted in connection with the display of flags.

(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.

(d) Hurricane/Storm Shutters. Unit owners may install hurricane/storm shutters protecting the balcony and similar areas which are a part of their Unit or Limited Common Elements appurtenant to their Unit as provided herein. For purposes of uniformity and exterior appearance of the Condominium Units and building, the Board of Directors of the Association shall adopt and approve a model, style and color of storm shutter as a standard storm shutter for use in the Condominium, which may be installed on the exterior of the terraces in compliance with applicable building codes. No storm shutter except of the models, colors and styles adopted by the Board of Directors shall be used in or upon the Condominium Property.

(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. The roof and roof system of the buildings, as a moisture barrier, as well as the parapet walls, if any, are Common Elements that are to be maintained, repaired and replaced as a Common Expense of the Association.

(b) Alteration and Improvement. After the completion of the improvements included in the Common Elements contemplated by this Declaration, except as elsewhere provided, 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 a majority of the units. The terms "substantial alteration" or "substantial improvement" are defined to mean those alterations or improvements that are estimated to exceed 15% of the annual budget including reserves. 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; submission of same to the Declaration shall vest title to the property added to the Common Elements in the unit owners as a part of the Common Elements, without naming the unit owners and without further conveyance, in the same proportion as the undivided shares in the Common Elements that are appurtenant to the units owned by the unit owners. Such enlargement of the Common Elements shall be effective upon the recording in the public records of Bay County, Florida, of an Amendment to the Declaration together with 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) Resort Unit Limited Common Elements. The resort unit owners shall not alter or improve the balconies appurtenant to their units as Limited Common Elements, except that each resort unit owner may alter at such owner's expense the floor covering to be installed over his balcony floor, provided that

the installation proposed, and the material to be used in the installation has first been approved by the Association Board of Directors.

(4) Commercial Unit Limited Common Elements. The Commercial Units and the Limited Common Elements appurtenant to them may be altered or improved only by the owners of the Commercial Units, at their expense, without the approval or consent of the unit owners or the Association or its Board of Directors and alteration of such Limited Common Elements may include the change of their use to any use permitted under applicable zoning and land use regulations; provided however, the Commercial Unit owners shall not make any alteration in the portions of any 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 affect the structural integrity of the building without first providing to the Association Board of Directors copies of the plans for all such work, and if such work requires a building permit under the laws of the state of Florida, then such plans shall be prepared by an architect licensed to practice in this state. The Commercial Unit Owners need not obtain approval of the plans by the Association members or its Board of Directors.

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 in a voluntary conveyance, the grantee shall be jointly and severally liable with the grantor for all unpaid Assessments against the latter for his share of the Common Expenses up to time of such voluntary conveyance, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefor. A first mortgagee who acquires title to the unit by foreclosure or by deed in lieu of foreclosure is liable for the unpaid Assessments that became due prior to the mortgagee's receipt of the deed. However, the mortgagee's liability is limited to a period not exceeding six (6) months, but in no event does the first mortgagee's liability exceed one percent of the original mortgage debt. In no event shall the mortgagee be liable for more than six (6) months of the unit's unpaid Common Expenses or Assessments accrued before the acquisition of the title to the unit by the mortgage or one percent (1%) of the original mortgage debt, whichever amount is less.

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.

D. Interest; Application of Payment. Assessments and installments on such Assessments paid on or before ten (10) days after "the date when due" shall not bear interest but all sums not paid on or before ten (10) days after the date when due shall bear interest at the maximum legal rate from the date when due until paid. All payments upon accounts shall be first applied to interest and then to the Assessment payment first due.

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 liens 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. In the event that an installment of an assessment is delinquent, the Board of Directors may accelerate the balance due of such assessment, and the Association's lien may be recorded for the entire balance due of such accelerated assessment together with interest, due and to become due until payment, costs and reasonable attorneys fees. 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 Court may require the Condominium Parcel owner to pay a reasonable rental for the Condominium Parcel if the Condominium Parcel owner is in possession of the unit during the period of foreclosure, and the Plaintiff in such foreclosure shall be entitled to the appointment of a receiver to collect same from the unit owner or occupant or both.

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. If this Declaration is recorded prior to the substantial completion of

the condominium, then 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 Seychelles 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.

E. 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 of unit owners is specifically required by the Declaration.

F. Directors. In order to qualify as a candidate for election and to serve as a director of the Association, such candidate or director shall be a member of the Association and must own record title to at least an undivided fifteen (15%) interest in a unit in the Condominium.

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 primary coverage for:

(i) All portions of the condominium property located outside the units;

(ii) The condominium property located inside the units as such property was initially installed, or replacements thereof of like kind and quality and in accordance with the original plans and specifications or, if the original plans and specifications are not available, as they existed at the time the unit was initially conveyed; and

(iii) all portions of the condominium property for which the declaration requires coverage by the Association.

(iv) notwithstanding anything to the contrary provided above which defines the scope of property or casualty insurance that the Association must obtain excludes all of the following: all floor, wall and

ceiling coverings, electrical fixtures, appliances, air conditioner or heating equipment (including pipes, wiring, ducts, fixtures serving only one Unit), water heaters, water filters, built-in cabinets and countertops, and windows, window glass, fogged window glass, glass sliding doors and screens, window treatments, including curtains, drapes, blinds, hardware and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of a unit and serve only one unit and all air conditioning compressors that service only an individual unit, whether or not located within the unit boundaries, and any items installed by the Unit Owner on balconies. The items excluded from required Association insurance shall be insured by the Unit Owner; and each hazard insurance policy issued to a Unit Owner shall provide that the coverage afforded by such policy is excess over the amount recoverable under any other policy covering the same property; and each insurance policy issued to an individual Unit Owner providing such coverage shall be without rights of subrogation against the Association.

(v) Further, such Association 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) Workmen's Compensation. Worker's compensation policy, if required to meet the requirements of law.

(4) Fidelity Bonding. Fidelity bond insurance of all persons who control or disburse funds of the Association.

(5) 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 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 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. Unless extended by the Board of Directors, the decision as to reconstruction in the event of Major Damage shall be made within one hundred twenty (120) days after the casualty.

(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. Resort Units. All units of the Condominium except the commercial units are resort units and shall be available for rental more than three (3) times in each calendar year for a period of less than thirty (30) days or one (1) calendar month, whichever is less, and shall be advertised or held out to the public as a place regularly rented for periods of less than thirty (30) days or (1) calendar month, whichever is less.

B. Commercial Units and Limited Common Elements Appurtenant to Them. The Commercial Units may be restricted further by the Developer in a deed of conveyance of a Commercial Unit, but unless further restricted Commercial Units and their appurtenant Limited Common Elements shall be used for business and commercial purposes only, including any commercial purpose permitted by applicable zoning or land use ordinances imposed by governmental authorities. The Commercial Units and their Limited Common Elements may be used in connection with providing housekeeping, linen supply or other services necessary or convenient for the operation of a rental management program for units in the Condominium. No resort unit shall be used as a location for conducting sales or rentals of any real property including, but not necessarily limited to, sales or rentals of any units in Seychelles, a condominium. Except for the Commercial Units, only entire Units may be rented. The Commercial Units and the Commercial Unit Limited Common Elements may be rented in part or in whole to one or more tenants.

C. 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 use shall be made of the Common Elements that would compete or interfere with the use of the Commercial Units or the Commercial Unit Limited Common Elements. No Common Elements shall be used for commercial purposes, except to facilitate the use of the Commercial Units and the Commercial Unit Limited Common Elements for commercial purposes, as herein contemplated. Provided, however, vending machines may be placed on the Common Elements for the convenience of Unit Owners; beach services may be provided on the beach in front of the condominium building pursuant to the Beach Services Easement; and general services that require installations on the roof of the condominium building south of Gulf Drive may be installed on the roof of said building pursuant to the General Services Easement. "Beach services" may include equipment sales and rentals, the sale of beach related merchandise such as beach chairs, umbrellas, sunglasses or sun tan products, food and refreshments, and other services or products as determined from time to time by the provider of the beach services. "General services" may include entertainment and other services which require installations of one kind or another on the roof of the condominium building south of Gulf Drive.

D. 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.

E. On-Site Sales & Rentals. Except for the Commercial Units and the Commercial Unit Limited Common Elements, no part of the Condominium Property shall be used as a location for conducting sales or rentals of condominium units or other real property.

F. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the Condominium Property or 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.

G. Balconies. Private balconies within a Unit or which are Limited Common Elements appurtenant thereto may be used only for recreational purposes and may not be improved except as permitted or required hereby. Such areas may not be used for hanging laundry and may not be enclosed, painted or the color or appearance otherwise altered by the owner except with the prior written consent of the Board of Directors of the Association, and except for approved hurricane/storm shutter installations in accordance with Section 4(E)(1)(d) herein.

H. Floor Coverings. If ceramic tile flooring, hardwood flooring or other hard surface flooring is installed in any units on the second floor or above, it shall be applied over a resilient sound absorbing underlayment of material acceptable to the Association in order to buffer any noise that might be heard on the floors below. Any unit owner desiring to install such flooring shall make written application to the Association together with such supporting or justifying materials as the Association may request and the Association shall notify the unit owner within a reasonable time after the request has been made as to whether the material is acceptable to the Association. Unit owners will be held strictly liable for violations and for all damage resulting therefrom and the Association has the right to require immediate removal of violations. Each unit owner, by acceptance of a deed or other conveyance of their unit, hereby acknowledges and agrees that sound transmission in a high-rise building such as the Condominium is very difficult to control, and that noises from adjoining or nearby units and/or mechanical equipment can often be heard in another unit. The

Developer does not make any representation or warranty as to the level of sound transmission between and among the units and the other portions of the Condominium Property, and the Association hereby waives and expressly releases any such warranty and claim for loss or damages resulting from sound transmission.

I. Exterior Improvements. Except as elsewhere provided, no Unit Owner shall cause anything to be applied or attached to, hung, displayed or placed on the exterior walls, terraces, doors or windows of any building (including awnings, antennae, signs, screens, fixtures and equipment) without the prior written consent of the Board of directors of the Association. Any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 ½ feet by 6 feet, that represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations; provided, however, no penetrations of the exterior skin of the building are permitted in connection with the display of flags.

J. Barbecue Grills. No barbecue grills or other similar outdoor cooking facilities shall be allowed except such barbecue grills or similar outdoor cooking facilities as may be placed by the Association in designated areas, if any.

K. Hurricane Shutters. Unit Owners may install approved hurricane/storm shutters that have been approved by the Association protecting the balcony and any similar area which are a part of their Unit or Limited Common Elements appurtenant to their Unit.

L. Parking; Towing. Parking and towing of vehicles may be the subject of regulations promulgated by the Board of Directors.

M. 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.

N. 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, in addition to such relief as may be allowed by law, to the following relief:

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 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 six (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.

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 or disapproval in writing, but the approval or disapproval may not be used as a vote for or against the action taken and may not be used for purposes of creating a quorum. Except as elsewhere provided, such approval must be either by:

(1) Approval by the owners of two-thirds (2/3) of the Units who are present at the meeting or have submitted a proxy; 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, except as may be precluded by the provisions of 718.110(4) and (8), Florida Statutes. In furtherance of the foregoing, an irrevocable 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 any unit nor the share in the Common elements appurtenant to it, nor increase the owner's share of the Common expenses, 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. DISCLAIMER OF WARRANTIES. Developer hereby disclaims any and all express or implied warranties as to continuance of any particular view (it being understood and agreed that construction on any adjacent properties may obstruct such view), design, construction, sound transmission, furnishing and equipping of the Condominium Property, except only those set forth in section 718.203 of the Act, to the extent applicable and to the extent that same have not expired by their terms. As to such warranties which cannot be disclaimed, and to other claims, if any, which can be made as to the aforesaid matters, all incidental and consequential damages arising therefrom are hereby disclaimed. All unit owners, by virtue of acceptance of title to their respective units (whether from the Developer or any other party) shall be deemed to have automatically waived all of the aforesaid disclaimed warranties and incidental and consequential damages.

17. 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:

Coastal Blue Development, LLC
a Florida limited liability company

Signature of Witness

Print Name of Witness

By: Charles W. Fuller
Its: Manager

Signature of Witness

Print Name of Witness

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 20____, by Charles W. Fuller, its Manager, on behalf of the company, who is personally known to me.

(Notary Seal)

Notary Public

THIS INSTRUMENT PREPARED BY:
ROB BLUE, ESQ.
BURKE & BLUE, P.A.
P. O. Box 70
Panama City, Florida 32402

EXHIBIT A TO THE DECLARATION OF
Seychelles, A Condominium

LEGAL

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

EXHIBIT B TO THE DECLARATION OF
Seychelles, A Condominium

PAGE 1 OF 2 PAGES

(INSERT SURVEY)

EXHIBIT B TO THE DECLARATION OF
Seychelles, A Condominium

PAGE 2 OF 2 PAGES

SURVEYOR'S CERTIFICATE

STATE OF FLORIDA
COUNTY OF Bay

BEFORE ME, the undersigned authority duly authorized to administer oaths and take acknowledgments, personally appeared _____, after first being cautioned and sworn, deposes and says:

1. That he is a duly registered surveyor under the laws of the State of Florida, his certificate of registration number being _____.

2. That the construction of the improvements described by the survey and the graphic description of the improvements attached to the Declaration of Condominium of Seychelles, is substantially complete so that such material, together with the provisions of the Declaration describing the Condominium Property, is an accurate representation of the location and dimensions of the improvements, and the identification, location and dimensions of the Common Elements can be determined from these materials.

3. This Surveyor's Certificate is for Seychelles, A Condominium, under 718.104(4)(e) Florida Statutes.

FURTHER AFFIANT SAITH NOT.

REGISTERED SURVEYOR NO.

STATE OF FLORIDA
COUNTY OF Bay

Sworn to and subscribed before me this ____ day of _____, 20____, by _____, who is _____ personally known to me or produced _____ as identification.

(SEAL)

Notary Public

EXHIBIT C TO THE DECLARATION OF
Seychelles, A Condominium

SEE EXHIBIT E TO PROSPECTUS
(Plot Plan and Unit Floor Plans)

EXHIBIT D TO THE DECLARATION OF
Seychelles, A Condominium

SEE EXHIBIT B TO PROSPECTUS
(Articles of Incorporation of
Seychelles Owners Association, Inc.)

EXHIBIT E TO THE DECLARATION OF CONDOMINIUM OF
Seychelles, A Condominium

SEE EXHIBIT C TO PROSPECTUS
(By-Laws of Seychelles Owners Association, Inc.)

EXHIBIT F TO THE DECLARATION OF
Seychelles, A Condominium

SEE EXHIBIT K TO PROSPECTUS
(Undivided Share of Common Elements)

EXHIBIT B TO PROSPECTUS

and

EXHIBIT D TO DECLARATION OF CONDOMINIUM
OF SEYCHELLES, A CONDOMINIUM

(Articles of Incorporation of
Seychelles Owners Association, Inc.)

ARTICLES OF INCORPORATION
OF
SEYCHELLES 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 "Seychelles Owners Association, Inc." (the "Association") and the street address of its initial principal office is 5115 Gulf Drive, Panama City Beach, Florida 32408.

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, 2003, for the operation, management, maintenance and control of the Condominium being developed by Coastal Blue 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 any portions of the Stormwater Management System serving the development as exempted or permitted by applicable regulatory authority.

(3) To use the proceeds of the assessments in the exercise of these powers and duties, including the assignment of assessments and assessment collection rights in order to collateralize loans the Association may deem appropriate.

(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 development 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 rules and regulations respecting the use of the Common Area or any property belonging to or operated by the Association, including any portions of the Stormwater Management System serving the development as exempted or permitted by applicable regulatory authority.

(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.

(12) To employ personnel to perform the services required for the proper operation, management, maintenance or control of the Association or any other property of the Association, including but not limited to, any portions of the Stormwater Management System serving the development as exempted or permitted by applicable regulatory authority.

(13) 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.

(14) To serve as agent for unit owners to apply for and obtain on an annual basis the required license from the Division of Hotels and restaurants of the Department of Business and Professional Regulation in order that the units and the condominium be classified as a resort condominium available for transient rentals in compliance with Chapter 509.242, Florida Statutes.

(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.

ARTICLE IV

MEMBERS.

(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 V

DIRECTORS.

(A) The affairs of the Association will be managed by a Board consisting of not less than three (3) nor more than seven (7) directors who shall be designated or elected as hereinafter set forth. In order to qualify as a candidate for election and to serve as a director of the Association, such candidate or director shall be a member of the Association and must own record

title to at least an undivided fifteen (15%) interest in a unit in the Condominium.

(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>
Charles W. Fuller	P.O. Box 28105, Panama City Bch, FL 32411
Lucius S. Evins, III	3512 7th Avenue South, Birmingham, AL 35222
Patrick Barcus	2485 Banegaher St., Duluth, GA 30097

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.

(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 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 seven (7) 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>
Charles W. Fuller President	P.O. Box 28105, Panama City Bch, FL 32411
Lucius S. Evins, III Vice President	3512 7th Avenue South, Birmingham, AL 35222
Patrick Barcus Secretary/Treasurer	2485 Banegaher St., Duluth, GA 30097

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.

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 or disapproval in writing, but the approval of disapproval may not be used as a vote for or against the action taken and may not be used for purposes of creating a quorum. Except as elsewhere provided, such approvals must be by not less than two-thirds (2/3) of the vote of the entire membership of the Association who are present at the meeting or have submitted a proxy;

(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:

<u>NAME</u>	<u>ADDRESS</u>
Charles W. Fuller	P.O. Box 28105, Panama City Bch, FL 32411

ARTICLE XII

APPOINTMENT OF REGISTERED AGENT AND OFFICE. Rob Blue, Jr. is hereby appointed to serve as Registered Agent of the Association. The street 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 ____ day of _____ 20__.

Charles W. Fuller

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 20__, by Charles W. Fuller who is personally known to me.

Notary Public

(Notary Seal)

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 corporation is:
Seychelles Owners Association, Inc.
2. The name and address of the registered agent and office is:
Rob Blue, Jr., 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)

(Date)

EXHIBIT C TO PROSPECTUS

and

EXHIBIT E TO DECLARATION OF CONDOMINIUM
OF SEYCHELLES, A CONDOMINIUM

(By-Laws of Seychelles Owners Association, Inc.)

BY-LAWS
OF
SEYCHELLES OWNERS ASSOCIATION, INC.

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

1. Purpose. These are the By-Laws of Seychelles 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 Seychelles, a Condominium, and with regard to such condominium, the legal entity created pursuant to Chapter 718, Florida Statutes, 2003 (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, "2006" 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.
(a) 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.

(b) Except where provided to the contrary herein, notice of meetings of the Board of Directors, unit owner meetings and committee meetings may be provided by "electronic transmission" as that term is defined under chapter 617, Florida Statutes, to unit owners or committee members who consent to receive notice by electronic transmission. Electronic transmission shall not be used for unit owner meetings called to recall board members.

8. Quorum; Recess. 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. Once a quorum is determined

to be present at an annual or special meeting, the President or other presiding officer may recess the meeting from time to time, by announcing the recess at the meeting and the time the meeting will reconvene.

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. In the event of 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 facsimile copy of a proxy shall be considered and accepted as having the same legal effect as an original.

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 members of Board of Directors shall be designated by the Developer and may be changed from time to time as the Developer, in its sole discretion may determine. 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 seven (7) 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. If there is only one 15% or more ownership interest for the Unit or entity, that person shall be the sole person eligible for board membership. If there is no person with at least a 15% ownership interest for a particular Unit or entity, then the owners of the Unit or entity, as the case may be, may designate a Voting Member from among those who have some ownership interest but less than a 15% ownership interest in the Unit or entity on a duly filed Voting Certificate and such Voting Member shall be considered eligible to be a nominee for director and eligible for board membership.

17. Board Vacancy: Except as 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 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 to be nominated for and elected to be a director of the Association a person must meet the requirements set forth in the declaration and in these bylaws.

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. Proxies shall in no event be used in electing the Board, either in general elections or elections to fill vacancies caused by resignation or otherwise except that limited proxies may be used for elections to fill vacancies caused by recall.

d. Not less than sixty (60) days before a scheduled election, the Association shall mail, deliver or electronically transmit, whether by separate association mailing or included in another association mailing, delivery or transmission, 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 paragraph 7, the Association shall then mail, deliver or electronically transmit a second notice of the election meeting no less than 14 days and no more than 34 days prior to the election 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, delivery or transmission of the ballot, with the costs of mailing, delivery or electronic transmission 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 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. 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 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. Electronic transmission may not be used as a method of giving notice of a meeting called in whole or in part for this purpose.

(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.

e. 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 seven (7) directors are being elected, the four (4) 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 three (3) directors elected at that election shall serve a term of one (1) year. 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.

(a) 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.

(b) In lieu of or in addition to the physical posting of notice of any meeting of the Board of Directors on the condominium property, such notice, along with the agenda for the meeting, may be conspicuously posted and repeatedly broadcast on a closed-circuit cable television system serving the Association. If broadcast notice is used in lieu of a notice posted physically on the condominium property, the notice and agenda must be broadcast at least four times every broadcast hour of each day that a posted notice is otherwise required. When broadcast notice is provided, the notice and agenda must be broadcast in a manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and comprehend the entire content of the notice and the agenda.

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. Notice of meetings of the Board, including adjourned meetings, must be posted conspicuously 48 continuous hours preceding the meeting and the notice shall specifically incorporate an identification of agenda items.

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.

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. If an officer or employee is also a director, the compensation for the performance of officer or employee duties, as may be the case, shall take into account the separate compensation, if any, paid to the person on account of his status as a director. 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 hand delivered, mailed or electronically transmitted to the location furnished by the Unit Owner for that purpose 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 Unit 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 Unit Owners. If the Board of Directors adopts in any fiscal year an annual budget which requires assessments against the Unit Owners which exceed one hundred fifteen percent (115%) of the assessments for the preceding fiscal year, the Board of Directors shall conduct a special meeting of the Unit Owners to consider a substitute budget if the Board of Directors receives, within twenty-one (21) days after adoption of the annual budget, a written request for a special meeting from at least ten percent (10%) of the voting interests. The special meeting shall be conducted within 60 days after adoption of the annual budget. At least 14 days prior to such special meeting, the Board of Directors shall hand deliver to each Unit Owner, or mail to each Unit Owner at the address last furnished to the Association, a notice of the meeting. At the special meeting, Unit Owners affected by the budget shall consider and may enact a substitute budget upon vote of two-thirds (2/3) of the voting interests affected by the budget in question.

In any event, the Board of Directors may propose a budget to the Unit Owners at a meeting of the members or in writing, and if the budget or proposed budget is approved by the voting interests affected by the budget at the meeting or by a majority of all voting interests affected by the budget in question in writing, without a meeting, the budget so approved shall be adopted. If a meeting of the Unit Owners affected by a budget has been called and a quorum of those Unit Owners affected by the budget in question is not attained or a substitute budget is not adopted, 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 annually in advance and shall be due quarterly on the first day of each month of each quarter of the year for which the assessments are made. If an annual 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 annual 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 amount 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.

f. Delinquent Assessments. An assessment, annual or special, is to be paid on the due date established in these Bylaws or, in the case of a special assessment, by the date established for payment in the notice of assessment. Time is of the essence. Payments shall be due on the due date or within 15 calendar days after the due date, and if not paid within such grace period, the Association shall be entitled to charge a late fee of the greater of \$25.00 or 5% of the late installment. Delinquent installments shall also bear interest at the rate of 18% per annum calculated from the end of the grace period referred to above. A payment received later than 10 calendar days after the due date shall be considered late and the Association may charge an administrative late fee in addition to interest not to exceed the greater of \$25.00 or 5% of each installment of the assessment for each delinquent installment that the payment is late.

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; the Association shall also maintain the electronic mailing addresses and the numbers designated by unit owners for receiving notice sent by electronic transmission of those unit owners consenting to receive notice by electronic transmission. The electronic mailing addresses and numbers provided by unit owners to receive notice by electronic transmission shall be removed from association records when consent to receive notice by electronic transmission is revoked. However, the Association is not liable for an erroneous disclosure of the electronic mail address or the number for receiving electronic transmission of notices. The Association shall not sell or exchange for any consideration lists of electronic mailing addresses of its unit owners or the numbers of unit owners for receiving electronic transmission of notices;

(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. Financial Reporting. Within 90 days after the end of the fiscal year, 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.

46. Fines. In addition to all remedies provided in the Declaration of Condominium of the condominium operated by the Association, the Articles or these By-Laws, the Board of Directors of the Association may, upon reasonable notice of not less than 14 days and an opportunity for hearing, fine and charge any offending member a sum not to exceed One Hundred Dollars (\$100.00) for each infraction of the provisions of said Declaration, Articles, By-Laws or reasonable rules and regulations of the Association. 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. The hearing must be held before a committee of other Unit Owners. If the committee does not agree with the fine, the fine may not be levied.

The Notice shall include the following:

- a. Statement of date, time and place of hearing.
- b. Statement of provisions allegedly violated (Declaration, By-Laws, Rules) and
- c. Short and plain statement of the matters asserted by the Association.

The party against whom the fine may be levied shall have an opportunity to respond, to present evidence and to provide written or oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the committee. If the committee agrees with the fine, the Board of Directors shall receive the report of the committee and if the Board approves the recommendation of the committee, the Board of Directors may levy the fine. No fines shall become a lien against the Unit. The provisions of this paragraph shall not apply to unoccupied units.

47. Transfer Fee. No fee shall be charged by the Association in connection with a transfer, lease, sale or sublease of a Unit. No charge shall be made in connection with an extension or renewal of a lease.

48. Stormwater Management System. The Association shall operate and maintain the Stormwater Management System serving the development as exempted or permitted by applicable regulatory authority. Such operation and maintenance shall include future as well as present requirements of applicable regulatory authority, so long as they are lawful. Presently, such requirements include the following:

a. The Association shall establish and maintain at all times grass or other vegetation to prevent erosion and to maintain soil porosity. Mowing and landscape maintenance shall be done on a monthly basis during the active growing season. The Association shall inspect and maintain landscaping as required during the non-growing season.

b. The Association shall monitor sediment deposits in any surface detention/retention areas after each storm event. Sediments are to be removed from any cross pipes and retention areas whenever an accumulation of 3" or more is present.

c. The Association shall remove all accumulated debris from detention/retention areas at least two times a year.

d. The Association shall re-grade any swale/retention areas as needed to maintain the approved design cross section, line and grade.

49. 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.

50. 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.

c. Legal Action. Should any other dispute not be resolved through mediation, prior to the filing of any legal action (which shall include but not be limited to, administrative proceedings, court proceedings, etc.) not less than 75 percent of the total voting interests, other than the Developer, if the Developer was to be named the Defendant in such legal action, must vote to authorize such Legal Action either in person or by proxy at a duly called meeting for the purpose of considering such legal action at which a quorum is present.

d. Effectiveness. Article 50 of these By-Laws is ineffective and unenforceable based upon an order issued by the Division of Florida Land Sales, Condominiums and Mobile Homes (the "Division"). However, the Division's Order is on appeal in the First District Court of Appeals of Florida in case styled, Department of Business and Professional Regulation, Division of Florida Land Sales, Condominiums and Mobile Homes vs. Lennar Homes, Inc., Case No. 1D03-3020. In the event the First District Court of Appeals of Florida, reverses the Division's Order, this Article 50 shall be effective and enforceable and shall have retroactive effect.

51. 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.

52. 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.

53. 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 or voting interests not present in person or by proxy at the meeting considering the amendment may express their approval or disapproval in writing, but the approval or disapproval may not be used as a vote for or against the action taken and may not be used for purposes of creating a quorum. 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 who are present at the meeting or have submitted a proxy.

(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 underlying 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.

54. 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 Seychelles Owners Association, Inc., a not for profit corporation under the laws of the State of Florida, at the first meeting of the Board of Directors on the _____ day of _____, 2006.

Charles W. Fuller

EXHIBIT D TO PROSPECTUS
(Estimated Operating Budget)

**ESTIMATED OPERATING BUDGET
BUDGET FOR NOVEMBER 1, 2006 THRU OCTOBER 31, 2007
OPERATION OF SEYCHELLES, A CONDOMINIUM**

	MONTHLY	QUARTERLY	YEARLY
EXPENSES			
Administrative of Association			
Legal	\$200.00	\$600.00	\$2,400.00
Adminstration	\$200.00	\$600.00	\$2,400.00
Licenses/Permits/Taxes	\$83.33	\$250.00	\$1,000.00
Accounting	\$416.67	\$1,250.00	\$5,000.00
MANAGEMENT			
Management Fees	\$3,940.00	\$11,820.00	\$47,280.00
Association Office Rent	\$437.50	\$1,312.50	\$5,250.00
MAINTENANCE			
Building/ Labor & Materials	\$1,500.00	\$4,500.00	\$18,000.00
Maintenance Personnel	\$11,000.00	\$33,000.00	\$132,000.00
Generator	\$50.00	\$150.00	\$600.00
Elevators (3)	\$625.00	\$1,875.00	\$7,500.00
Pools (2)	\$1,716.67	\$5,150.00	\$20,600.00
Landscaping/Grounds	\$1,000.00	\$3,000.00	\$12,000.00
RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES			
	\$0.00	\$0.00	\$0.00
TAXES UPON LEASED AREAS			
	\$0.00	\$0.00	\$0.00
TAXES UPON ASSOCIATION PROPERTY			
	\$0.00	\$0.00	\$0.00
INSURANCE			
Property (includes Windstorm)	\$5,000.00	\$15,000.00	\$60,000.00
General Liability	\$500.00	\$1,500.00	\$6,000.00
Directors/Officers Liability	\$75.00	\$225.00	\$900.00
Fidelity	\$833.33	\$2,500.00	\$10,000.00
Flood	\$5,000.00	\$15,000.00	\$60,000.00
Surety Bond for Walkover	\$75.00	\$225.00	\$900.00
UTILITIES & OTHER EXPENSES			
SmartResort Package:			
(Direct TV, Telephone, Internet)	\$19,800.00	\$59,400.00	\$237,600.00
Water/Sewer	\$6,000.00	\$18,000.00	\$72,000.00
Garbage	\$1,666.67	\$5,000.00	\$20,000.00
Electricity	\$3,333.33	\$10,000.00	\$40,000.00
Fire System	\$500.00	\$1,500.00	\$6,000.00
Gas	\$1,333.33	\$4,000.00	\$16,000.00
Pest Control	\$625.00	\$1,875.00	\$7,500.00
Unit Electricity	\$12,935.00	\$38,805.00	\$155,220.00
Miscellaneous	\$833.33	\$2,500.00	\$10,000.00
FEES PAYABLE TO DIVISION			
(\$4.00 per resort unit)	\$65.67	\$197.00	\$788.00
OPERATING CAPITAL			
	\$0.00	\$0.00	\$0.00
BETTERMENTS			
	\$0.00	\$0.00	\$0.00
SUB-TOTAL WITHOUT RESERVES			
	\$79,744.83	\$239,234.50	\$956,938.00
RESERVES			
Exterior Painting	\$2,380.95	\$7,142.86	\$28,571.43
Pavement Resurfacing Parking Lot	\$166.67	\$500.00	\$2,000.00
Roof Replacement	\$333.33	\$1,000.00	\$4,000.00
Fire Sprinkler System	\$166.67	\$500.00	\$2,000.00
Elevators (3)	\$500.00	\$1,500.00	\$6,000.00
Generator	\$116.67	\$350.00	\$1,400.00
Water Pressure System	\$104.17	\$312.50	\$1,250.00
Resurface Pools (2)/Replace Heaters	\$285.71	\$857.14	\$3,428.57
SUB-TOTAL RESERVES			
	\$3,547.62	\$10,642.86	\$48,650.00

TOTAL WITH RESERVES	\$83,292.45	\$249,877.36	\$1,005,588.00
UNIT OWNER EXPENSE			
Rent for Unit, if subject to a Lease	\$0.00	\$0.00	\$0.00
Rent for Recreational Lease, if any recreational lease	\$0.00	\$0.00	\$0.00
ASSESSMENTS PER UNIT WITHOUT RESERVES	MONTHLY	QUARTERLY	YEARLY
Type A - 2 Bedroom (44 units @ 1427 sq. ft) 0.00732238	\$613.61	\$1,840.82	\$7,363.30
Type B- 1 Bedroom (132 units @ 883 sq. ft) 0.004440712	\$372.13	\$1,116.38	\$4,465.53
Type C- 1 Bedroom (21 units @873 sq. ft) 0.004390421	\$367.91	\$1,103.74	\$4,414.95
Type CC-1-Commercial Unit (1 unit @ 762 sq. ft) 0.003832188	\$321.13	\$963.40	\$3,853.60
Type CC-2-Commercial Unit (1 unit @ 403 sq. ft) 0.002026735	\$169.84	\$509.52	\$2,038.06

**Note: All references to square feet are approximate
and no warranty is expressed or implied by such reference.**

BUDGET NOTES

1. Chapter 718, Florida Statutes (the "Condominium Act") and regulations promulgated pursuant thereto (the "Regulations") allow reserves to be waived or reduced in certain circumstances. Generally, reserves are not required in budgets in which members of an association by a majority of the total voting interest in person or by limited proxy at a duly called meeting of the association, determine for a fiscal year to provide no reserves or reserves less adequate than those set forth above; provided that, such reserves cannot be waived or reduced prior to the mailing to unit owners of a proposed annual budget which includes such reserves. Prior to turnover of control of the Association by the Developer to its unit owners, the Developer intends to vote to waive the reserves for the first two fiscal years of the operation of such Association. More specific information is available by reference to the Condominium Act.

2. Unless waived or reduced pursuant to the Condominium Act and the Regulations, reserves are required for roof replacement, building painting, pavement resurfacing and all other capital expenditures and deferred maintenance which exceed \$10,000. The estimated life, the estimated replacement cost, the estimated remaining useful life for each item for which reserves are maintained and the current balance in each such reserve account are as follows:

	<u>Estimated Life</u>	<u>Estimated Replacement Cost</u>	<u>Estimated Remaining Useful Life</u>	<u>Current Balance</u>
Exterior Paint	7 yrs	\$200,000	7 yrs	\$ 0
Parking Lot- Pavement Resurfacing	17 yrs	\$ 34,000	17 yrs	\$ 0
Roof	15 yrs	\$ 60,000	15 yrs	\$ 0
Fire Sprinkler System	25 yrs	\$ 50,000	25 yrs	\$ 0
Elevators(3)	25 yrs	\$150,000	25 yrs	\$ 0
Generator	20 yrs	\$ 28,000	20 yrs	\$ 0
Water Pressure System	20 yrs	\$ 25,000	20 yrs	\$ 0
Resurface Pools(2) and Replace Pool Heater	7 yrs	\$ 24,000	7 yrs	\$ 0

3. The Association will operate on a calendar year basis as its fiscal year. The actual period of time from the beginning of Association activity until December 31 of the year involved will constitute the first fiscal year for the Association. This period can only be estimated. Budgets for subsequent years will run from January 1 until December 31. For convenience, this first budget uses annualized figures for the calendar year January 1, 2006 through December 31, 2006, although it is estimated that the actual period of the first fiscal year will be only a portion of 2006 through the end of 2006.

4. The amounts in the budget are calculated using current cost data and are based upon operating history and cost figures for other condominiums in Northwest Florida and the past experience of the Developer and its advisors.

Nevertheless, said amounts are estimates only and the actual amounts may vary depending upon changes in costs and services.

5. SmartResort or other corporate package is a bundled package of services consisting of telephone, cable television and internet services that will be provided through Seychelles General Services, LLC, a Florida limited liability company. These services will be provided to each unit owner and the expense of the package will be a Common Expense of the Condominium. The telephone services provided in this package do not include long distance services and the cable television services include only basic channel services and one premium channel, such as Home Box Office. Additional channel services will be available on an optional basis at additional personal expense of unit owners electing such optional additional services.

6. Unit electrical service will be provided through the Association, under a bulk billing arrangement, will be paid for as a Common Expense of the Association, and will be included in the assessments paid by each unit owner.

7. The budget does not include items of expense that are personal to unit owners or which are not uniformly incurred by all unit owners or which are not provided for nor contemplated by the condominium documents, including but not limited to private long distance telephone costs, cost of maintenance of the interior of the condominium units to the extent that such maintenance is not the obligation of the condominium or Association, the cost of maid or janitorial services privately contracted for by the unit owners, cost of other utility bills billed directly to each unit owner for utility service or supplied to his unit, if any, including optional additional premium channels for cable television, insurance premiums other than those incurred in respect of policies obtained by the condominium or association and applicable to the condominium or association property in general, debt service upon any mortgage encumbering the individual unit but not encumbering the condominium or association property as a whole, real estate taxes assessed directly to a condominium unit, and like personal expenses of the unit owner.

8. While the budget reflects the estimated monthly, quarterly and annual expenses of the Association and the unit owners, the By-Laws of the Association provide that the assessments will be determined annually in advance and will be due and payable in quarterly installments on the first day of each month of each quarter of the year for which the assessments are made. (See Paragraph 39 of the By-Laws of the Association).

9. The Developer has not guaranteed the budget of the Condominium. The Developer will be liable for Assessments on Units it owns to the same extent as Unit Owners other than the Developer.

10. If the Declaration is recorded prior to the substantial completion of the condominium, then 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.

11. At closing, each unit owner will pay a one time operating capital contribution in an amount equal to one quarter's assessment and this amount will be used as operating capital. (See 5.C. of the Declaration of Condominium).

12. Before the Association has accumulated sufficient amounts of operating capital to support its operations, it likely will be necessary for the Association to borrow operating capital to pay start up expenses, including but not necessarily limited to, insurance premiums, utility charges and deposits, permit and license fees, charges for service contracts, salaries of employees working for the Association and other similar expenses. These funds may be borrowed from a traditional lender, the Developer or other entity willing to make the loan(s) or advances for the benefit of the Association. The Association may use its accumulated operating capital or other sources of funds for repayment of such loan(s) or advances.

13. The Developer has entered into a lease with the Association (the "Association Lease") for the use of certain spaces within the Condominium that the Association may use for an office area and maintenance area. The rent under this Association Lease will be a Common Expense of the Condominium. A copy of the Association Lease is attached to the Prospectus as Exhibit O.

EXHIBIT E TO PROSPECTUS
(Survey, Plot Plan and Floor Plans)

CONDOMINIUM DOCUMENTS

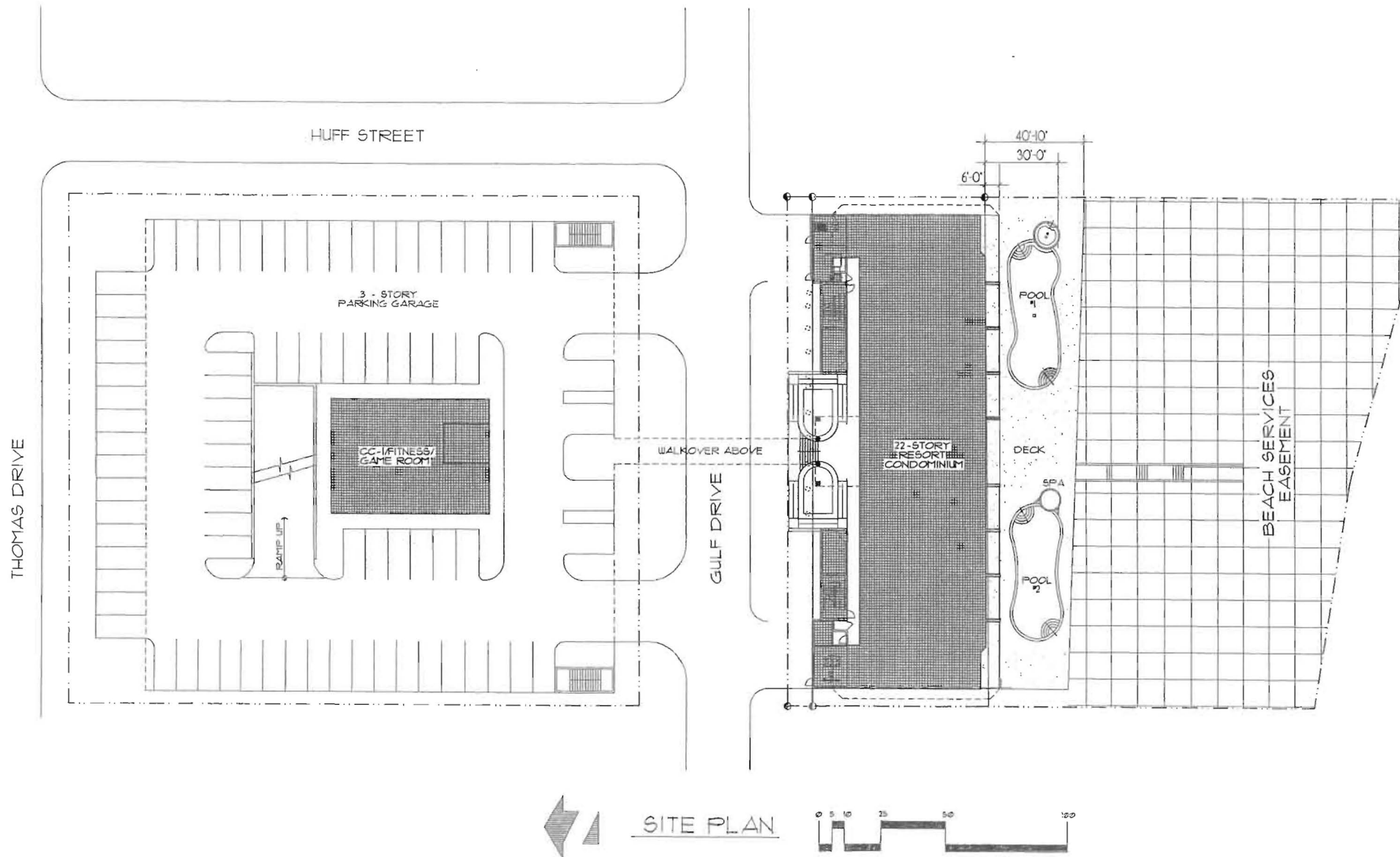
SEYCHELLES A CONDOMINIUM



COLLINS & ASSOCIATES, INC.

ARCHITECTS & PLANNERS • AA C000558

TELEPHONE • 850 • 769 • 3357



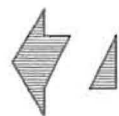
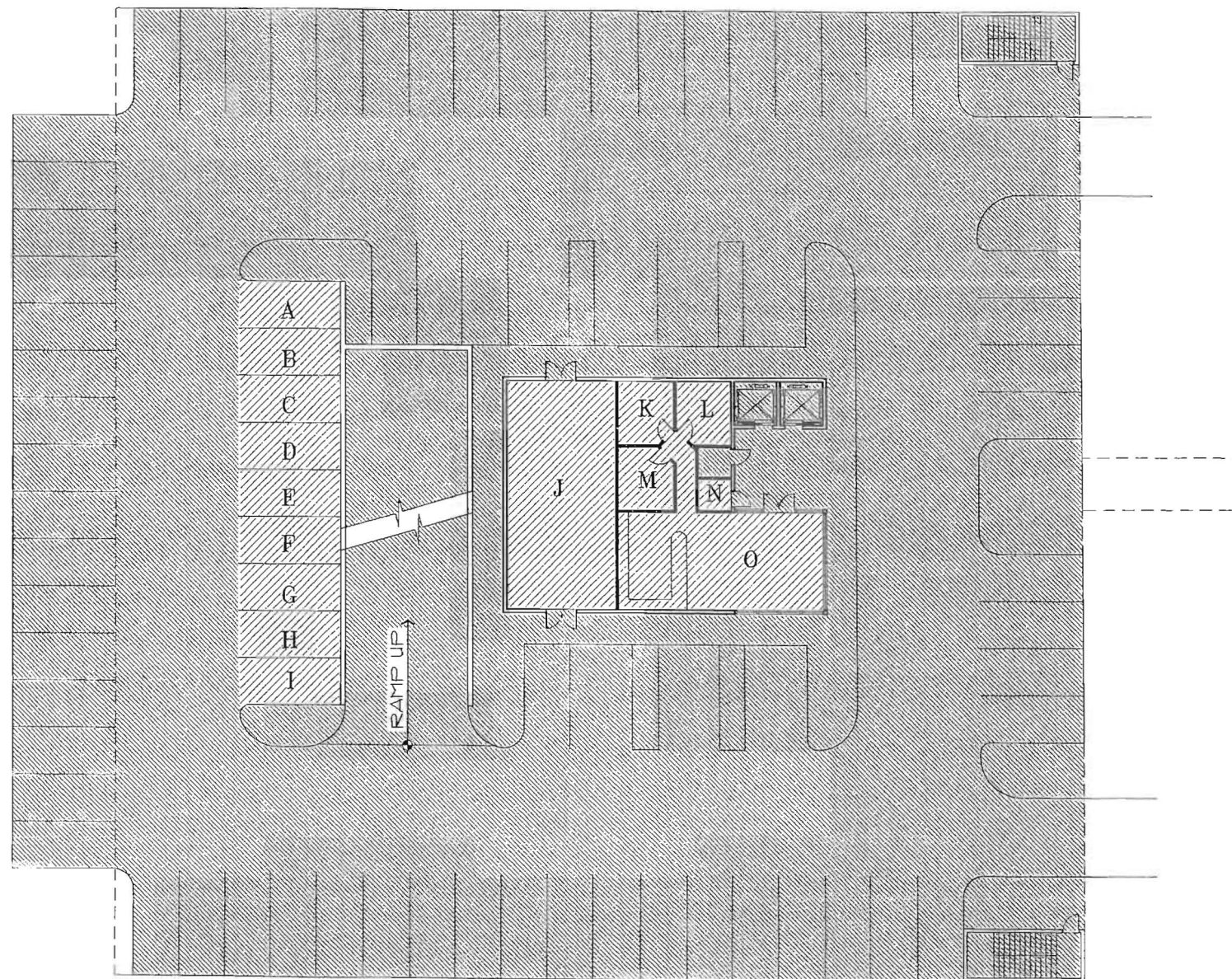
NOTES:

1) APPROXIMATE BUILDING HEIGHTS:

CONDOMINIUM BUILDING: 248'
 CC-FITNESS/GAME ROOM: 55'
 PARKING GARAGE: 54'

2) ALL IMPROVEMENTS ARE PROPOSED.

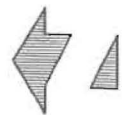
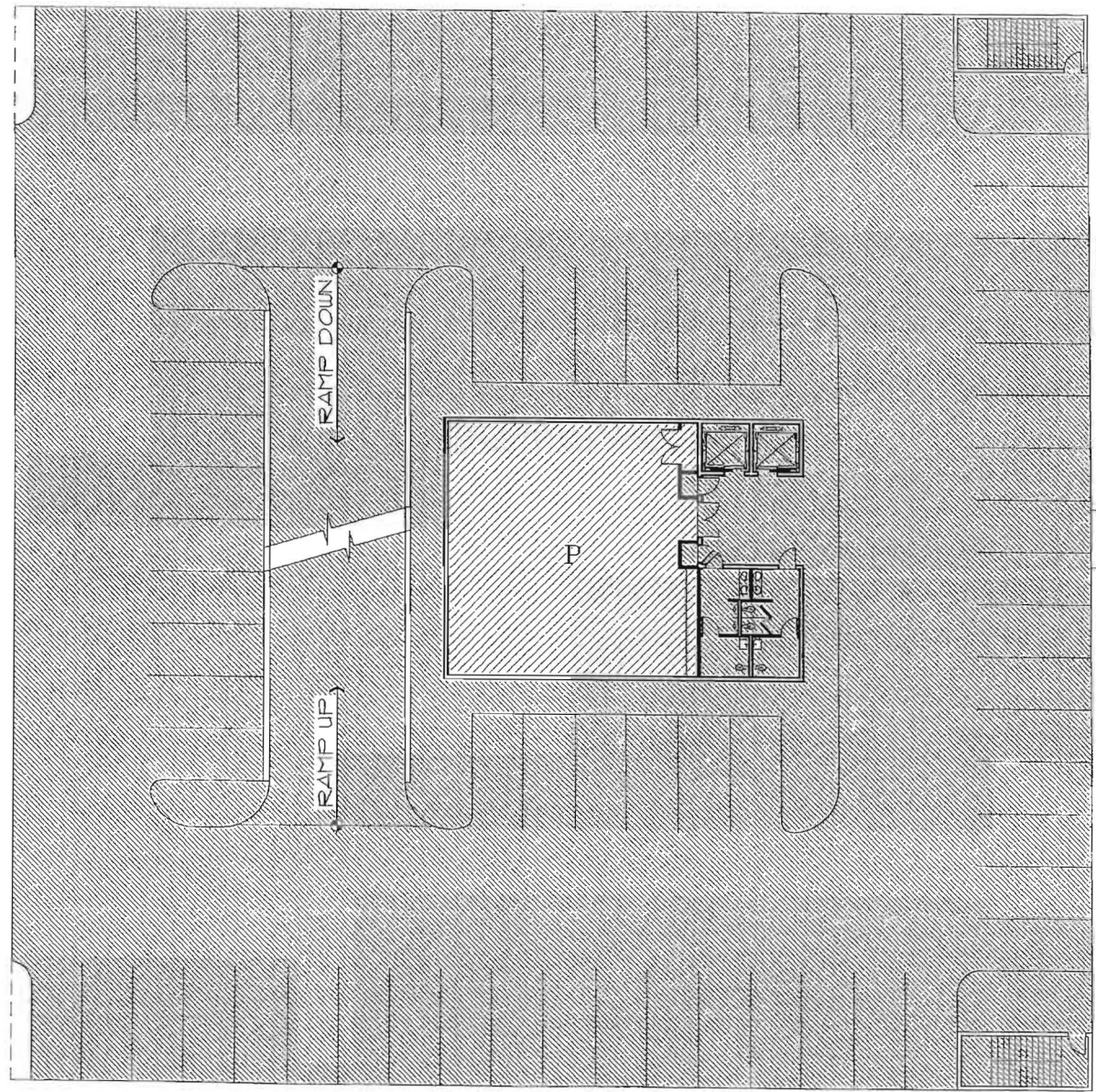
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COMMON ELEMENT
(A-O)



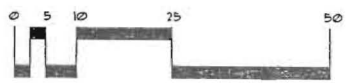
PARKING GARAGE
1ST FLOOR PLAN



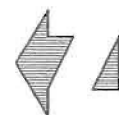
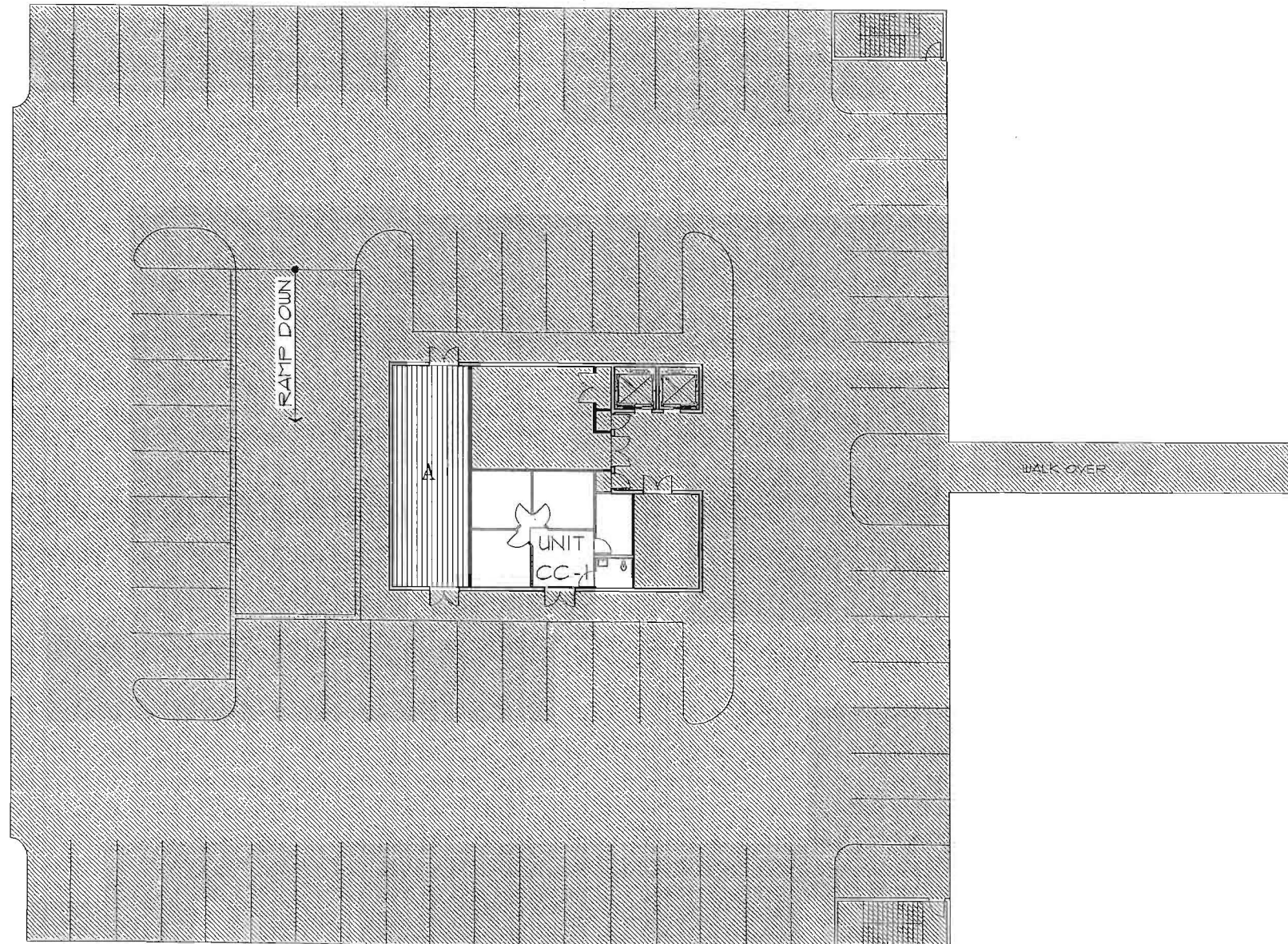
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- CC-1 LIMITED
COMMON ELEMENT
(P)



PARKING GARAGE
2ND FLOOR PLAN



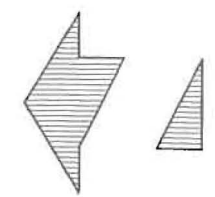
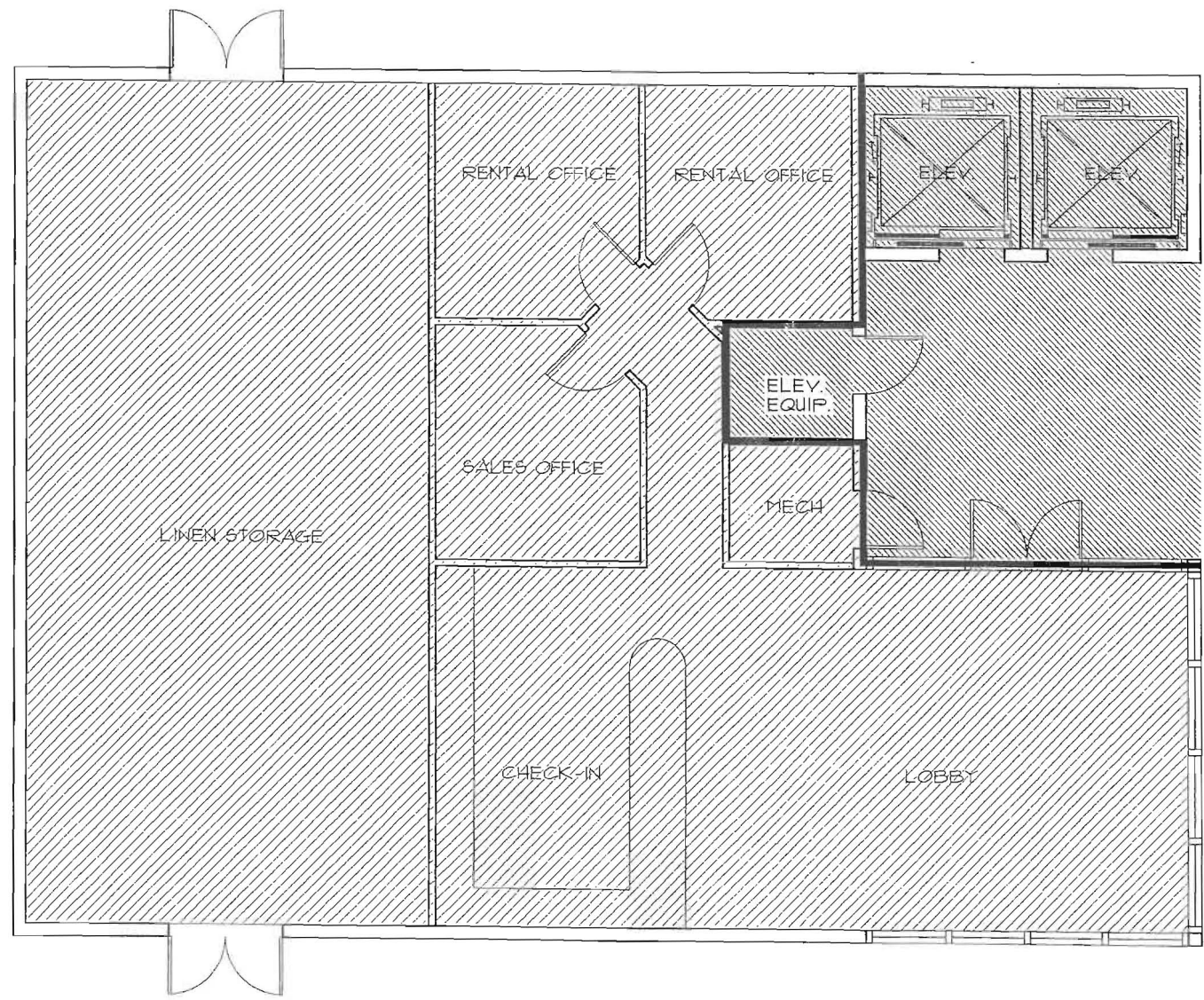
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CC-2 LIMITED
COMMON ELEMENT
(A)



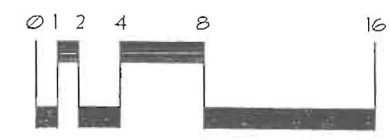
PARKING GARAGE
3RD FLOOR PLAN



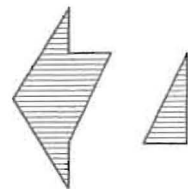
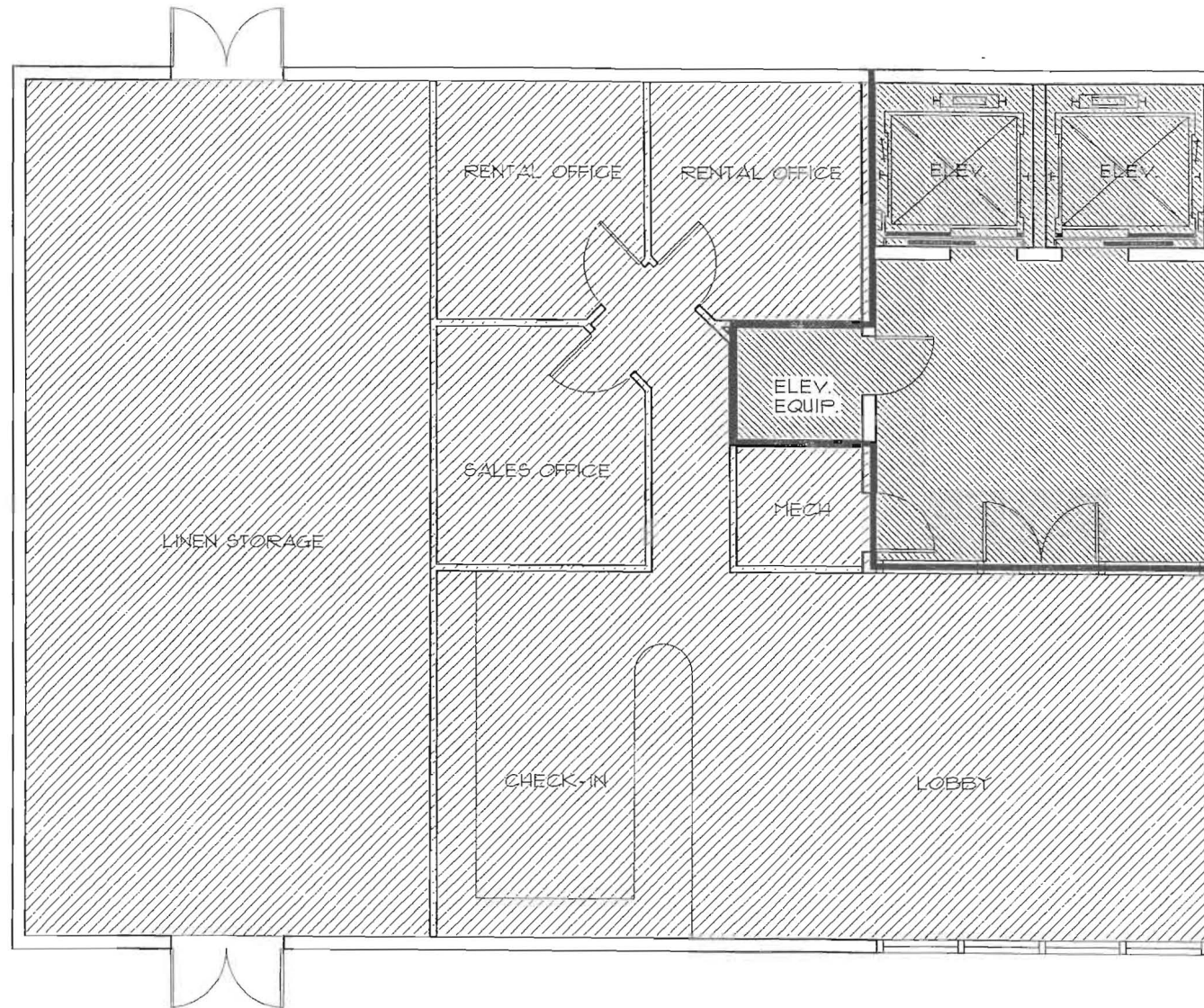
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-  CC-1 LIMITED COMMON ELEMENT



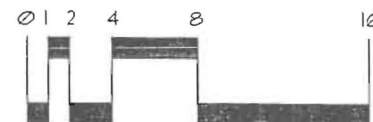
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1ST FLOOR PLAN



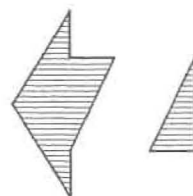
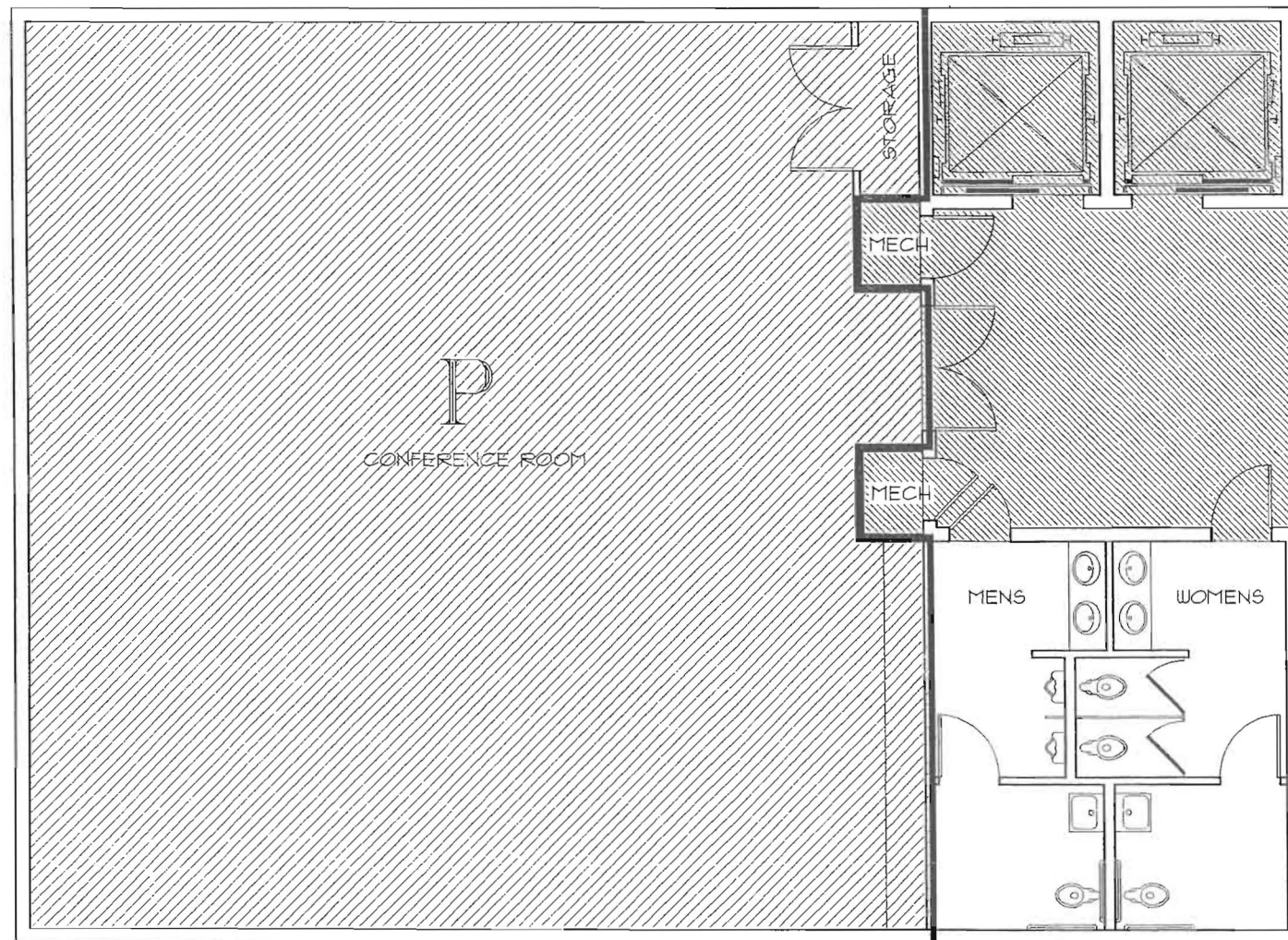
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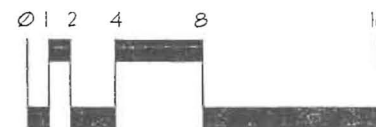
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


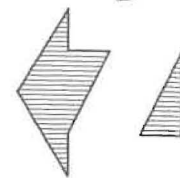
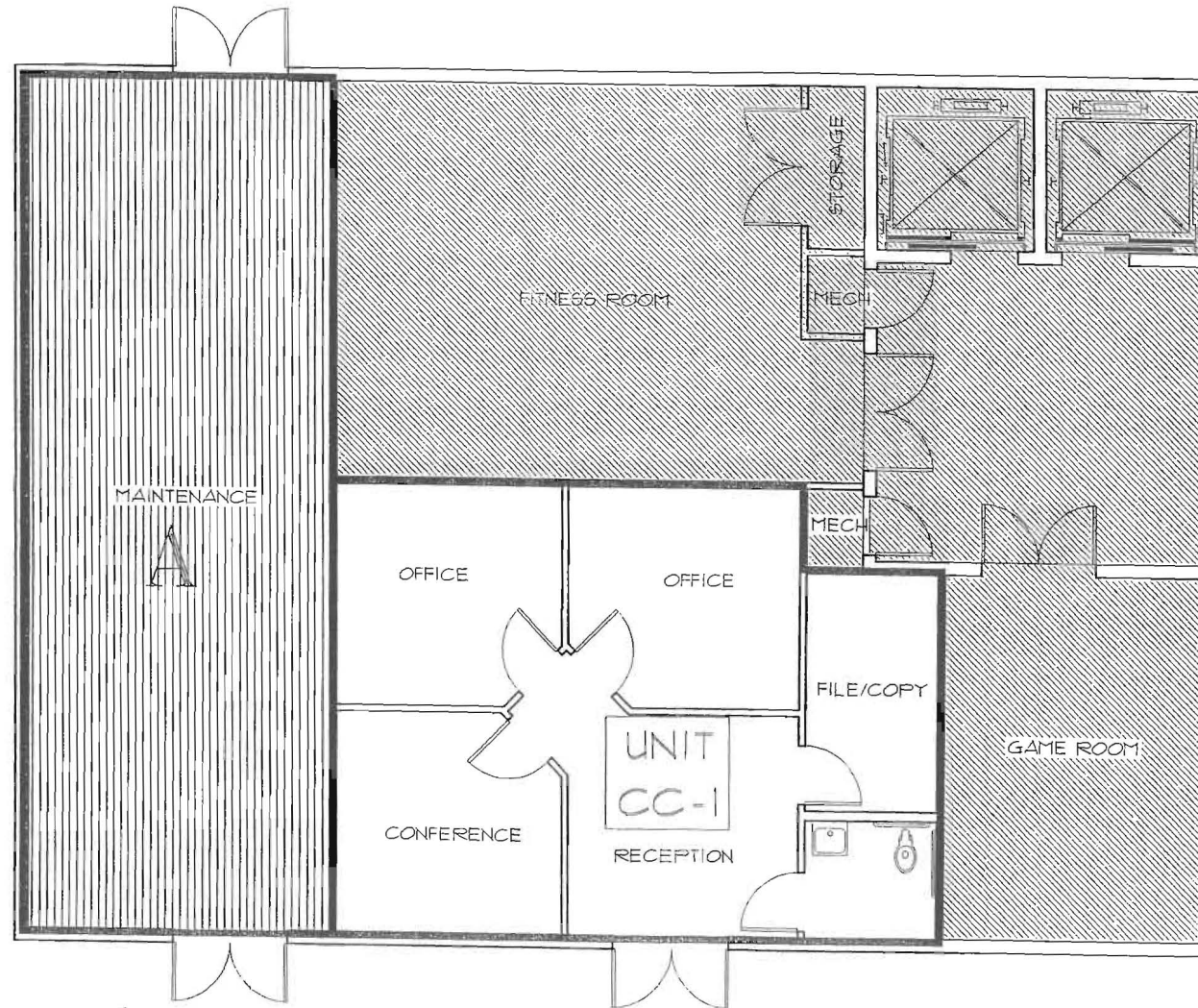
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-  CC-1 LIMITED
COMMON ELEMENT
(P)



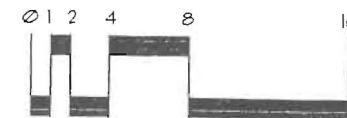
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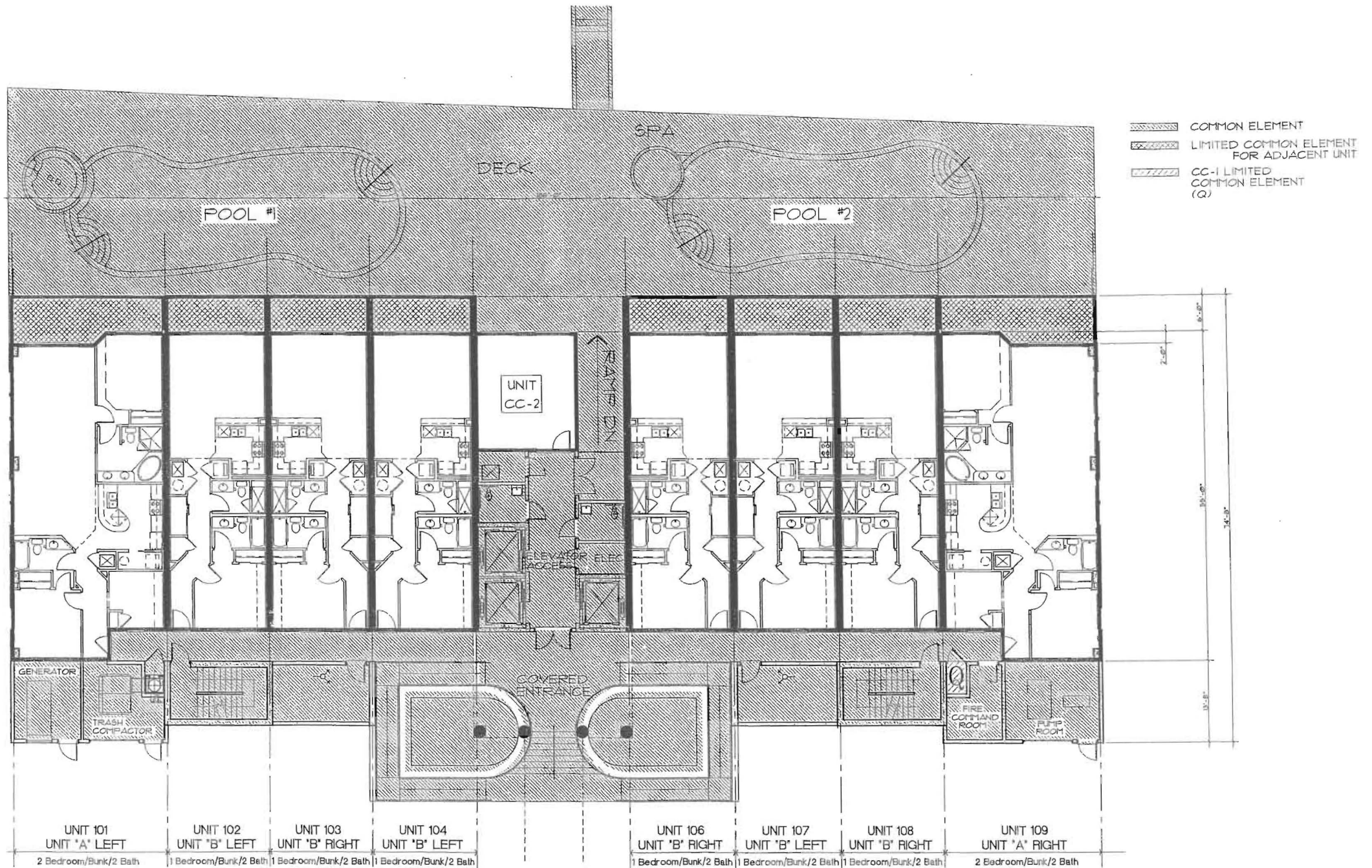


 COMMON ELEMENT
 CC-2 LIMITED
 COMMON ELEMENT
 (A)

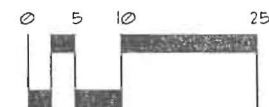





CC-1/FITNESS/GAME ROOM
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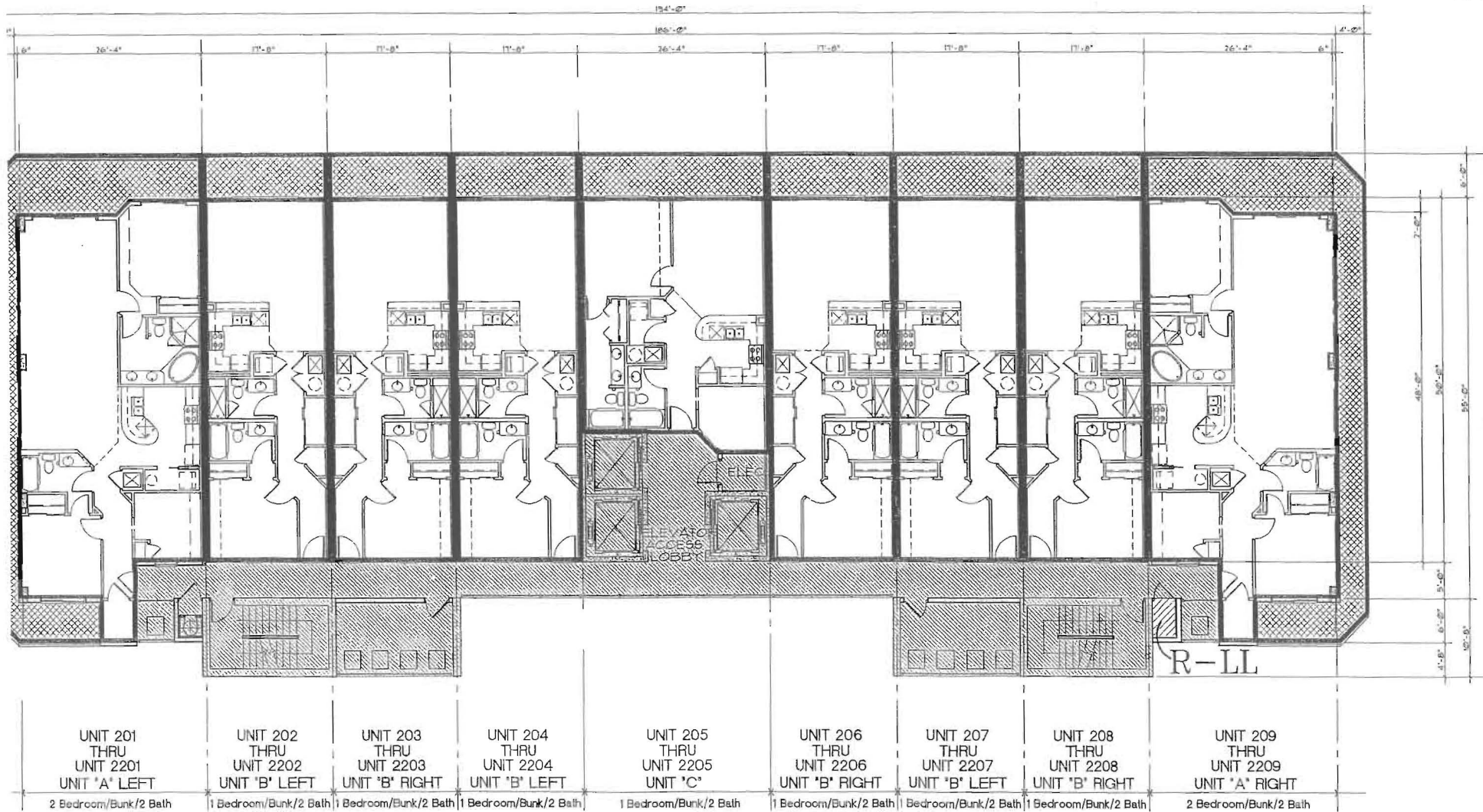




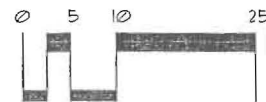
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




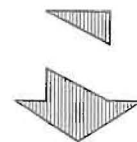
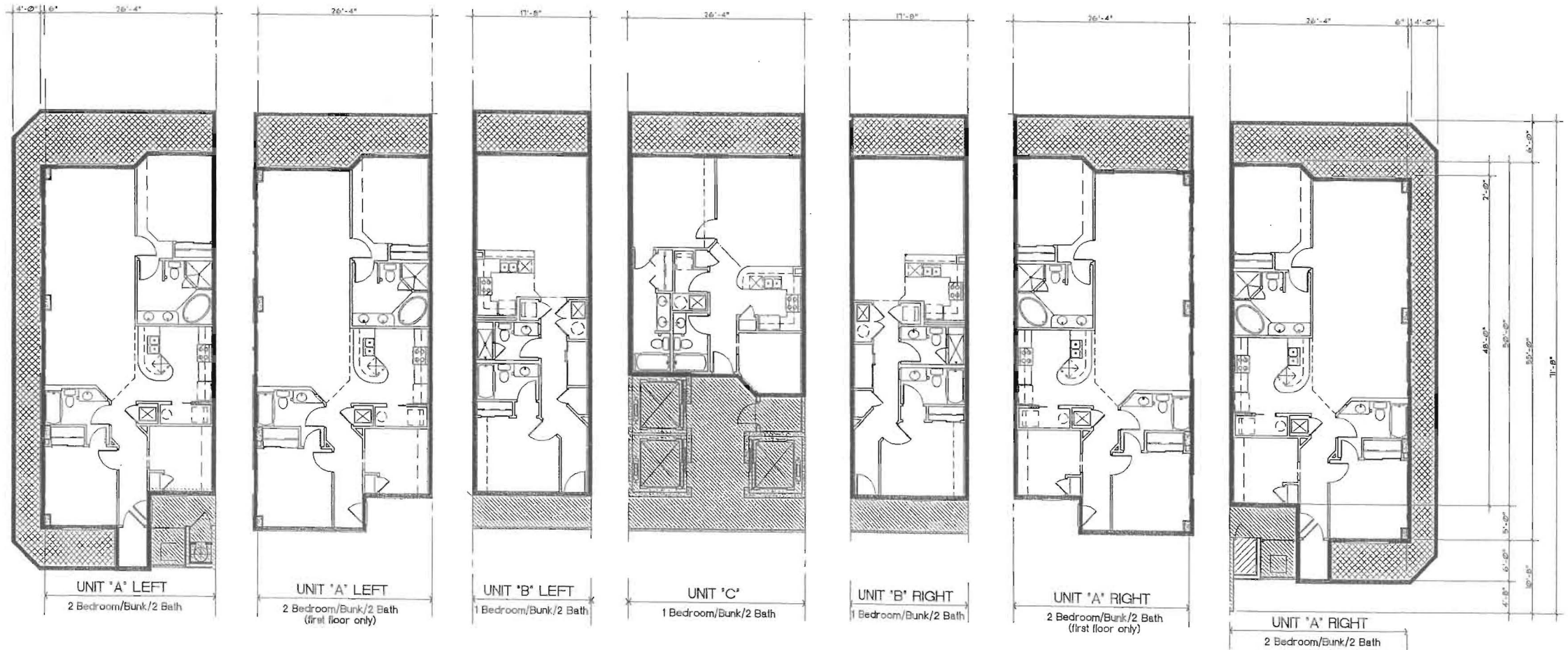
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-  LIMITED COMMON ELEMENT FOR ADJACENT UNIT
-  CC-1 LIMITED COMMON ELEMENT (R-LL)



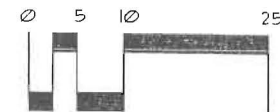
2ND-22ND FLOOR PLAN



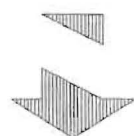
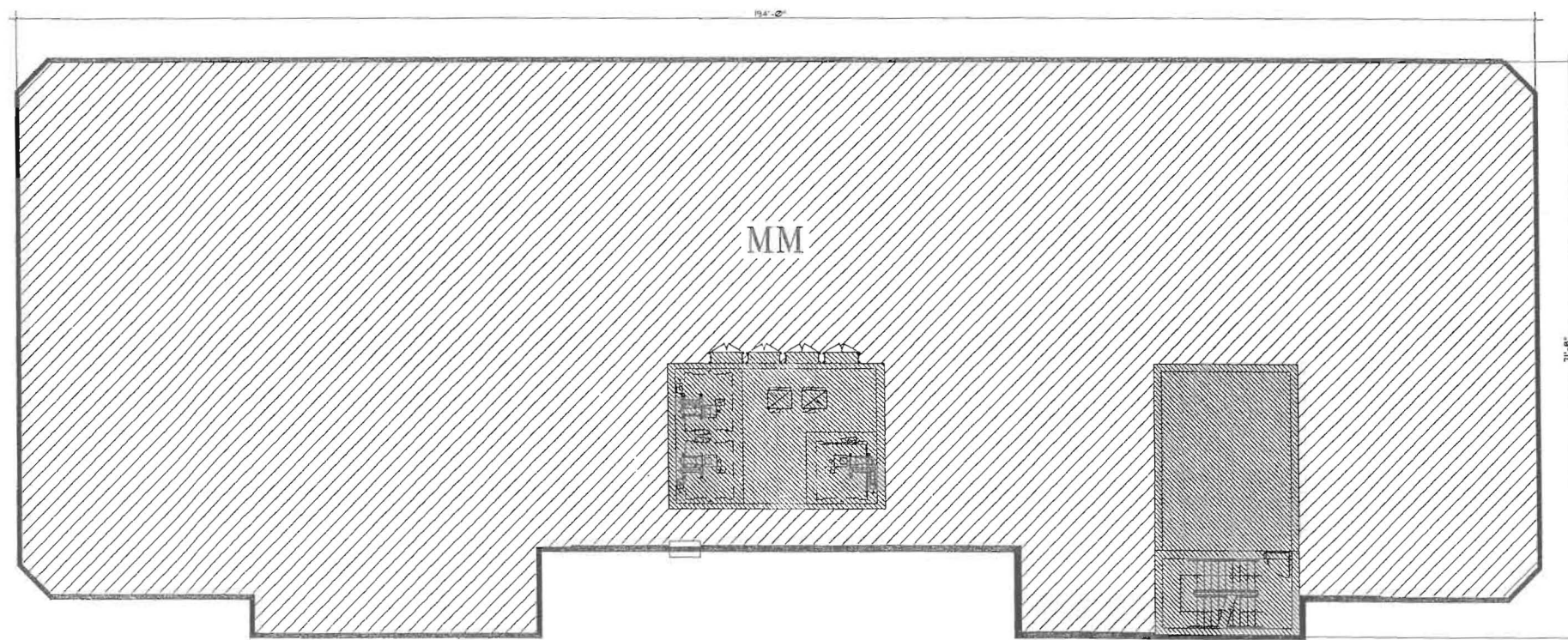
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-  LIMITED COMMON ELEMENT FOR ADJACENT UNIT
-  CC-1 LIMITED COMMON ELEMENT



TYPICAL UNIT PLANS

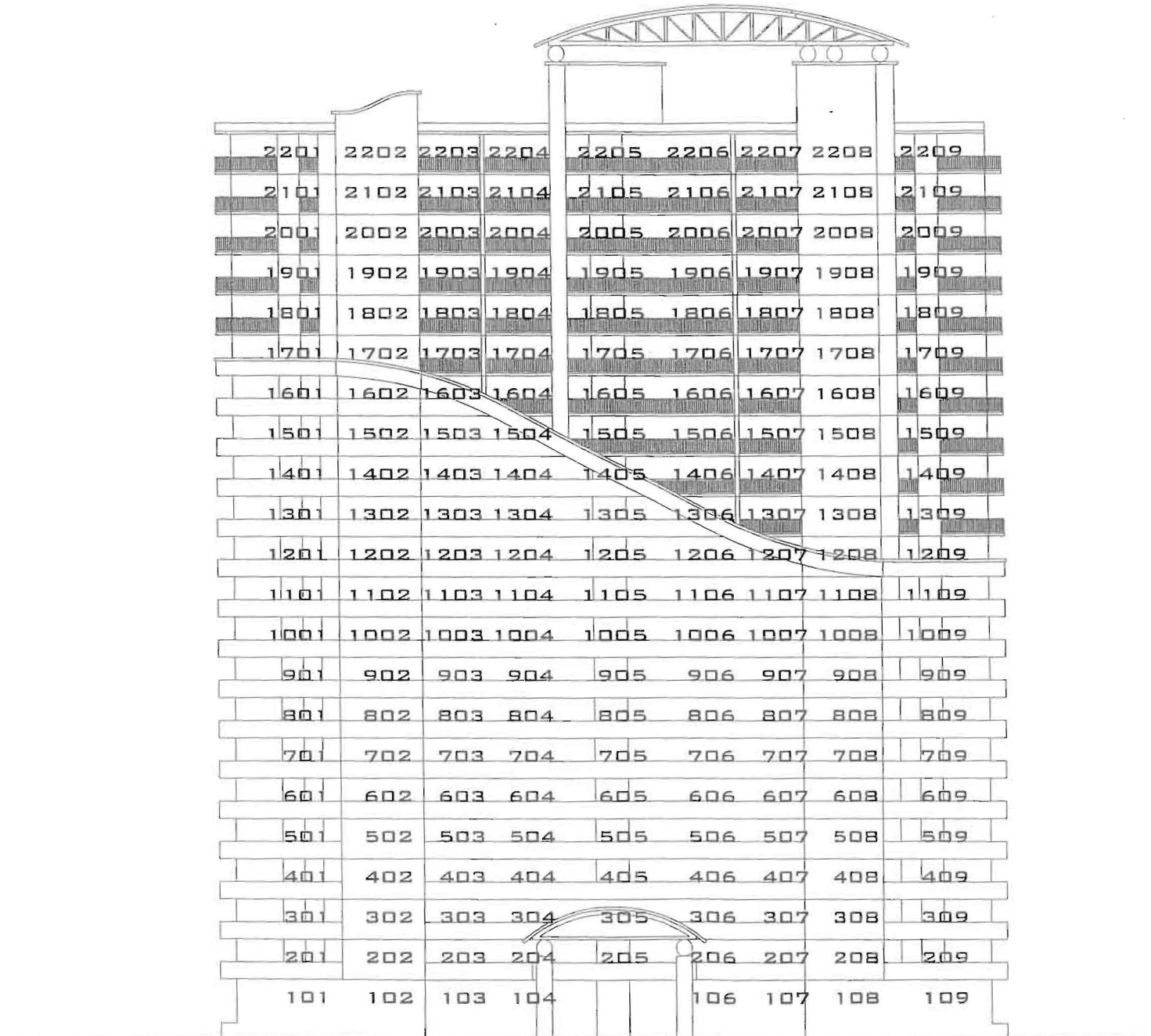


COMMON ELEMENT
CC-1 LIMITED
COMMON ELEMENT
(MM)



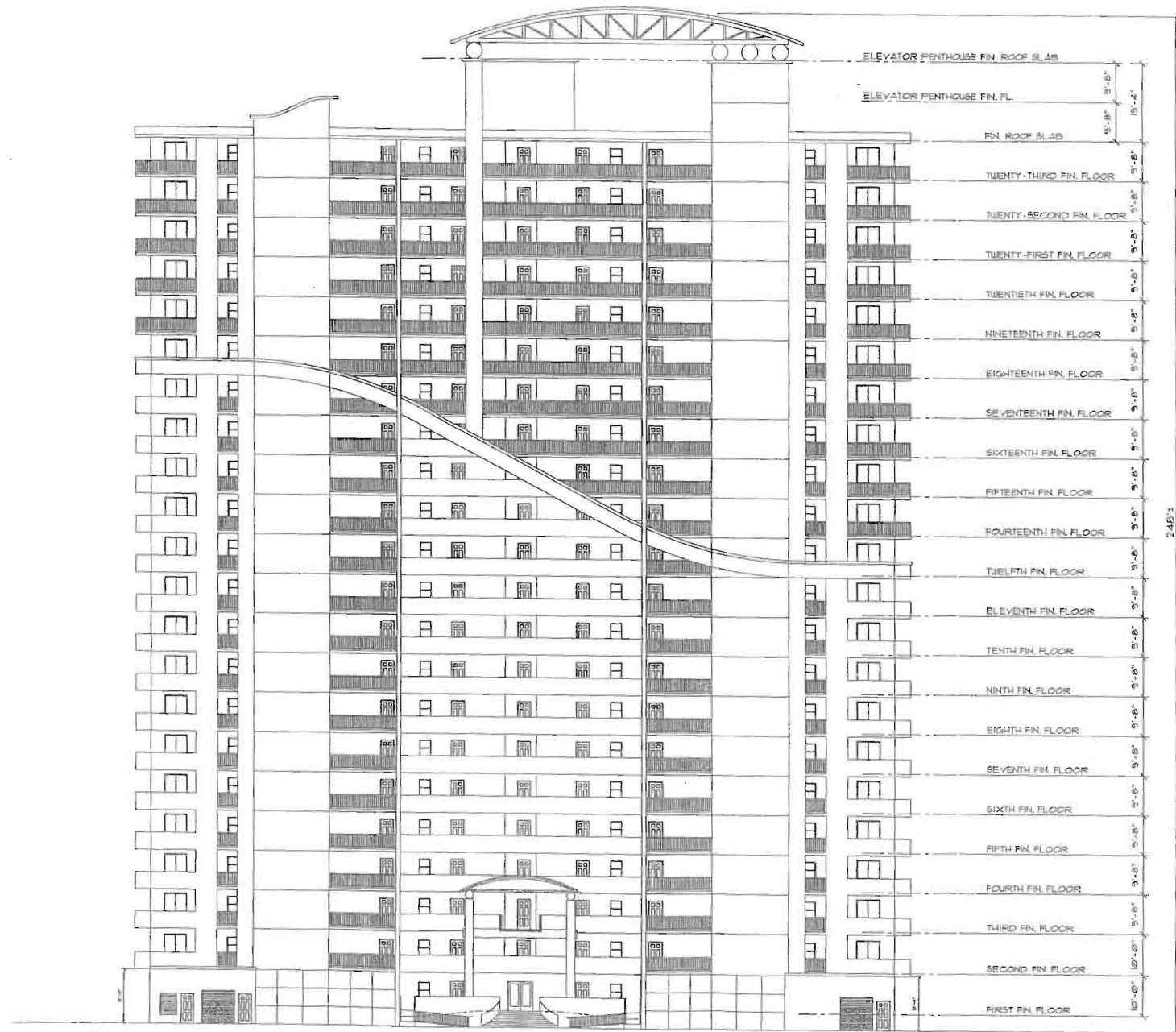
ROOF PLAN



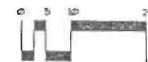


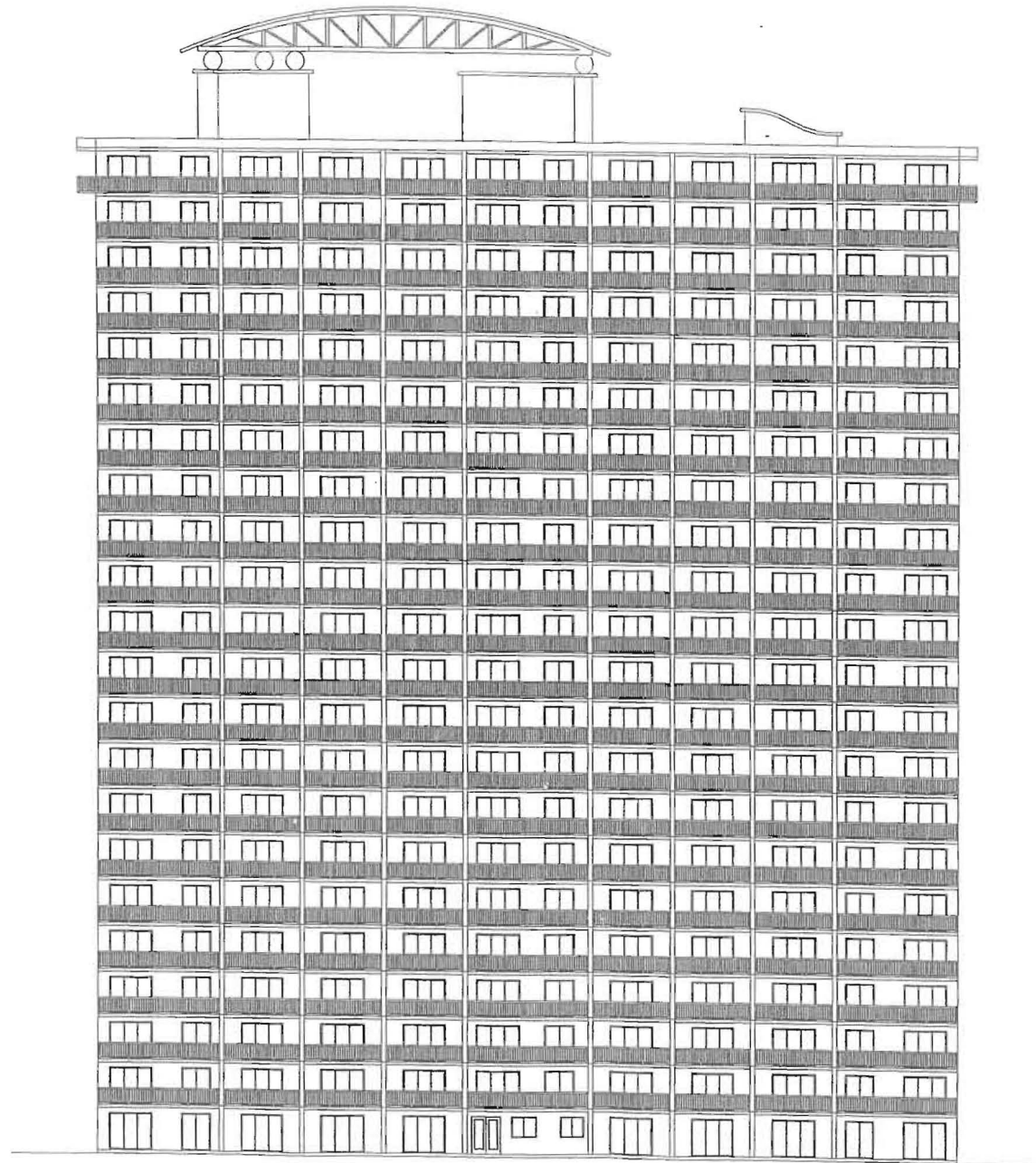
BUILDING MATRIX
NORTH ELEVATION





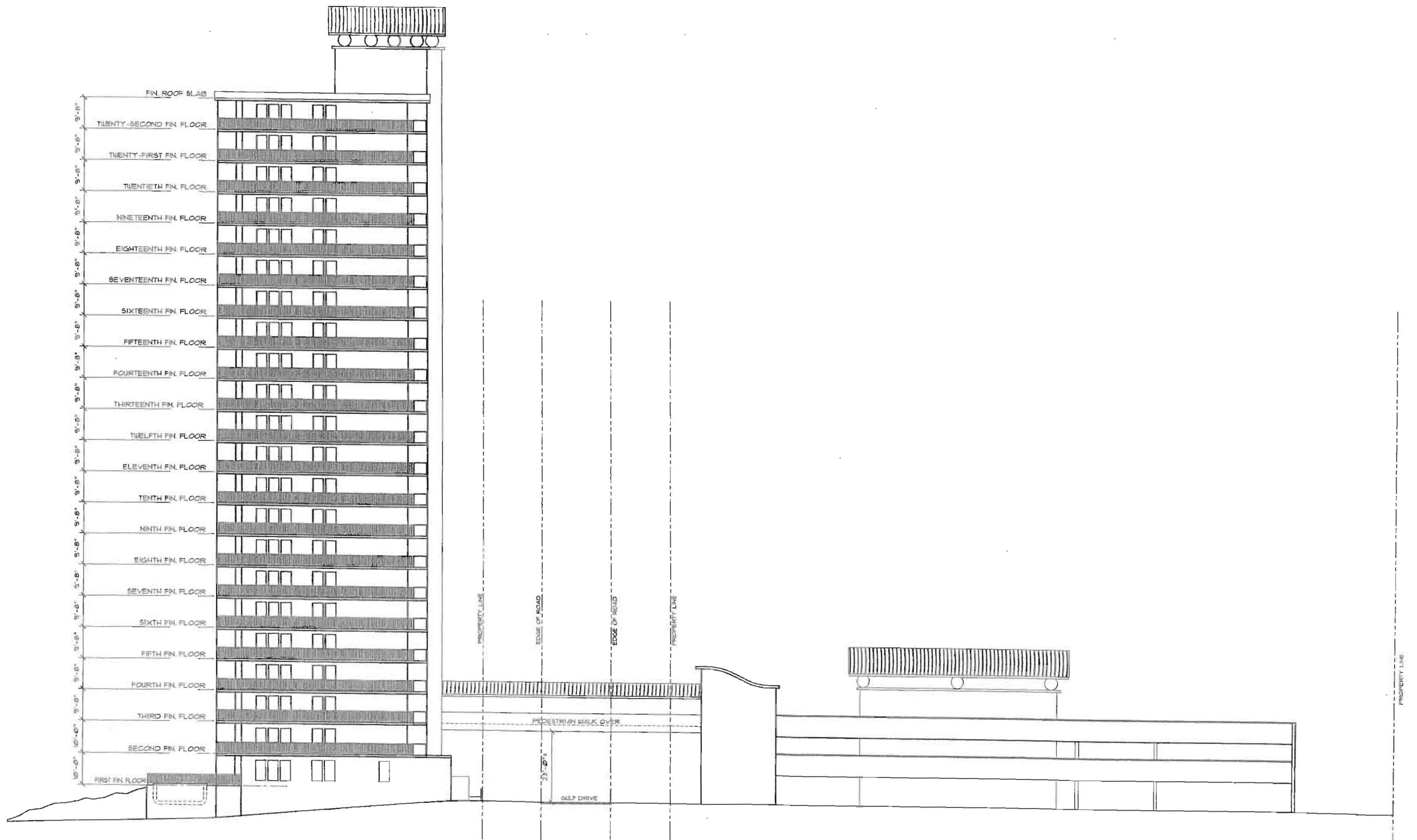
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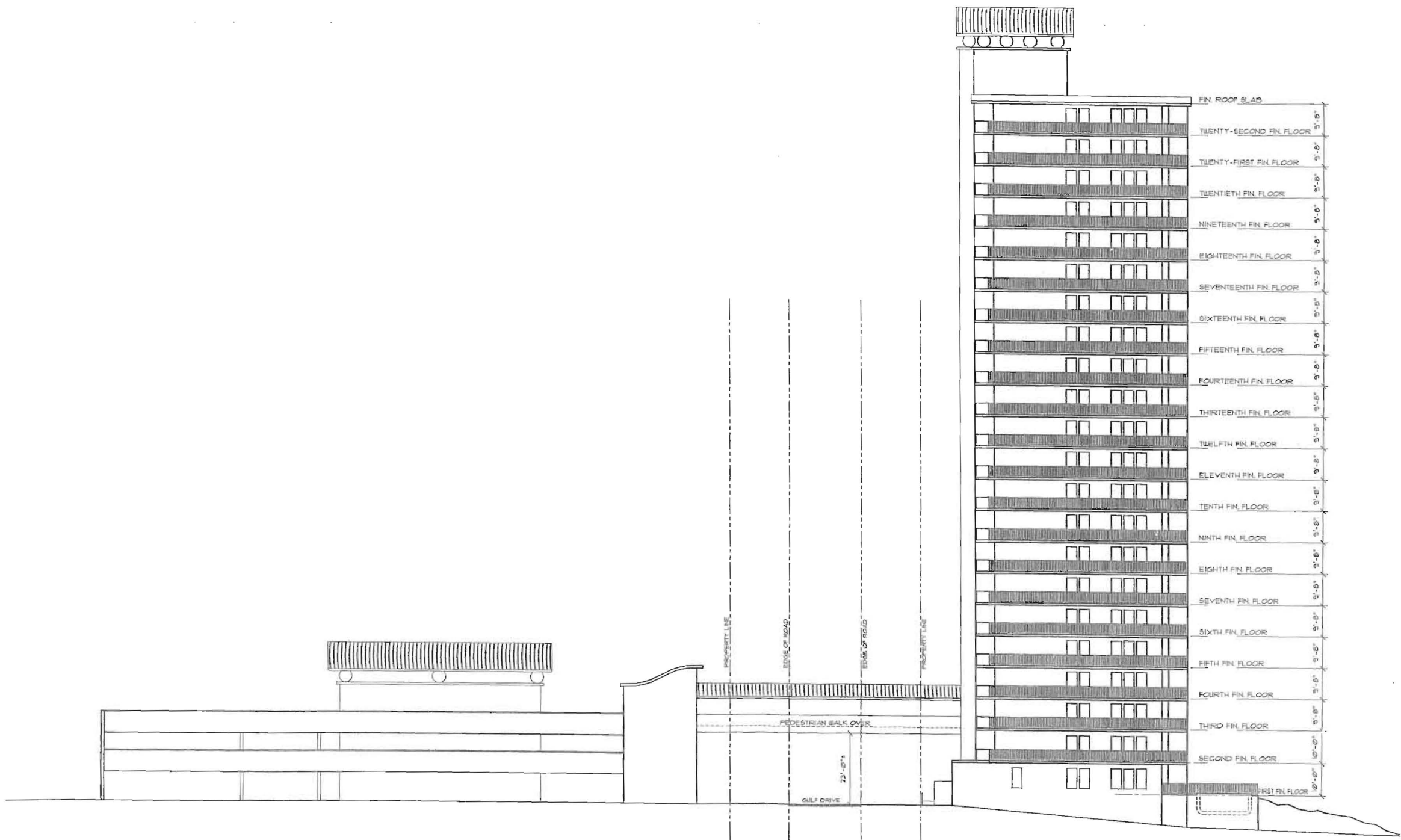


SOUTH ELEVATION





EAST ELEVATION



WEST ELEVATION

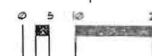


EXHIBIT F TO PROSPECTUS
(Subscription and Purchase Agreement)

ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY SECTION 718.503, FLORIDA STATUTES, TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.

ANY PAYMENT IN EXCESS OF 10 PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

SUBSCRIPTION AND PURCHASE AGREEMENT

WHEREAS, Coastal Blue Development, LLC, a Florida limited liability company (the "Developer"), whose address is P.O. Box 28105, Panama City Beach, FL, 32411, is constructing a resort condominium building and related amenities located at 5115 Gulf Drive, Panama City Beach, Bay County, Florida, which building and related amenities is intended to contain condominium resort units and two commercial units, and is known as Seychelles, a Condominium (the "Condominium"), and

WHEREAS, Purchaser desires to purchase a condominium unit in the Condominium, and IT IS THEREFORE AGREED AS FOLLOWS:

1. PURCHASE.

Purchaser's Name _____ SSAN _____

Purchaser's Name _____ SSAN _____

Permanent Address: _____ Phone: _____

City: _____ State: _____ Zip: _____

Local Address: _____ Phone: _____

City: _____

State: _____ Zip: _____

Facsimile: _____ Email Address: _____

(the "Purchaser"), hereby subscribes for future participation in Seychelles Owners Association, Inc., a non-profit Florida corporation of unit owners of Seychelles, a Condominium (the "Association") and hereby agrees to purchase the following described condominium unit: Unit No. _____ (the "Unit"), together with its undivided share of the common elements and other appurtenant rights for the following price and payable as described:

PRICE (the "Price") \$ _____

The Price will be paid as follows:

(a)	Reservation Deposit (previously paid)	\$ _____
(b)	Payment due when Purchaser signs this Subscription and Purchase Agreement	\$ _____
	[(a) plus (b) must equal at least 10% of Purchase Price]	
(c)	Letter of Credit (if any)	\$ _____
	[(a) plus (b) plus (c) must equal at least 20% of Purchase Price]	
(d)	Total Deposits	\$ _____
	[Must equal at least 20% of Purchase Price]	
(e)	Balance Due at Closing	\$ _____
	[not including closing costs]	

2. FINANCING.

(a) Purchaser shall be responsible for obtaining any financing necessary to accomplish the purchase of the Unit. Purchaser's failure to obtain financing shall not constitute grounds for termination of this Agreement by Purchaser, and shall not be a condition to Purchaser's obligation to purchase the Unit. Purchaser shall have a reasonable

time, not to exceed forty-five (45) days from the date of written notification from the Developer within which to obtain a written commitment for permanent financing from a lender acceptable to Developer. It is expressly agreed and understood that Purchaser shall make a good faith effort to obtain such a commitment, including making all information available to the lender which is necessary to process Purchaser's application. If Purchaser fails to make such good faith effort to obtain such permanent commitment, Developer may terminate this Agreement and exercise all remedies provided for herein in the event of Purchaser's default.

(b) In the event that Purchaser has complied with these obligations, yet is unable to obtain the necessary written commitment within the time specified, Developer may, at its option, elect to terminate this Agreement and refund all sums paid by Purchaser or Developer may waive Purchaser's obligation to obtain the necessary commitment. Any such waiver shall not, however, affect Purchaser's obligation to close the purchase of the Unit under the terms of this Agreement.

(c) Developer may suggest possible sources of funds for permanent financing, including funds made available to qualified purchasers through permanent loan commitments from a lending institution identified by Developer. Purchaser hereby acknowledges and agrees that by identifying or suggesting such sources of funds, Developer does not accept any responsibility for obtaining such financing on Purchaser's behalf; nor does Developer make any representations as to the availability of funds to Purchaser, or as to Purchaser's ability to qualify for such financing. Purchaser hereby acknowledges and agrees that any and all fees associated with obtaining such financing, including origination fees, applications fees, reasonable attorney's fees, credit report fees, commitment fees, and discount "points", shall be exclusively the responsibility of Purchaser.

3. ESCROW. All payments made by Purchaser under this Agreement prior to closing, ("the "Deposits"), shall be deposited and held in escrow with AmSouth Bank, an Alabama corporation, whose address is AmSouth Bank Trust Department, P.O. Box 12790, Pensacola, Florida 32591 (the "Escrow Agent"), pursuant to the terms and conditions of the Escrow Agreement. The Purchaser shall receive a receipt for his Deposits from the Escrow Agent. Any interest earned on the Deposits will be paid to the Purchaser, except in the event of Purchaser's default hereunder, pursuant to the terms and conditions of the Escrow Agreement. An escrow fee of \$175 for escrows not involving a letter of credit and an additional letter of credit fee of \$175 for escrows involving a letter of credit pursuant to Paragraph 26 below, shall be paid by the Purchaser. (Refer to Exhibit G of the Prospectus for a copy of the Escrow Agreement.)

4. EXCESS DEPOSITS. The Developer may withdraw all Deposits in excess of 10% of the Purchase Price from the Special Excess Escrow Account established pursuant to the Escrow Agreement when construction of improvements has begun. If a letter of credit is part of the Deposits, it shall be considered as part of the initial 10% of the Purchase Price before any cash which is part of the Deposits is considered as part of such initial 10%. The Developer may use the funds in the actual construction and development of the Condominium. Upon withdrawal by the Developer, the funds cannot earn interest. The Developer may assign its rights pursuant to this Agreement to a lender or lenders providing funds for the construction or development of the Condominium. However, no part of these funds may be used for salaries, commissions or expenses of salesmen or for advertising purposes. In addition to the forgoing, if Developer has obtained or obtains the approval of the Division of Florida Land Sales, Condominiums and Mobile Homes to provide "Alternative Assurances" as permitted by law, in lieu of holding up to ten percent (10%) of the Purchase Price in escrow, Developer may cause the Escrow Agent to disburse such deposits to it for all uses permitted by law. If Developer has obtained such approval as of the date of this Agreement, a copy of the Escrow Agreement providing the mechanism for such disbursement has been delivered to Purchaser. Likewise, if such approval is received after the date of this Agreement, Purchaser will be provided with a copy of the Escrow Agreement, but Purchaser agrees that it shall not be deemed a material or adverse change in the offering of the condominium by reason of the fact that Purchaser has already agreed to the use of Purchaser's deposits up to ten percent (10%) of the purchase price in the manner stated above."

5. DOCUMENTS. The documents required by Florida Statutes, 718.503 to be furnished by Developer to Purchaser are referred to in a separate receipt which has been signed by Purchaser. The Purchaser hereby acknowledges that Purchaser has read and understood, or had ample opportunity to read and understand, each and every document and that the particulars of Purchaser's interest in the condominium are governed by said documents.

6. CLOSING DATE. This sale shall be closed after a certificate required by Florida Statutes Section 718.104(4)(e) of a surveyor authorized to practice in Florida, has been filed in the public records of Bay County, Florida, and a Certificate of Occupancy issued for the Unit by Bay County, Florida, and on such date and at such place as shall be specified in a written notice given by Developer to Purchaser in the manner hereinafter provided for the giving of notice, provided that such notice shall be given not less than five (5) days prior to the date specified in the notice of the closing date.

7. CLOSING. The closing shall be affected in the following manner:

(a) The balance of the Price shall be paid according to the terms of this Agreement, together with interest at the rate specified in Paragraph 8(f) below for the period of any delay caused by Purchaser.

(b) Title to the Unit shall be conveyed by special warranty deed subject only to the following exceptions:

(1) Taxes for the year in which the sale is closed;

(2) Restrictions, conditions, reservations, limitations, and easements now of record or hereinafter granted by Developer relative to the reasonable development of the Condominium;

(3) Zoning ordinances or other land use restrictions applicable, if any;

(4) The conditions, covenants and agreements contained in the instruments and documents referred to in paragraph 5 hereof;

(5) The usual exceptions contained in an owners policy of title insurance issued by a title insurance company transacting business in Bay County, Florida.

(c) Ad valorem taxes will be prorated as of the date upon which the Developer is ready to close this sale according to the terms of this Agreement.

(d) Purchaser will pay all closing costs incurred in transferring title from Developer to Purchaser and Purchaser shall pay all loan closing costs incurred in obtaining any mortgage referred to in paragraph 2 of this Agreement.

(e) Purchaser shall pay at closing to the Association a sum equal to one (1) quarter's maintenance assessment as set forth in the projected operating budget as a capital contribution to the Association. Such contribution is not to be considered as a prepayment of maintenance assessments and is non-refundable. Additionally, Purchaser shall pay the prorated portion of the quarterly maintenance payment for the quarter in which the sale closes from the date of closing to the end of the calendar quarter.

(f) Title insurance will be provided to Purchaser at Developer's expense at or after closing, insuring Purchaser's title to the Unit in the amount of the Price, having only the exceptions mentioned in this paragraph on a standard form of title insurance policy for Bay County, containing such other special and general exceptions as are common to the area and to the form of the policy.

8. CLOSING PROCEDURES. This transaction shall be closed by Burke, Blue & Hutchison, P.A., through its offices at 221 McKenzie Avenue, Panama City, FL 32401 and it shall provide the title insurance called for hereunder. Developer or its agent shall schedule the date, time and place for closing of title in Bay County, Florida. However, the closing date will not be before the date when Developer obtains a certificate of occupancy for the Unit from the proper governmental agency. The Closing shall be effected in the following manner:

(a) Developer or its agent will give Purchaser at least five (5) days notice of the closing date and place of closing. Notice will be given as provided in Paragraph 33.

(b) Developer or its agent shall give to Purchaser, at least fifteen (15) days prior to the closing date, a Closing Information Sheet which must be completed by Purchaser and returned to Developer or its agent at least ten (10) days prior to closing. The Closing Information Sheet shall be sent as provided in Paragraph 33 or by facsimile, if Purchaser has provided a facsimile number to Developer, or by email, if Developer so elects and Purchaser has provided an email address for use in connection with this transaction. All closing documents will be prepared based upon the information set forth in this Agreement if not updated by Purchaser returning the Closing Information Sheet.

(c) If Purchaser does not intend to be present for closing, it is Purchaser's responsibility to give written notice to Escrow Agent at least ten (10) days before the closing date of the address to which the closing documents should be sent. All closing documents will then be delivered to Purchaser by either facsimile (if originals are not necessary to effectuate a closing) or via overnight delivery and Purchaser shall pay all costs of delivery and return of closing documents.

(d) This Agreement is not contingent upon Purchaser obtaining financing for purchase of the Unit. If Purchaser obtains such financing, it is Purchaser's responsibility to ensure that Purchaser's lender will be ready to close by the date scheduled for closing. The fact that Purchaser's lender is not ready to close will not be cause for a delay in closing. Additionally, it is Purchaser's responsibility to give written notice to Escrow Agent at least ten (10) days before the closing date of the name of Purchaser's lender, address, phone number, loan amount and contact person. It is also Purchaser's responsibility to notify its lender of the closing date set by Developer.

(e) At closing, the balance of the purchase price plus Purchaser's closing costs must be paid by cashier's check or wire transfer to Escrow Agent's account completed before noon on the closing date. Cashier's checks are accepted subject to clearance, and are not considered paid until cleared.

(f) Developer is not obligated to extend the closing date. However, in the event closing does not occur on the closing date set forth in the notice provided in Paragraph 8(a) above, the closing date shall be deemed to be automatically extended for a period not to exceed two weeks, until closing occurs. Any additional extension may be unilaterally made by Developer, but Developer is under no obligation to do so. Purchaser shall be charged an extension fee calculated at the rate equal to two percent (2%) over the effective prime rate specified in the Wall Street Journal on the date closing was to have occurred, times the purchase price, prorated daily, but not to exceed eighteen percent (18%) per annum.

9. PURCHASER INSPECTION. Prior to the closing of the transaction, it shall be the duty of the Purchaser to inspect the condominium unit, the Condominium building, and the

appurtenances thereto in the presence of the Developer or the Developer's authorized agent, and to present to the Developer at that time a written list of any defects in workmanship and material, which list is to be signed by the Purchaser. As to those items set forth in such list which are truly defects in workmanship and material, in accordance with the standards of construction prevalent in Bay County, Florida, relative to the type and price of construction involved in this development, the Developer shall be obligated to correct the same at its cost within a reasonable period of time, but the Developer's obligations to correct shall not be a ground for deferring of closing nor the imposition of any condition on closing. The taking of occupancy by the Purchaser prior to or following closing shall constitute the unqualified acceptance of the unit, subject to those items which the Developer has agreed to correct.

10. DEFAULT.

(a) Except as otherwise provided in this Agreement, the Developer, on its non-willful failure to perform its obligations hereunder, such as its failure to make its title marketable after diligent effort, shall return to the Purchaser all Deposits theretofore paid to the Developer, together with the interest, if any earned thereon, and upon the return of which the Developer shall be relieved of any other obligation to the Purchaser. The Purchaser's remedies shall not be limited as previously indicated for any other type of default by Developer under this Agreement.

(b) Should the Purchaser default in his obligation hereunder, the Developer shall be entitled to retain all Deposits theretofore paid into escrow by the Purchaser as agreed upon and liquidated damages, on the retention of which the Purchaser shall be relieved of any further obligation to the Developer.

11. ASSOCIATION'S OFFICERS AND DIRECTORS. The Purchaser acknowledges that the officers and directors or other agents and employees of the Developer will be acting as the initial officers and directors of the Association, and, of necessity, will be acting on behalf of the Association in dealings and transactions with the Developer, and that said officers, directors, employees and agents will be further acting on behalf of the Association in dealings with other corporations of which they may also be officers, directors, employees or agents. The Purchaser expressly waives any objection to any such transactions in dealings and hereby expressly ratifies same.

12. CHANGES IN DOCUMENTS. The Developer reserves the right to make non-material changes in the documents referred to in paragraph 5 hereof prior to the recording of the Declaration of Condominium in the public records of Bay County, Florida. If the Developer makes material changes in the documents referred to in paragraph 5 hereof and Purchaser does not approve such material changes within fifteen (15) days after receipt of such changes, then Purchaser shall be deemed to have approved such changes. If the Purchaser objects to the changes within the fifteen (15) day period, then Purchaser shall receive a return of the Deposits as Purchaser's exclusive remedy and the parties shall be relieved from any further responsibility or liability one to the other. Purchasers shall be notified of all changes prior to or at closing, but not more than ten (10) days after the change is made.

13. THE UNIT. The unit dimensions and stated square footage figures are approximate. Purchaser acknowledges that in the course of construction of the improvements on the property and of the unit, certain changes, deviations or omissions may be required by governmental authorities having jurisdiction of the property, job conditions, or design changes deemed necessary by the architect. Any changes, deviations, or omissions authorized by the architect, or required by governmental authorities are hereby authorized by Purchaser. Purchaser understands that certain items and improvements to the condominium and the unit, such as color of paint, cabinets and GE appliances to be furnished by the Developer for the unit, are subject to design change by the manufacturer and subject to shadings in color and gradations, and may vary from any samples that may be shown to Purchaser and Developer. It is also agreed that the Developer reserves the right to make changes and substitution of materials or equipment of equal or greater quality than that which may be shown or specified on the plans and specifications, models or samples.

14. DEVELOPER'S RIGHTS.

(a) The Developer reserves the right to sell, mortgage, refinance or otherwise deal with all of the condominium Units owned by it without the necessity of obtaining the approval of the Board of Directors or officers of the Association, or of the owner of any individual Unit.

(b) The Developer shall have the right initially to appoint or elect the Board of Directors of the Association as provided in Article VI of the Articles of Incorporation of the Association and to retain control of the Association after a majority of the units are sold. The Developer also has the right, however, to give up this retained right of control of the Association at any time upon giving notice to the owners other than the Developer to elect a new Board of Directors for the Association.

(c) The Developer reserves the right to transact on the condominium property any business necessary to complete any construction or renovation thereof and the promotion and sale of the Units, including but not limited to, consummating the sale of the Units, maintaining a general or sales office and model Units, displaying signs and employing sales personnel for the purpose of selling the Units. In this regard, the Developer shall have the right of ingress and egress over the condominium property and shall have full use of the common elements and the right to show Units. The Developer's general office, sales office, signs, fixtures, furniture and furnishings and other tangible personal property owned by the

Developer in connection with the development or sale of Units shall remain the property of the Developer.

15. CONSTRUCTION SPECIFICATIONS.

(a) The Unit and the Condominium will be constructed in substantial accordance (in Developer's opinion) with the plans and specifications therefor kept in Developer's construction office, as such plans and specifications are amended from time to time. Developer may make such changes in the plans and specifications that it deems appropriate at any time, to accommodate its in the field construction needs (as more fully discussed in this paragraph 15) and in response to recommendations or requirements of local, state or federal governmental or quasi-governmental agencies or applicable utility and/or insurance providers, and Purchaser agrees that any changes made in accordance with the foregoing shall not be deemed material in a manner which is adverse to the offering of the Unit. Such plans and specifications, as they are so amended, are referred to in this Agreement as "Developer's Plans and Specifications". Without limiting Developer's general right to make changes, Purchaser specifically agrees that the changes described above and changes in the dimensions of rooms, patios and balconies, in the location of windows, doors, walls, partitions, utility (including, but not limited to, television and telephone) lead-ins and outlets, air-conditioning equipment, ducts and components, lighting fixtures and electric panel boxes, and in the general layout of the Unit and Condominium, may be made by Developer in its discretion and that such changes shall not be deemed material or adverse to Purchaser. In furtherance of the understanding and agreement stated above, Purchaser acknowledges and agrees that it is a widely observed construction industry practice for pre-construction plans and specifications for any unit or building to be changed and adjusted from time to time in order to accommodate on-going, "in the field" construction needs. These changes and adjustments are essential in order to permit all components of the Unit and the Building to be integrated into a well-functioning and aesthetically pleasing product in an expeditious manner. Because of the foregoing, Purchaser acknowledges and agrees that it is to Purchaser's benefit to allow Developer the flexibility to make such changes in the Unit and the Condominium. Purchaser further acknowledges and agrees that (i) the plans and specifications for the Unit and the Condominium on file with the applicable governmental authorities may not, initially, be identical in detail to Developer's Plans and Specifications, and (ii) because of the day-to-day nature of the changes described in this paragraph 15, the plans and specifications on file with applicable governmental authorities may not include some or any of these changes (there being no legal requirement to file all changes with such authorities). As a result of the foregoing, Purchaser and Developer both acknowledge and agree: The Unit and the Condominium may not be constructed in accordance with the plans and specifications on file with applicable governmental authorities. Without limiting the generality of disclaimer of implied warranties, Developer disclaims and Purchaser waives any and all express or implied warranties that construction will be accomplished in compliance with such plans and specifications. Developer has not given and Purchaser has not relied on or bargained for any such warranties.

(b) Without limiting the generality of the foregoing, because of Developer's need to coordinate the appearance and design of the overall development of the Condominium, both in connection with the nature and layout of the land on which construction is to take place and of the street, common elements and other features of the development, Purchaser understands and agrees: The Unit may be constructed as a reverse ("mirror image") of that illustrated in the floor and building plan of the applicable model and building (as shown in the condominium documents or in any illustrations of the model and building); and may be "sited" in a position different from that of the applicable model and floor and building plan (or any such illustrations). Purchaser agrees to accept the Unit and the said building as "sited" by Developer and as constructed according to a reverse floor and/or building plan. This paragraph does not limit the generality of Developer's rights, set out elsewhere in this Agreement, to make other changes in the Unit, the Condominium and the Condominium Documents.

(c) Purchaser understands and agrees that sound transmission in a high-rise building such as the Condominium is very difficult to control, and that noises from adjoining or nearby Units and or mechanical equipment can often be heard in other Units. Without limiting the generality of disclaimer of implied warranties, Developer does not make any representation or warranty as to the level of sound transmission between and among Units and the other portions of the Condominium Property, and Purchaser hereby waives and expressly releases any such warranty and claim for loss or damages resulting from sound transmission.

(d) Purchaser further agrees and understands that trees and landscaping which are located on portions of the condominium property may be removed to accommodate construction. Developer does not guaranty the survival of any trees and landscaping which are left or planted on any portion of the condominium property.

(e) The agreements and waivers of Purchaser contained in this paragraph will survive (continue to be effective after) closing.

16. RISK OF LOSS. The risk of loss or damage to the Unit by fire, windstorm, flood or other casualty is retained by the Developer and, at closing, shall pass to the Purchaser.

17. COMPLETION. Notwithstanding any other provision of this Agreement, Developer covenants to complete the Unit within two (2) years of the date of this Agreement. If Developer is unable to deliver the completed Unit by said date, then Purchaser, in addition to any other rights and remedies in law or equity, shall be entitled to demand a return of Purchaser's Deposits hereunder and Developer shall be obligated to promptly return the Deposits, together with interest earned thereon.

18. PRESALE CONTINGENCY. The effectiveness of this Agreement is contingent upon the Developer's satisfying the presale requirements of the lender providing construction financing for the Condominium and if the Developer does not enter into binding contracts to sell at least the number of units required to satisfy the lender's presale requirement, the Developer may terminate this Agreement and upon such termination and the return of Purchaser's Deposits, Developer and Purchaser will be fully relieved and released from all obligations and liabilities under and in connection with this Agreement.

19. DEVELOPMENT PERMIT CONTINGENCY. The effectiveness of this Agreement is contingent upon the Developer's obtaining all required permits from any local, state and/or federal regulatory agencies for the development and construction of the Condominium. If Developer does not obtain such required permitting, the Developer may terminate this Agreement and upon such termination and the return of Purchaser's Deposits, Developer and Purchaser will be fully relieved and released from all obligations and liabilities under and in connection with this Agreement.

20. PRIORITY OF MORTGAGE LIENS. This Agreement and all rights of Purchaser hereunder are subordinate and inferior to any construction or other mortgage placed by Developer upon the Condominium and its appurtenant lands (including but not limited to the unit to be conveyed pursuant to this Agreement) whether such construction or other mortgage shall be executed before or after the date of this Agreement. The subordination herein contained is automatic and shall not require nor be deemed to require any writing; however, in the event that the holder of any such construction or other mortgage shall require it, Purchaser shall execute a subordination agreement which is suitable, in such holder's opinion, to effectuate the provisions of this paragraph.

21. FINANCIAL & ENTITY INFORMATION. If the Purchaser is not an individual or a group of individuals, or if Purchaser is purchasing two or more units, Purchaser agrees to provide tax returns, financial information and other financial documentation in a timely manner as may be required by any lender that is providing purchase money financing for the benefit of Purchaser, and additionally agrees to provide Developer or its closing agent such information as it may request in order to determine how the purchasing entity is structured, who its directors, partners, or members are and who is authorized to execute purchase and loan documents on its behalf.

22. WARRANTIES. At closing, Developer shall deliver the Unit to the Purchaser constructed substantially in accordance with the plans and specifications. Further, Purchaser shall be entitled to such statutory warranties as are deemed granted to Purchasers of new condominium Units in accordance with Section 718.203, Florida Statutes. Such warranties are in lieu of all other warranties express or implied and are more particularly set forth as follows:

(a) As to the Unit, a warranty for three (3) years commencing with the completion of the building containing the Unit.

(b) As to the personal property that is transferred with or appurtenant to the Unit, a warranty which is for the same period as that provided by the manufacturer of the personal property, commencing with the date of closing of the purchase or date of the possession of the Unit, whichever is earlier.

(c) As to all other improvements for the use of Unit owners, a three (3) year warranty commencing with the date of completion of the improvements.

(d) As to all other personal property for the use of Unit owners, the warranty which shall be the same as that provided by the manufacturer of the personal property.

(e) As to the roof and structural components of the building or other improvements and as to mechanical, electrical and plumbing elements serving the improvements, or the building, except mechanical elements serving only one (1) Unit, a warranty for the period beginning with the completion of construction of the building or improvement and continuing for three (3) years thereafter or one (1) year after owners other than the Developer obtain control of the Association, whichever occurs last, but in no event more than five (5) years.

(f) As to all other property which is conveyed with the Unit, a warranty to the initial Purchaser of the Unit for a period of one (1) year from the date of closing of the purchase or the date of possession, whichever occurs first.

(g) These warranties are conditioned upon routine maintenance being performed, unless the maintenance is an obligation of the Developer, or a Developer controlled Association.

(h) These warranties shall inure to the benefit of each owner and his successor owners and to the benefit of the Developer.

(i) The foregoing warranties are in lieu of all other warranties express or implied, including the following:

(1) Purchaser understands and agrees that for some time in the future Purchaser may be disturbed by the noise, commotion and other unpleasant effects of nearby construction activity and impeded in using portions of the condominium property by that activity. As a result of the foregoing, there is no guarantee of view, security, privacy, location, design, density or any other matter, except as expressly set forth herein.

(2) Developer disclaims any and all express or implied warranties as to continuance of any particular view (it being understood and agreed that construction on any adjacent properties may obstruct such view), design, construction, sound transmission, furnishing and equipping of the condominium property, except only those warranties set forth in Section 718.203, Florida Statutes, to the extent applicable and to the extent that same have not expired by their terms. Developer has not given and Purchaser has not relied on or bargained for any such warranties.

(j) Maximum liability of the Developer under the Warranties set forth above shall be the replacement cost of the defective portion of the Unit, Common Elements, Condominium Property, fixtures, items of personal property or other real or personal property. The Developer shall have the right to determine whether a defect shall be corrected by repair or replacement. If the owner of the Unit or the Association refuses to allow the Developer access to correct any defect by repair or replacement, the liability of the Developer to correct such defect shall thereafter be null and void and of no further force or effect. In no event shall the Developer be liable to the Purchaser or the Condominium Association for consequential damages arising from any breach of the Warranties set forth above.

23. ASSIGNMENT. Purchaser may not assign this Agreement or the Purchaser's rights hereunder without the prior written consent of the Developer, which consent the Developer may grant or withhold in its sole discretion. Any and all of Developer's rights and interests in, to and under this Agreement shall be freely assignable by Developer. Without limiting the foregoing, Developer may assign its rights and interests in, to and under this Agreement (including without limitation Developer's rights with respect to the Deposits) as collateral and security for one or more loans to finance the construction of the Condominium.

24. SELLING AGENT. Purchaser represents to the Developer that the only sales agent with whom the Purchaser has dealt in connection herewith is the agent or broker, if any, whose name appears on the signature page of this Agreement and the Developer agrees to pay the commission earned by the sales agent or broker (if any) pursuant to separate agreement. The Purchaser agrees to save, defend, indemnify and hold harmless the Developer from any and all loss or liability or claim including reasonable attorneys fees resulting from or arising out of any claim against the Developer by any selling agent other than the broker or sales agent whose name appears on the signature page of this Agreement, who claims to have dealt with the Purchaser in connection herewith.

25. PROJECTIONS. All projections of costs or expenses contained within this Agreement including, but not limited to, the estimated operating budget for the Unit and the Association are estimates based upon the past experience of the Developer and its advisers. The actual amount of said payments, costs and expenses may vary from the estimates depending upon future economic conditions.

26. EARNEST MONEY LETTERS OF CREDIT. Developer may, at its' sole discretion, accept Letters of Credit in lieu of a cash earnest money deposit. If a letter of credit is offered by Purchaser in lieu of a cash earnest money deposit (hereafter "Earnest Money Letter of Credit"), such Earnest Money Letter of Credit must be in form acceptable to Developer and be effective for a minimum of twenty-four (24) months. Until Developer has expressly stated in writing that the offered form of the Earnest Money Letter of Credit is acceptable, Purchaser shall acquire no rights whatever under this Subscription and Purchase Agreement or to the Unit, notwithstanding that the Developer or a representative of Developer may have executed this Subscription and Purchase Agreement. It is the intention of the parties that Developer's express acceptance in writing of an offered Earnest Money Letter of Credit shall be a condition precedent to the effectiveness of this Subscription and Purchase Agreement. Once an offered Earnest Money Letter of Credit has been duly accepted, Purchaser agrees to extend or to arrange for the extension of its expiration date for one or more periods of at least six (6) months on twenty (20) days' written notice from Developer to Purchaser. If an Earnest Money Letter of Credit is not extended as requested, for whatever reason and notwithstanding any absence of fault on the part of the Purchaser, such circumstances shall constitute a default hereunder and Developer shall have, in addition to any other rights and remedies, an immediate and unqualified right to call for payment under the Earnest Money Letter of Credit.

27. PURCHASER'S REPRESENTATIONS. The Purchaser represents to the Developer as follows:

(a) The Unit has been purchased by the Purchaser for use as a resort unit, as contemplated under Chapter 509.242, Florida Statutes, and has not been offered and sold with an emphasis on the economic benefits to Purchaser to be derived from the managerial efforts of others.

(b) There has been no offering of participation in a rental pool arrangement (an arrangement under which Purchaser agrees to rent this Unit and to place the rents received therefrom in a common pool from which each owner can draw his proportionate share irrespective of the number of times this Unit is actually rented).

(c) The Purchaser acknowledges that as a resort unit, his unit must be available for rental more than three (3) times in each calendar year for a period of less than thirty (30) days or one (1) calendar month, whichever is less, and that the resort unit will be advertised or held out to the public as a place regularly rented for periods of less than thirty (30) days or (1) calendar month, whichever is less. Otherwise, the unit is not materially restricted as to occupancy or rental.

(d) The Purchaser may use the rental agent of his choice or no rental agent and may enter into a non-pooled rental arrangement with other owners, if other owners desire to enter into such an arrangement on terms that are mutually agreeable. However, there has been no representation made to the Purchaser that there will be other owners who desire to enter into such rental arrangements. In any event, the unit must conform to the rental availability requirements applicable to resort units as contemplated under Chapter 509.242, Florida Statutes.

28. INSULATION. The type, thickness and R-value of the insulation to be installed in the Unit is R-19, 6 inch, batts on the exterior building walls; 12 inch solid concrete on the interior building walls; 8 inch solid concrete ceilings; 8 inch solid concrete floors.

29. MINIMUM UNIT FURNISHINGS AND FINISHES.

(a) This Unit will be furnished with the following GE appliances which will be conveyed to Purchaser at closing: one (1) electric range with self-cleaning oven, one (1) built-in microwave, one (1) dishwasher, one (1) refrigerator-freezer with built-in ice-maker, one (1) disposal; (1) washer (1) dryer; carpet in living room, dining room and all bedrooms; ceramic tile in kitchen, all baths, all hallways, laundry room and foyer area.

(b) This Unit will be finished as follows: ceramic floor tile in foyer, halls, kitchen and baths; white cabinets in kitchen; white cabinets in baths; solid-surface counter tops in kitchen; and cultured marble vanity tops. No light fixtures or fans will be installed in bedrooms, dining area and living room, rather, only boxes will be installed in these areas. Light fixtures and/or fans are to be provided by Purchaser for these areas.

30. OPTIONAL SELECTIONS. The Developer may offer Purchaser various optional selections prior to completion of construction. Purchaser agrees to complete an optional selection form, if any, within fourteen (14) days following notification by Developer. In the event Purchaser fails to do so, Purchaser agrees his right of optional selection is waived and the Developer may make selection at its option and Purchaser then agrees to accept said selections. Correspondence mailed by the Developer or its agents to any address provided by the Purchaser shall constitute notification. Purchaser understands that subsequent changes in selections may be possible only under the terms and conditions then determined by Developer. In the event that Purchaser subsequent to the execution of this Agreement should order any additional equipment added to the unit, or order a change made in said unit which Developer agrees to make, the cost of same will be an additional charge hereunder and such addition or charge shall be evidenced by a written "change order" signed by Purchaser and paid for at the time the change order is requested.

31. BINDING AGREEMENT. This Agreement shall be binding upon the parties hereto and their respective heirs, legal representatives, successors, distributees and assigns, as the case may be, from and after the acceptance of the Agreement by the Developer, which shall be evidenced by Developer's execution of this Agreement. The date of Developer's acceptance shall be the "Effective Date" of the Agreement.

32. MODIFICATION OR CANCELLATION OF PURCHASE AGREEMENT. Developer and Purchaser covenant and agree that no change, modification or cancellation of this Agreement (except for the termination of this Agreement in accordance with its terms) shall be effective unless set forth in a writing signed by Developer, Purchaser and the holder of any mortgage encumbering the Condominium and/or its appurtenant lands (whether such mortgage is executed before or after this Agreement). Developer and Purchaser further acknowledge and agree that this provision is for the express benefit of the holder of any such mortgage and may not be changed or waived by either Developer or Purchaser, or both, without the written consent of the holder of any such mortgage.

33. NOTICE. Except as otherwise provided in this Agreement, the delivery of any item or the giving of notice in compliance with this Agreement shall be accomplished by delivery of the item or notice to the party intended to receive it, or by mailing it within the Continental United States by certified mail, addressed to the address of the party as stated on the first page of this Agreement or by e-mailing or faxing it to the facsimile number or e-mail address as stated on the first page of this Agreement. Notice of delivery by mail, e-mail or facsimile shall be effective when mailed, e-mailed or faxed.

34. ENERGY PERFORMANCE LEVEL DISPLAY CARD. When this Unit is completed and ready for occupancy, an energy performance level display card will be signed by the builder of the building in which this Unit is located and shall thereupon become an Addendum to this Agreement. This disclosure statement is provided in compliance with Sections 553.9805 and 553.996, Florida Statutes. This disclosure statement is intended for the sole use of Purchaser for this transaction only and Developer shall not be liable or responsible to any third party who has relied upon the information contained herein.

35. RADON GAS. Radon gas is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risk for persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

36. FINAL AGREEMENT. This instrument embodies the full, final and complete agreement between the parties. No representations, claims, statements, advertising or promotional activities, brochures, maps or verbal statements otherwise made by Developer or Developer's sales agents or other representatives shall be in any way binding upon the Developer unless the same be fully set forth in detail herein.

37. SURVIVAL AFTER CLOSING. The provisions, including waivers and agreements contained in Paragraphs 9, 11, 13, 14, 15, 22, 24 and 36 will survive closing (continue to be effective after closing).

38. COASTAL CONSTRUCTION LINE WAIVER. Purchaser hereby waives the requirements under Florida Chapter 161 that if an interest in real property is located either partially or totally seaward of the Coastal Construction Control Line that the Seller provide the Purchaser with an Affidavit, or a survey, meeting the requirements of Florida chapter 472 delineating the location of the Coastal Construction Control Line on the property being transferred.

39. CANCELLATION. THIS AGREEMENT IS VOIDABLE BY PURCHASER BY DELIVERING WRITTEN NOTICE OF THE PURCHASER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE PURCHASER, AND RECEIPT BY PURCHASER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503, FLORIDA STATUTES. THIS AGREEMENT IS ALSO VOIDABLE BY PURCHASER BY DELIVERING WRITTEN NOTICE OF THE PURCHASER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE PURCHASER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. PURCHASER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER THE PURCHASER HAS RECEIVED ALL OF THE ITEMS REQUIRED. PURCHASER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

FLORIDA LAW CONTAINS IMPORTANT REQUIREMENTS YOU MUST FOLLOW BEFORE YOU MAY FILE A LAWSUIT FOR DEFECTIVE CONSTRUCTION AGAINST A CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL FOR AN ALLEGED CONSTRUCTION DEFECT IN YOUR HOME. SIXTY DAYS BEFORE YOU FILE YOUR LAWSUIT, YOU MUST DELIVER TO THE CONTRACTOR, SUBCONTRACTOR, SUPPLIER, OR DESIGN PROFESSIONAL A WRITTEN NOTICE OF ANY CONSTRUCTION CONDITIONS YOU ALLEGE ARE DEFECTIVE AND PROVIDE YOUR CONTRACTOR AND ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS THE OPPORTUNITY TO INSPECT THE ALLEGED CONSTRUCTION DEFECTS AND MAKE AN OFFER TO REPAIR OR PAY FOR THE ALLEGED CONSTRUCTION DEFECTS. YOU ARE NOT OBLIGATED TO ACCEPT ANY OFFER MADE BY THE CONTRACTOR OR ANY SUBCONTRACTORS, SUPPLIERS, OR DESIGN PROFESSIONALS. THERE ARE STRICT DEADLINES AND PROCEDURES UNDER FLORIDA LAW.

IN WITNESS WHEREOF, the parties have executed this Subscription and Purchase Agreement this _____ day of _____, 200_____.

ANY PAYMENT IN EXCESS OF 10 PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

Witnesses:	"PURCHASER(S) "
_____	_____
_____	_____
As to Purchasers	
_____	_____
_____	_____
As to Purchasers	
	"DEVELOPER"
	Coastal Blue Development, LLC,
	a Florida limited liability company
_____	_____
_____	By: Charles W. Fuller
As to Developer	Its: Manager
	"SALES AGENT OR BROKER"
_____	_____
_____	By: _____
As to Sales Agent or Broker	As: Authorized Agent

EXHIBIT G TO PROSPECTUS

(Escrow Agreement)

SEYCHELLES, A CONDOMINIUM
ESCROW AGREEMENT

This Escrow Agreement dated this 12th day April, 2004, by and between AmSOUTH BANK, an Alabama banking corporation, hereinafter called "Escrow Agent," whose address is AmSouth Bank Trust Department, Post Office Box 12790, Pensacola, Florida 32591, and Coastal Blue Development, LLC, a Florida limited liability company, hereinafter called "Developer", whose address is P.O. Box 28105, Panama City Beach, FL, 32411, whereby the parties hereto for and in consideration of the mutual covenants and agreements hereinafter set forth, the receipt and sufficiency of which is hereby acknowledged, do agree as follows:

1. The Developer is in the process of developing a condominium known as Seychelles, a condominium, hereinafter called the "Condominium", and desires to establish an Escrow account as required by Chapter 718, Florida Statutes with Escrow Agent in which to deposit funds to be received from various purchasers of units in the Condominium.

2. The Escrow Account required by Florida Statutes, Section 718.202 to be established by Developer is hereby so established with Escrow Agent, and Developer agrees that Developer, or its agents, shall cause all sums deposited by purchasers of condominium units in the Condominium to be forwarded to Escrow Agent. Escrow Agent agrees to deposit all funds received by Escrow Agent which are not in excess of ten percent (10%) of the sales price described in the Purchase agreement in an escrow account designated as Regular Escrow Account (the "Regular Escrow Account"), and to deposit all such funds received by Escrow Agent which are in excess of ten percent (10%) of the sales price described in the corresponding Purchase Agreement in a special escrow account designated as Special Escrow Account (the "Special Escrow Account").

3. All funds forwarded to the Escrow Agent shall be accompanied by a copy of the Purchase Agreement properly executed by the Purchaser and by Developer with their signatures witnessed, and a complete signed W-8 or W-9 form for such Purchaser. Unless Developer, Purchaser and Escrow Agent agree otherwise, all funds delivered to Escrow Agent shall be in cash or in check made payable to "AmSouth Bank, Escrow Agent". The parties expressly agree that the Escrow Agent shall be under no duty to enforce the collection of any checks delivered to it. In the event that a Purchaser provides a letter of credit acceptable to Developer and Escrow Agent as a portion of the earnest money deposit required by the Purchase Agreement, such letter of credit shall be in an amount not less than ten percent (10%) of the sales price under the Purchase Agreement and shall be deemed to represent that portion of the earnest money deposit which otherwise would have been deposited in the Regular Escrow Account. As a condition to allowing a Purchaser to provide a letter of credit as hereinabove provided, Developer and Escrow Agent may require the Purchaser to execute a written statement acknowledging that the letter of credit is deemed to represent that portion of the earnest money deposit which otherwise would have been deposited in the Regular Escrow Account and agreeing to the payment of the letter of credit fee provided in paragraph 7 below.

4. Escrowed funds may be deposited in separate accounts or in one or more common escrow or trust accounts or commingled with other escrow or trust accounts handled or received by Escrow Agent. All funds held by the Escrow Agent shall be invested in the AmSouth Bank Master Money Market Account (the "Fund") or in such other interest-bearing accounts as might be directed by the Developer and which comply with Florida Statutes, Section 718.202. However, neither Escrow Agent nor Developer make any guarantees, warranties or representations (written or verbal, express or implied) as to the amount of interest to be earned under such Fund or any other account or investment. The Escrow Agent shall furnish each purchaser with a receipt in a timely manner setting forth the amount deposited to the Regular Escrow Account and the amount deposited to the Special Escrow Account. The Escrow Agent shall keep records of each deposit and the interest earned thereon.

5. The Escrow Agent shall distribute Funds deposited pursuant to this Agreement as follows.

- A. If a Purchaser properly terminates a Purchase Agreement pursuant to its terms or pursuant to Chapter 718, Florida Statutes, as a matter of right, the funds held in both the Regular Escrow Account and the Special Escrow Account shall be paid to the Purchaser, together with any interest earned thereon, within a reasonable time period after the receipt of the Developer's written certification that the Purchase Agreement has been properly terminated.
- B. If a Purchaser defaults in their performance of the Purchaser's obligations under the Purchase Agreement, the funds held in both the Regular Escrow Account and the Special Escrow Account shall be paid to the Developer, together with any interest earned thereon, but less

escrow fees described in Paragraph 7 below, within a reasonable time period after the receipt of the Developer's written certification that the Purchase Agreement has been terminated by reason of the Purchaser's failure to cure such default in performance.

- C. If a Purchase Agreement so provides, the Developer may withdraw the corresponding escrow funds in excess of ten percent (10%) of the purchase price from the Special Escrow as provided in Paragraph 6 of this Agreement.
- D. In the event that Developer and Purchaser voluntarily terminate a Purchase Agreement by mutual consent, the funds held in both the Regular Escrow Account and the Special Escrow Account, together with any interest earned thereon, shall be disbursed in accordance with written instructions to Escrow Agent signed by both Developer and Purchaser certifying that the Purchase Agreement has been voluntarily terminated by mutual consent and specifying the party or parties to whom such funds shall be disbursed, and the escrow fees described in Paragraph 7 below shall be paid to Escrow Agent by the Developer.
- E. If any funds in either the Regular Escrow Account or the Special Escrow Account have not been previously disbursed in accordance with the preceding subparagraphs, such funds, together with interest earned, will be disbursed to the closing agent by the Escrow Agent at, or not more than thirty days prior to, the closing of the purchase contemplated by the corresponding Purchase Agreement (with the Purchaser receiving credit for the same against the purchase price), unless prior to the disbursement, the Escrow Agent receives from a purchaser written notice of a dispute between the Purchaser and the Developer. The interest shall be paid or credited to Purchaser at the closing of the transaction.

6. All escrow deposits which are deposited into the Special Escrow account under paragraph 2 above may, provided that the corresponding Purchase Agreement so provides, be disbursed by the Escrow Agent to Developer or the Developer's general contractor for the actual construction and development of the condominium property in which the unit described in such Purchase Agreement is located. Developer hereby represents and warrants to, and covenants with, Escrow Agent that all funds hereafter disbursed to Developer or the Developer's general contractor out of the Special Escrow Account shall be used only in the actual construction and development of the Condominium property as permitted by *Chapter 718, Florida Statutes* and that no part of such funds shall be used for salaries, commissions or expenses of salesmen or for advertising purposes. Developer shall indemnify, defend and hold Escrow Agent harmless from and against any and all loss, liability, damage, cost and expense, including without limitation, reasonable attorneys' fees, suffered or incurred by Escrow Agent by reason of or resulting from or arising out of Developer's failure to use or apply funds disbursed in the Developer or Developer's general contractor. In order to withdraw funds from the Special Escrow Account, the Developer shall provide an affidavit to the Escrow Agent that the funds will be used only in the actual construction and development of the Condominium and not for salaries, commissions, or expenses of salesmen or for advertising purposes. Disbursement out of the Special Escrow Account shall be treated as draws against the entire Special Escrow Account and will effectively reduce the interest earned daily by each Purchaser on a pro rata basis in the same proportion as such Purchaser's portion of the Special Escrow account bears to the total amount held in the Special Escrow Account.

7. No fees or expenses shall be payable to the Escrow Agent for its services as Escrow Agent hereunder except (a) an escrow fee of \$150.00 per unit for which a Purchase Agreement and escrow deposit are delivered to the Escrow Agent, which fee shall be collected by the closing agent from the purchaser at the closing of the purchase contemplated by the corresponding Purchase Agreement, unless otherwise provided hereinabove, (b) an additional letter of credit fee of \$175.00 per unit for which a letter of credit is delivered to Escrow Agent for a portion of the earnest money deposit required by a Purchase Agreement, which fee shall be collected by the closing agent from the purchaser at the closing of the purchase contemplated by the corresponding Purchase Agreement, unless otherwise provided hereinabove, (c) reasonable administrative fees, attorney's fees, and court costs incurred by Escrow Agent arising out of litigation or threatened litigation results in a judgment or settlement in which the Escrow Agent is determined not to be in violation of the terms of this Agreement; and (d) other extraordinary or unforeseen expenses reasonably incurred by Escrow Agent in connection with this Escrow Agreement.

8. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent acts hereunder merely as a depository and shall not be liable in any manner for the sufficiency and correctness as to form, manner and execution, genuineness or validity of any

instrument deposited hereunder or under which it does act, or the identity or authority of any person executing or depositing the same. The Escrow Agent's duties hereunder shall be limited to the safekeeping of such certificates, monies, instruments or other documents received by it in its capacity as Escrow Agent hereunder, and for the disposition of the same in accordance with this Escrow Agreement and with the written instruments accepted by it as the Escrow Agent hereunder. In the event of any disagreement between the Developer, the Escrow Agent or any other person, including purchasers having an interest in or claiming an interest in, the certificates, monies, instruments or other documents deposited pursuant hereto, resulting in adverse claims or demands being made with reference to such certificates, monies, instruments or other documents, the Escrow Agent may, at its option, continue to hold the same without liability until the rights of all adverse claimants have been adjusted and settled between the parties and the Escrow Agent has been so advised by all such interested parties in writing or may file an interpleader action in a court of competent jurisdiction.

9. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it in good faith and in accordance with the opinion of its legal counsel. The Escrow Agent shall otherwise not be liable for any act or omission in connection herewith in the absence of gross negligence or willful misconduct on its part.

10. The Escrow Agent may resign upon (30) days' written notice to the Developer. If a successor Escrow Agent is not appointed within this thirty day period, the Escrow Agent may petition the court of the appropriate jurisdiction to name a successor Escrow Agent.

11. In the event that AmSouth Bank does not make the loan to Developer for the construction of the Condominium, then at any time prior to the recording of a mortgage in favor of another construction lender, Developer may remove AmSouth Bank as Escrow Agent without the payment of any fees, expenses or costs to AmSouth Bank. Additionally, in the event that AmSouth Bank makes the construction loan to the Developer for the construction of the Condominium and AmSouth Bank, in its sole discretion, subsequently sells, transfer or assigns the loan to another lender, or in the event that the loan after being made is refinanced with another lender, the Developer, with the written concurrence of the new lender, may notify AmSouth Bank in writing of its decision to substitute the new lender or other suitable substitute escrow agent in the place of AmSouth Bank as the Escrow Agent hereunder, and upon receipt of such notification, AmSouth Bank shall promptly, and without unreasonable delay, take all the steps necessary to have the amounts held in the Regular Escrow Account and Special Escrow Account transferred to the successor Escrow Agent, together with such account records as are regularly kept by AmSouth Bank in the regular course of its business with regard to the names of the purchasers, the amounts shown to their credit, the amount of withdrawals, if any from the Special Escrow Account, and such other or different records or accounts in connection therewith as may be useful or helpful in the transfer of responsibility from AmSouth Bank to the successor Escrow Agent; provided, however, that AmSouth Bank shall receive reasonable compensation for the performance of its duties under this Escrow Agreement. It is expressly understood, however, that AmSouth Bank's sale of participation interests in the loan shall not be deemed to be a sale, transfer or assignment of the loan under this Section.

12. All notice and communications hereunder between the Developer and the Escrow Agent shall be in writing and shall be deemed to be duly given if sent by registered or certified mail, return receipt requested, to the respective addresses set forth herein.

13. The rights created by this Agreement shall inure to the benefit of and the obligations created hereby shall be binding upon the parties hereto, their successors and assigns.

14. This Agreement shall be construed and enforced according to the laws of the State of Florida.

IN WITNESS WHEREOF, the parties have herunto set their hands and seals the year and date first above written.

WITNESSES

Signed, sealed, and delivered
in the presence of:

Name: CRISTINA BONGILIAN

Name: WILL HART

"ESCROW AGENT"

AmSOUTH BANK

By: JAMES D. HARMON
Name: JAMES D. HARMON
Title: President

STATE OF FLORIDA
COUNTY OF ESCAMBIA.

The foregoing was acknowledged before me this 13th day of April, 2004 by
JAMES O. HUNTER as President of AmSouth Bank, an Alabama banking corporation,
on behalf of the corporation. Such person is personally known to me or presented his/her current Florida
driver's license as identification.

(NOTARY SEAL)

Christine Baigam

Commission Expiration: _____
Commission # _____



WITNESSES

Signed, sealed, and delivered
in the presence of

Jo Faucheu
Name: Jo Faucheu

Rob Blyer Jr.
Name: Rob Blyer Jr.

"DEVELOPER"

Coastal Blue Development, I.I.C.,
a Florida limited liability company

By: Charles W. Fuller, its Manager

STATE OF FLORIDA
COUNTY OF BAY

The foregoing was acknowledged before me this 13th day of April, 2004, by Charles W. Fuller, as
Manager of Coastal Blue Development, I.I.C. a Florida limited liability company, on behalf of the
company. Such person is personally known to me or presented his current driver's license as
identification

(NOTARY SEAL)

Diana Jo Faucheu
Name _____
Notary Public-State of _____
Commission Expiration: _____
Commission # _____

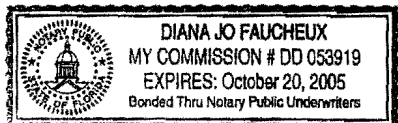


EXHIBIT H TO PROSPECTUS

(Regulations)

SEYCHELLES, A CONDOMINIUM
Bay County, Florida

REGULATIONS

The pleasantness of condominium living is greatly enhanced by a congenial atmosphere in which all Owners have proper regard for the comfort of others. For this reason these rules and regulations have been adopted by Seychelles Owners Association, Inc. in order to assure Owners and their guests that the condominium property will be properly used for the benefit of all those persons. All Owners are requested to cooperate with the management in seeing that the rules and regulations are observed.

1. ADDRESS. Owners should designate their address as follows:

Unit No. _____
Seychelles, a Condominium
5115 Gulf Drive
Panama City Beach, Florida 32408

2. CONDOMINIUM LIVING. Condominium living requires that each Owner regulate the occupancy and use of his unit so as not to unreasonably or unnecessarily disturb any other Owner in the occupancy and use of his unit. All Owners are requested to use their units accordingly.

3. OWNERS AND GUESTS. The facilities of Seychelles are for the use and enjoyment of Owners and house guests only. Owners, guests and visitors are requested to register with the management office in order to facilitate the receipt and forwarding of mail and the handling of telephone calls. Mail received for persons unknown to the management must be returned to the sender after holding for the period allowed by postal regulations.

4. CHILDREN'S ACTIVITIES. Children are welcome in Seychelles and there is no desire to restrict their normal activities. Nevertheless, they are required to observe the same restrictions that apply to adults. This precludes the playful use of equipment, the use of any common elements in the building for play areas, or any other conduct that will interfere with the quiet and comfort of the Owners. Adult Owners with whom children are living will be held responsible for the observance of these rules and regulations by the children.

5. SECURITY. All occupants will be responsible for their own security. Management will not be providing security officers, or other special security measures on the Condominium Property. All occupants are expected to keep the doors to their Units locked at all times; to report solicitors on the Condominium Property to Management; and to report any suspicious appearing persons or incidents to Management.

6. USE OF UNITS.

(a) Air conditioning. The Condominium is in a coastal environment, an area of high humidity which is conducive to the growth of mold. Mold is a naturally occurring organism. A failure to properly maintain portions of the condominium property including a unit, where mold is likely to grow, will contribute to the growth and accumulation of mold. All units are air conditioned. Windows and doors are to be kept closed. Not only is this an economically sound practice but will reduce admission of moisture from warm outside air and will help reduce the chance that dampness, mildew and mold will grow and accumulate in the unit.

(b) Decoration. No unit owner shall decorate any part of his unit or the building so as to change the appearance of any balconies except floors. This precludes the painting of any balconies except floors, illumination or the exterior of the building, display of plants or other objects upon balconies or railings or exterior window sills or ledges. Under no circumstances will containers be allowed that will permit water and/or plant fertilizers to soak through to the building floors and/or lower walls and railings. Any exception must be approved by the Board of Directors in writing.

(c) Equipment Failure. Equipment shall be used only for the purposes intended. Failure of any equipment shall be reported immediately to the management regardless of the responsibility for maintenance in order that proper precautions may be taken to avoid damage of other equipment. Each unit owner shall be liable for all damage caused by misuse of equipment by the Owners or guests of the Owner's unit.

(d) Fire Hazards. No article shall be stored nor any use made of any part of the condominium property that will constitute a fire hazard.

(e) Hanging of Objects. The hanging of bathing suits, clothing, rugs, towels or other items upon balconies or railings or from windows is prohibited; except any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 ½ feet by 6 feet, that represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations.

(f) Installations. Only such awnings, blinds, shades and sunscreen shall be used in balconies or windows as are approved by the Association.

(g) Maintenance and Repair. Unit owners are reminded that maintenance and repair of the condominium building is the responsibility of the Association except for the interior of the unit. As authorized by the condominium documents, the Board of Directors has determined that the maintenance, repair and replacement of windows and glass doors shall be the responsibility of the unit owner except in case of damage for which insurance proceeds are available. No work of any kind is to be done upon the part of the building to be maintained by the Association without first obtaining the approval required by the condominium documents. Occupants of units under sublease are reminded that the responsibility of maintenance and repair as between the lessor and lessee is established by their subleases. Regardless of the responsibility for maintenance and repair, it is recommended that need of such work be reported immediately to the management which can be of assistance in obtaining prompt service. Service provided by the management staff for which the unit owner is liable will be charged to the unit owner.

(h) Noise. In order to assure the comfort of all Owners, the playing of compact discs, radios, televisions, stereos and musical instruments must not exceed a reasonable volume at any time. This applies to all public areas as well as inside units. Between the hours of 10:00 P.M. and 10:00 A.M. the volume shall be kept at a level that cannot be heard outside the unit in which located. All Owners and guests shall refrain from any activity that would disturb other Owners.

(i) Pets.

(1) The keeping of a dog or other pet at Seychelles is not a right of a unit owner but is a conditional license. This conditional license is subject to termination at any time by the Board of Directors upon a finding that a dog or other pet is vicious, is annoying to other Owners, or has in any way become a nuisance. The owner of a pet assumes liability for all damage to persons or property caused by the pet or resulting from its presence at Seychelles. Non-unit owners are not allowed to have pets of any kind.

(2) The conditional license for owners, is subject to the following conditions:

- (i) A pet may not weigh over 30 pounds.
- (ii) A dog must be on leash at all times when outside of the owner's unit.
- (iii) A dog must not be curbed at any place on the property of the condominium except such places as are time to time designated for such purposes.
- (iv) As a courtesy to other Owners and as a safety precaution pets are never to be left unattended in any public areas.
- (v) It is the pet owner's responsibility to clean up after their pet.

(j) Signs. An Owner may identify his unit by a name plate of a type and size approved by the Association and mounted in the place and manner approved by the Association. No other signs may be displayed in any manner except "For Sale" signs approved by the Association.

(k) Use Restrictions. Owners are reminded of the restrictions upon the use of the condominium property that appear in the condominium documents. The restrictions provide, among other things, that this condominium is to be a resort condominium. No nuisances shall be allowed nor any practice followed that is the source of annoyance to other Owners or in violation of city, county, state or federal laws.

(l) Windows. This area is subject to sudden rainstorms without warning. In order to avoid water damage to a unit as well as to other parts of the building, occupants of a unit are required to close all windows and doors

exposed to the weather whenever no one is to be in the unit. Failure to close windows and doors will render the unit owner liable for resulting damage.

7. USE OF COMMON ELEMENTS AND OTHER FACILITIES.

(a) Elevators. The elevators serving the condominium are primarily intended for use as passenger elevators for Owners and their guests. The elevators shall be available for remodeling or for heavy furniture transfer only during the very early off hours of the morning or during the off season period when the condominium building is experiencing light occupancy. The management reserves the right from time to time to determine exactly what time constitutes "very early off hours" or the "off season"; however, unless the elevators have been posted with a notice to the contrary, "very early off hours" shall be between 7:00 a.m. and 9:00 a.m., Monday through Friday and the "off season" shall be between October 1 and March 1.

(b) Balconies, Fire Escapes, Halls, Stairways and Walkways.

(1) Fire escapes, halls, stairways and landings are for ingress and egress to and from units and shall not be obscured. This precludes the leaving of any articles in these areas, including baby carriages, bicycles, garbage cans, supplies, ice and milk containers. This prohibition is in compliance with the fire code/insurance requirements and is for the protection of Owners in case of fire or other emergency and will be strictly enforced.

(2) These areas are part of the common elements and will be cleaned by the management. Owners are requested to cooperate by refraining from disposing on or from these areas any waste of any kind, including cigars and cigarettes.

(c) Exterior of Building. No one may mount any object upon the exterior or roof of the building without approval of the Board of Directors in writing. No one may install or use any awnings, decoration, illuminations, plants or signs without approval of the Board of Directors in writing. United States flags may be respectfully displayed; however, such mounting may not penetrate the exterior of the building; except any unit owner may display one portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than 4 ½ feet by 6 feet, that represents the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, regardless of any declaration rules or requirements dealing with flags or decorations; provided, however, no penetrations of the exterior skin of the building are permitted in connection with the display of flags.

8. PARKING AREAS. Parking areas are for use by Owners or their guests for such personal vehicle or vehicles as are used by them for transportation purposes on a daily basis in order to assure that the parking areas will have an aesthetically pleasing appearance and that they will be available to Owners and their guests as needed. Trailers, recreational vehicles, buses, motor homes, and other vehicles, and boats are to be parked off the Condominium Property. After a written request, the Board of Directors of the Association may grant permission for temporary alternative parking on the Condominium Property because of personal hardship.

9. MEETING NOTICES. A bulletin board will be located in a convenient location on the Condominium Property. Official notices will be posted there in compliance with Florida Statutes.

EXHIBIT I TO PROSPECTUS
(Description of Commonly-Used Facilities)

EXHIBIT I TO PROSPECTUS
OF SEYCHELLES, A CONDOMINIUM
DESCRIPTION OF COMMONLY USED FACILITIES

<u>ROOM OR FACILITY</u>	<u>PURPOSE</u>	<u>EST. APPROX. SQ. FOOTAGE</u>	<u>CAPACITY</u>	<u>PERSONAL PROPERTY TO BE FURNISHED</u>	<u>AVAILABLE DATE</u>
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BUILDING SOUTH OF GULF DRIVE

Pool #1 (Heated)	Recreation	954	20 people	\$10,000	10/31/06
Spa	Recreation	78	2 people	None	10/31/06
Pool #2 (Unheated)	Recreation	861	18 people	None	10/31/06
Pool Deck	Recreation	4448	128 people	None	10/31/06
Dune Walkover	Access	385	Permits 2-way Travel	None	10/31/06
Highway Walkover	Access	833	Permits 2-way Travel	None	10/31/06

1st Floor

Covered Entrance	Access	1451	16 people	None	10/31/06
Breezeway/ Restrooms Elevator	Access	1020	12 people	None	10/31/06
Access Balcony	Access	1140	13 people	None	10/31/06
Generator Room	Equipment	146	n/a	None	10/31/06
Fire Command Room	Equipment	89	n/a	None	10/31/06
Pump Room	Equipment	198	n/a	None	10/31/06
Trash Chute	Equipment	17	n/a	None	10/31/06
Trash Compactor/ Dumpster	Equipment	150	n/a	None	10/31/06
2 Stair- wells	Access	288	Permits 2-way Travel	None	10/31/06

SEYCHELLES, A CONDOMINIUM
DESCRIPTION OF COMMONLY USED FACILITIES

BUILDING SOUTH OF GULF DRIVE (continued)

<u>ROOM OR FACILITY</u>	<u>PURPOSE</u>	<u>EST. APPROX. SQ. FOOTAGE</u>	<u>CAPACITY</u>	<u>PERSONAL PROPERTY TO BE FURNISHED</u>	<u>AVAILABLE DATE</u>
<u>2nd - 22nd Floors, Typical for each Floor</u>					
Trash Chute	Mtnc	17	n/a	None	10/31/06
2 Stair-wells per floor	Access	288	Permits 2-way Travel	None	10/31/06
A/C Balcony 2 per floor	Mtnc.	390	n/a	None	10/31/06
Balcony	Access	748	8 people	None	10/31/06
Elevator/ Access/Lobby/ Electrical Room	Access	438	5 people	None	10/31/06

BUILDING NORTH OF GULF DRIVE

Clubhouse	Recreation	5178	345 people	None	10/31/06
Fitness	Recreation	558	11 people	None	10/31/06
Game Room	Recreation	247	13 people	None	10/31/06
Level 1 Parking Deck	Parking	35141	80spaces	None	10/31/06
Level 2 Parking Deck	Parking	32209	73spaces	None	10/31/06
Level 3 Parking Deck	Parking	32209	74spaces	None	10/31/06

EXHIBIT J TO PROSPECTUS
(Estimated Closing Costs)

ESTIMATED CLOSING EXPENSES

* * * * *

CLOSING EXPENSES incurred by the Purchaser (Buyer) of a unit in Seychelles, a condominium, will vary depending upon whether the purchase price is paid in cash, whether a mortgage is required to provide a part of the purchase price, the amount of the selling price of the unit and the amount of the mortgage required, if any.

The Developer will pay closing expenses as follows:

Owner's Title Insurance, along with related title examination and title search fees
(Approximately 1% of the purchase price)

A Purchaser (Buyer) closing the purchase of his unit for cash will incur closing expenses as follows:

Documentary stamps to be affixed to the Deed (\$.70 per \$100.00 of amount of purchase price)

Recording Fee for Deed
(\$6.00 for first page of Deed and \$4.50 per page for each additional page)

Closing Documents Preparation
(Usually \$250.00 to \$400.00 but varies with work required)

Closing Fee
(Usually \$400.00 to \$600.00 but varies with work required)

Personal Attorney's Fee, if any
(Usually \$50.00 to \$150.00 but varies with work required)

Operating Capital
(An amount equal to one (1) quarter's maintenance fee as required by Section 5(C) of the Declaration of Condominium)

Maintenance fees
Pro-rated portion of the quarterly maintenance payment for the quarter in which the sale closes from the date of sale to the end of the calendar quarter; varies according to unit type as designated in the Budget)

Assignment fee to Developer
In the event of an Assignment of Contract, the Developer may choose to charge a fee that will not exceed the savings in documentary stamps that would have been due had the original contract closed.

Assignment fee to Closing Agent
In the event of an Assignment of Contract, the Closing Agent's fee will approximate, but not be greater than, the overall compensation that the Closing Agent would have received had the Closing Agent closed the original contract instead of closing an assignment of contract.

1031 Exchange Fee
(Usually \$450.00 to \$650.00, but can be more depending on the work involved.)

Administrative Fee to Burke, Blue & Hutchison, P.A., to cover such things as excess postage/delivery costs, e.g., Federal Express, Overnight Mail Service, handling and delivery expenses, long distance calls and copies. (Usually does not exceed \$45.00 to \$95.00 but varies on a case-by-case basis.)

Escrow Fee (\$150.00), pursuant to the Escrow Agreement)

Letter of Credit Fee (\$175.00), pursuant to the Escrow Agreement)

A Purchaser (Buyer) closing the purchase of his unit with funds provided in part by a mortgage on his unit will incur certain closing expenses in addition to those incurred by closing for cash. The amount of the closing expenses charged by a lender vary depending upon the lender and the amount of the loan.

Typical closing expenses to be incurred when a portion of the purchase price is financed by a mortgage include all of the expenses listed above from a Purchaser

(Buyer) closing for cash plus the following:

Recording fee for Mortgage
(\$6.00 for first page of mortgage and \$4.50 per page for each additional page)

Documentary Stamps on the Note
(\$.35 per \$100.00 of amount of Note)

Intangible Tax on Mortgage
(\$.20 per \$100.00 of amount of Note)

Lender's Title Insurance Policy
(Approximately \$50.00 in addition to the amount of the Owner's Title Insurance Policy shown above plus \$110.00 Search Fee)

Credit Report
(Usually \$50.00 but varies with work required)

Photos
(Usually \$5.00 but varies with photos required)

Origination Fee and/or Discount Points
(Usually 1-3% of loan amount, as Lender may require)

Lender Documents Preparation
(Usually \$250.00 to \$400.00 but varies with work required)

Appraisal Fee
(Usually \$225.00 but varies with work required)

Private Mortgage Insurance Premium
(Required for loans in excess of 80%; usually 1% to 1.5% of loan amount)

Tax Service Fee charged by some lending institutions.
(Usually between \$50.00 and \$95.00)

Underwriting Fee charged by some lending institutions.
(\$100.00)

Lender Delivery Charges
(Usually not more than \$100.00, but varies with lender)

Costs of copies of closing documents as required by Lender.
(Usually not more than \$40.00 but may vary with each Lender.)

Not all lender and financing costs can be predicted as the types and amounts of costs vary from lender to lender. Purchaser is responsible for all costs imposed by the lender selected by Purchaser to facilitate the purchase of the Unit.

In addition to the closing expenses set forth above, the lender may require certain items to be prepaid (usually condominium fees and interest from date of closing to date of first payment period) and may require certain escrow accounts to be established (usually escrow accounts are required for the payment of real property taxes and next year's private mortgage insurance premium, if any).

If any sales tax is imposed by the State of Florida in connection with any service, charge or closing cost hereunder, the party responsible for paying for such service, charge or closing cost shall also pay the sales tax in connection therewith.

EXHIBIT K TO PROSPECTUS
(Undivided Share of Common Elements)

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

An undivided share in the land and other common elements and the common surplus is appurtenant to each unit in the condominium in the amounts set forth as follows:

<u>UNIT NUMBER</u>	<u>SHARE OF COMMON ELEMENTS & SURPLUS</u>	<u>NUMBER OF UNITS</u>
Type A - 1 st Floor 2 Bedroom/Bunk/2 Bath (1394 sq. ft.)		2
101A	1394/198842	
109A	1394/198842 (2788)	
Type A 2 Bedroom/Bunk/2 Bath (1425 sq. ft.)		42
201A	1425/198842	
301A	1425/198842	
401A	1425/198842	
501A	1425/198842	
601A	1425/198842	
701A	1425/198842	
801A	1425/198842	
901A	1425/198842	
1001A	1425/198842	
1101A	1425/198842	
1201A	1425/198842	
1301A	1425/198842	
1401A	1425/198842	
1501A	1425/198842	
1601A	1425/198842	
1701A	1425/198842	
1801A	1425/198842	
1901A	1425/198842	
2001A	1425/198842	
2101A	1425/198842	
2201A	1425/198842	
209A	1425/198842	
309A	1425/198842	
409A	1425/198842	
509A	1425/198842	
609A	1425/198842	
709A	1425/198842	
809A	1425/198842	
909A	1425/198842	
1009A	1425/198842	
1109A	1425/198842	
1209A	1425/198842	
1309A	1425/198842	
1409A	1425/198842	
1509A	1425/198842	
1609A	1425/198842	
1709A	1425/198842	
1809A	1425/198842	
1909A	1425/198842	
2009A	1425/198842	
2109A	1425/198842	
2209A	1425/198842 (59850)	
Type B 1 Bedroom/Bunk/2 Bath (883 sq. ft.)		132
102B	883/198692	
202B	883/198692	
302B	883/198692	

402B	883/198692
502B	883/198692
602B	883/198692
702B	883/198692
802B	883/198692
902B	883/198692
1002B	883/198692
1102B	883/198692
1202B	883/198692
1302B	883/198692
1402B	883/198692
1502B	883/198692
1602B	883/198692
1702B	883/198692
1802B	883/198692
1902B	883/198692
2002B	883/198692
2102B	883/198692
2202B	883/198692

103B	883/198692
203B	883/198692
303B	883/198692
403B	883/198692
503B	883/198692
603B	883/198692
703B	883/198692
803B	883/198692
903B	883/198692
1003B	883/198692
1103B	883/198692
1203B	883/198692
1303B	883/198692
1403B	883/198692
1503B	883/198692
1603B	883/198692
1703B	883/198692
1803B	883/198692
1903B	883/198692
2003B	883/198692
2103B	883/198692
2203B	883/198692

104B	883/198692
204B	883/198692
304B	883/198692
404B	883/198692
504B	883/198692
604B	883/198692
704B	883/198692
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904B	883/198692
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1604B	883/198692
1704B	883/198692
1804B	883/198692
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2004B	883/198692
2104B	883/198692
2204B	883/198692

106B	883/198692
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306B	883/198692
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806B	883/198692
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1206B	883/198692
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1406B	883/198692
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2206B	883/198692

107B	883/198692
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2107B	883/198692
2207B	883/198692

108B	883/198692
208B	883/198692
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1408B	883/198692
1508B	883/198692
1608B	883/198692
1708B	883/198692
1808B	883/198692
1908B	883/198692
2008B	883/198692
2108B	883/198692
2208B	883/198692
	(116556)

Type C
1 Bedroom/1 Bunk/2 Bath
(873 sq. ft.)

21

205C	873/198692
305C	873/198692
405C	873/198692
505C	873/198692
605C	873/198692
705C	873/198692
805C	873/198692
905C	873/198692
1005C	873/198692
1105C	873/198692
1205C	873/198692
1305C	873/198692
1405C	873/198692
1505C	873/198692
1605C	873/198692
1705C	873/198692
1805C	873/198692

1905C	873/198692
2005C	873/198692
2105C	873/198692
2205C	873/198692
	(18333)

Type CU-1 Commercial Unit	1
(762 sq. ft.)	762/198692
	(762)

TYPE CU-2 Commercial Unit	1
(403 sq. ft.)	403/198692
	(403)

TOTAL	198692/198692
-------	---------------

Note: All references to square feet are approximate and no warranty is expressed or implied by such reference.

EXHIBIT L TO PROSPECTUS
(Management Agreement)

MANAGEMENT AGREEMENT

This Management Agreement made this _____ day of _____, 200__, between the Seychelles Owners Association, Inc., a Florida not-for-profit corporation and Abbott Resorts, LLC. ("the Manager").

WITNESSETH

In consideration of the terms, conditions and covenants hereinafter set forth, the parties hereto mutually agree as follows:

Section 1. Definitions

For the purpose of this Agreement, the following terms shall have the meanings respectively ascribed to them by this Article.

- 1) **Association.** Seychelles Owners Association, Inc., a Florida not-for-profit corporation.
- 2) **Association Members.** Persons or entities owning one or more Units within the Condominium Property.
- 3) **Board of Directors.** The Board of Directors of the Association, as elected pursuant to the governing documents of the Association.
- 4) **Common Elements.** A part or parts of the Condominium Property as set forth in the declaration in which all of the Unit owners have an undivided interest.
- 5) **Condominium.** The form of ownership of real or personal property or a combination thereof under a declaration providing for ownership of Units of property by one or more owners. Such Units may consist of private elements together with an undivided interest in Common Elements.
- 6) **Condominium Act.** Chapter 718 of the Florida Statutes, 2003, and all updates.
- 7) **Condominium Property.** The property which is covered by the Declaration and all easements, rights and interests belonging thereto or intended for the benefit thereof. Where such property is real property there is no requirement that it be contiguous.

- 8) **Declaration.** The Declaration of Condominium recorded in the Official Records of Bay County, Florida and as amended from time to time, relating to the Condominium Property.
- 9) **Person.** Any individual, corporation, partnership, association, trustee, fiduciary or other legal entity.
- 10) **Unit.** An individual unit as defined by the Condominium Act and the declaration.

Section 2. Appointment of Manager

- (a) The Association hereby appoints the Manager, and the Manager hereby accepts appointment, on the terms and conditions hereinafter provided, as exclusive manager of the Condominium Property, located in the County of Bay, State of Florida.
- (b) The Manager acknowledges that the function of the Association is the operation and management of the Condominium; and the Manager agrees, notwithstanding the authority given to the Manager in the Agreement, to confer fully and freely with the Board of Directors in the performance of its duties as herein set forth and to attend membership or Board of Director's meetings at any time or times requested by the Association. It is further understood and agreed that the authority and duties conferred upon the Manager hereunder are confined to the Common Elements and facilities. Such authority and duties do not and shall not include supervision or management of individual Units, except as directed by the Association in regard to matters as to which the Association has authority or responsibility pursuant to the Condominium Act or the documents relating to the Condominium Property.

Section 3. Personnel

The Manager shall hire, in its own name, but at the Association's expense, all laborers and supervisory personnel, including one full time maintenance person, necessary for the efficient discharge of the duties of the Manager as set forth in this Agreement. In addition to the aforesaid personnel, the Manager shall maintain at all times, at its expense, at least one (1) supervisory manager who shall be in daily contact with the on-site personnel at the Condominium Property, and shall be on-site as necessary for the proper and efficient operation of the Condominium.

Section 4. Duties of Manager

Manager shall perform the following duties and services at the sole cost and expense of the Association, unless expressly stated to the contrary:

- (a) Cause an annual inventory to be taken of all furniture, equipment, maintenance tools and supplies of the Association. Such inventory shall be taken during the month of November and submitted, in writing, to the Board of Directors no later than the end of the calendar year in which it is taken.
- (b) Maintain businesslike relations with Association Members whose service requests shall be received, considered and recorded in systematic fashion in order to show the action taken with respect to each. Complaints of a serious nature shall, after reasonable investigation, be reported to the Board of Directors with appropriate recommendation.
- (c) As a part of a continuing program, use commercially reasonable efforts to obtain full performance by the Association Members of all items and maintenance for which they are responsible.
- (d) Collect all monthly and special assessments due from Association Members. The Association hereby authorizes and directs the Manager to request, demand, collect, and receive and receipt any and all assessments, charges, rents or liens which may at any time be or become due to the Association and at the expense of the Association take such action in the name of the Association by way of legal process or authority granted the Association under its governing documents or the Condominium Act as may be required for the collection of delinquent assessments. The Manager shall implement collection proceedings on any account which is unpaid as of the 10th of the month for which it was due, unless otherwise advised by the Board of Directors. The Manager shall similarly collect any rents on units owned by the Association, if any, but shall have no responsibility for collection of leased units by Association Members. Manager shall be reimbursed for all cost reasonably incurred and associated with such collection of delinquent maintenance fees, including, but not limited to: reasonable attorney's fees, certified mail costs, long distance telephone charges, foreign country postage rates, and similar identifiable expenses.
- (e) Investigate, hire, pay, supervise and discharge personnel and independent contractors necessary to be employed in order to maintain and operate the Condominium. All independent contractors will be hired in the name of the Association and shall provide the Association with proof of insurance.
- (f) Cause the buildings of the Condominium Property which are to be maintained by the Association pursuant to the Declaration of Condominium to be maintained according to the standards mutually approved from time to time by the Board of Directors and Manager. Initially, and until modified by mutual consent, the standards that shall be followed are the manufacturer's recommendations and standards for suppliers of materials, equipment and systems incorporated into the Condominium improvements. Maintenance shall include but not be limited to common roadways, roofs, lawn maintenance, landscaping, interior and exterior cleaning, elimination of mold growth, if any, painting, decorating, plumbing,

carpentry and such other normal maintenance and repair work as may be necessary.

- (g) Review, understand, and carry out the manufacturer's required or recommended maintenance and inspections on improvements to the Condominium Property, including buildings, operating systems and exterior sheathing system, including, but not limited to the building exterior envelope, roof, elevators, water pump and pool. Any deviation from the contractor's and/or manufacturer's recommendations must be approved in advance by the Board of Directors.
- (h)
 - (i) The expense for any one item of repair or replacement and cumulative expenses of items of repair or replacement shall not exceed the amount budgeted therefore, unless specifically authorized, in writing, by the Association; provided however, that emergency repairs involving, in the Manager's reasonable judgment, life safety or danger to the Condominium Property, or immediately necessary for the preservation and safety of the Condominium Property, or the safety of the Association Members, or required to avoid the suspension of any necessary service to the Condominium Property, may be made by the Manager irrespective of the cost or limitation imposed by this paragraph. The Manager will, if reasonably possible, confer with the designated person of the Association prior to making any such expenditure.
 - (ii) The Manager shall make no expenditures from monies held in reserve for capital improvements unless such expenditures are approved in advance by the Association.
- (i) Take such action as may be necessary to cause compliance with any and all orders or requirements affecting the premises placed therein by any Federal, state, county, municipal or other governmental or regulatory authority. The Manager shall notify the Association within two (2) working days of all such notices and orders, and shall not take any action under this Section so long as the Association is contesting, in good faith, the order or requirement.
- (j) Place orders, in the name of the Association, for such equipment, tools, appliances, materials and supplies as are necessary to properly maintain and repair the Condominium Property. When taking bids or issuing purchase orders, the Manager shall secure for and credit to the Association any discounts, commissions or rebates obtainable as a result of such purchases without taking bids.
- (k) Purchase and keep in force all forms of insurance of the type and in the amount requested in writing by the Association. The Manager shall furnish to the Board of Directors copies of all such insurance policies. At least 30 days prior to the expiration of any insurance policy, Manager shall obtain a minimum of three proposals (if the insurance market allows) for insurance renewal. The Manager shall promptly investigate and report, in writing, as to all reported accidents or

claims of damage relating to the management, operation and maintenance of the condominium, the estimated cost of repair, and shall cooperate and make any and all reports required by an insurance company in connection therewith.

- (l) From the funds collected and deposited in the bank accounts described in Section 6 cause to be timely disbursed:
 - 1) Insurance premiums, electrical, water, sewer, trash and similar charges; and the amount specified by the Association for allocation to reserves.
 - 2) The Manager's compensation hereunder, and reimbursement of employees' salary and salary expenses.
 - 3) Other sums otherwise due and payable by the Association as operating expenses authorized to be incurred under the terms of this Agreement.
 - 4) After disbursement in the order herein specified, any balance remaining in any such accounts may be disbursed or transferred from time to time, but only as specifically directed by the Board of Directors.
- (m) Maintain a system of office records, books and accounts, in regard to the Manager's duties hereunder in a manner, which complies with the requirements of the Condominium Act, and in a manner approved by the Association. Such records shall be kept in the office of the Manager, and shall be available for inspection by the representative of the Association, by appointment, at reasonable times during normal business hours.
- (n) The Manager shall prepare, file and pay any related fees for all forms, reports, and licenses for the Condominium Property as are required by law.
- (o) The Manager shall furnish to the Board of Directors no later than the 30th day after each month the following records and information:
 - 1) Statement of income and disbursements, showing monthly and year to date expenditures as compared to current month and year to date budgets.
 - 2) A list of aged accounts receivable.
 - 3) A list of all disbursements, by check number.
 - 4) A statement showing all salaries and wages paid to on-site personnel.

At the expense of the Manager, annual balance sheets and general ledger statements shall be prepared without audit for the Association and delivered to the Association within sixty (60) days following the end of the fiscal year. The Association at its option and its expense, shall have the right to an independent

audit to be performed by a certified public accountant, chosen by the Board of Directors of the Association.

- (p) At least forty-five (45) days before the beginning of each fiscal year of the Association (which is the same as the calendar year) prepare a proposed budget for the operation of the Condominium Property for the ensuing fiscal year, together with such other financial and other information in regard to the Manager's duties as the Association requests and as is reasonably necessary for the Association to review and finalize said budget. The Association should either approve or disapprove such proposed budget within fifteen (15) days of its submission. Any disapproval of the proposed budget must be specific and be on a line item basis. The Manager must resubmit a proposed budget within ten (10) days following disapproval. In the event that the Manager and Association are unable to agree upon a budget, those portions of the budget not objected to shall be deemed to amend the prior year's budget, which shall then be the budget for the ensuing fiscal year. The budget shall serve as a supporting document for the schedule of assessments proposed for the new fiscal year and for expenditures there under.
- (q) Inform all Association Members of the rules, regulation and notices as may be promulgated by the Board of Directors from time to time.
- (r) Maintain a current list of the Association Members and furnish a copy of such membership list to the Association's representative on request, and notify the Association of changes in the list as they occur from time to time.
- (s) Maintain an office and local telephone on the Condominium Property so that Association Members may contact the Manager on a twenty-four (24) hour basis.
- (t) Attend meetings of the Association and the Board of Directors when requested.
- (u) Assist the Board of Directors in preparation for the annual meeting of the Association, prepare and transmit such notices, proxies and other materials as may be requested, and attend such meetings.
- (v) Coordinate all punch list items and warranty work requested between Association Members and the developer and general contractor.
- (w) Strive to keep an open line of communication between the Association and its Board of Directors, so all parties involved are made aware of pertinent issues in a timely manner and will have the opportunity to address them.
- (x) Respond and comply in a timely manner to requests by Members for copies of any records which are considered "official records" of the Association, according to the Condominium Act.

- (y) Act as the Irrevocable Agent of each owner to apply for and obtain on an annual basis the required license from the Division of Hotels and Restaurants of the Department of Business and Professional Regulation in order to classify the condominium unit as a resort condominium unit available for transient rentals in compliance with Florida Statutes 509.242, and to otherwise comply with all laws and regulations applicable to the units and the condominium so that Seychelles will at all times be and remain a resort condominium as provided in Chapter 509, Florida Statutes, and as contemplated by the Development Order controlling the development of Seychelles.

Section 5. Relationship

- (a) The Board of Directors shall designate a single individual who will be the sole person authorized to deal with the Manager on any matter relating to the management of the Condominium. In the absence of any other designation by the Board, the President of the Board of Directors shall have this authority.
- (b) Manager shall take no action on behalf of the Association that the Declaration requires to be approved by the Board of Directors or Association membership unless such approval is first obtained.
- (c) The developer has no financial or ownership interest in the Manager.

Section 6. Bank Accounts

- (a) The Manager shall establish and at all times maintain bank accounts as Manager of the Association, which accounts shall be in a Federal chartered bank whose deposits are insured by the Federal Deposit Insurance Corporation, and reflect the custodial nature thereof, said bank account to be used by the Manager to discharge any liabilities or obligations incurred pursuant to this Agreement and for the payment of Manager's compensation hereunder. Such funds shall not be commingled with other funds.
- (b) All monies in excess of current needs shall be placed in passbook type interest bearing accounts earning the highest interest available. In the event that the amount deposited in the aforesaid account exceeds the limits of the Federal Deposit Insurance Corporation coverage, then the Manager shall have the authority to establish additional, identical accounts in the name of the Association. All interest accrued on the account shall accrue to the Association.
- (c) Any payments to be made by the Manager under this Agreement shall be made out of such sums as are available in the accounts of the Association, or as provided by the Association. The Manager is not obligated to make any advance to or for the accounts of the Association, or to pay any sum except out of funds held or provided as aforesaid, nor shall the Manager be obligated to incur any

liability or obligation for the accounts of the Association without assurance that the necessary funds for the discharge thereof will be provided. Should the funds provided by the Association be insufficient for the Manager to perform its duties hereunder, the Manager shall be relieved of any obligation to perform such duties unless and until the Association provides necessary funding.

- (d) The Manager will be endorsed with a Manager's rider on the Association current existing fidelity bond as its interest may appear. Association shall furnish the Manager a copy of its fidelity bond showing the Manager's interest pursuant thereto. Any bonding in favor of the Manager shall be at the expense of the Association.

Section 7. Term and Termination

- (a) The term of this agreement shall commence on and continue until the date that is three (3) years thereafter; and will automatically be renewed thereafter for three (3) successive three (3) year terms unless terminated by either party by giving written notice of cancellation no less than ninety (90) days prior to end of the initial term or any renewal term.
- (b) For a period of one year following any expiration or termination of this Agreement, the Association will not employ, in any capacity, any employee or former employees of Manager.
- (c) In the event a petition in bankruptcy is filed by or against Manager or the Association, or in the event that either party makes an assignment for the benefit of creditors or takes advantage of any insolvency act, this Agreement will automatically terminate as of the date of such event.
- (d) In the event that either party breaches any material provision of this Agreement, and such breach remains uncured for five (5) days following written notice thereof (for breaches involving the payment of monies) or thirty (30) days following written notice thereof (for all other breaches), the non-breaching party may terminate this Agreement, such termination to be effective upon the breaching party's receipt of written notice thereof following the expiration of the applicable cure period, without cure.
- (e) Within ten (10) days following any expiration or termination of this Agreement, all outstanding charges or expenses incurred by the Manager under the terms of this Agreement, which are to be paid or reimbursed by the Association shall be paid to the Manager by the Association. Any funds of the Association which are in excess of said outstanding charges or expenses, shall be paid over to the Association by Manager within ten (10) days following any expiration or termination of this Agreement. Manager shall, within ten (10) days following any expiration or termination, provide the Association with a final statement of account in the nature of the monthly accounting required of the Manager as

heretofore set forth in this Agreement and shall make available to the Association all office records, books and accounts, and such other information as the Association shall require to enable it to continue to maintain and operate the Condominium Property.

- (f) Notwithstanding anything to the contrary provided above with respect to the term of this Management, to the extent that the provisions of 718.302, Florida Statutes apply to this Management Agreement, it may be terminated as provided therein.

Section 8. Limitation on Manager Responsibility.

- (a) Manager shall not under any circumstances, be liable under or by reason of this Agreement, directly or indirectly, for any breakage or damage of any machinery, appliance or equipment or other part or portion of the Condominium Project, nor shall it be held responsible or liable for any loss, damage, detention or delay in furnishing materials or failure to perform duties as hereinabove provided when such is caused by fire, flood, strike, act of civil or military authorities, or by insurrection or riot or by any other cause which is unavoidable or beyond its control.
- (b) Manager shall be an additional named insured under the Association's policies of insurance.

Section 9. Manager's Compensation

- (a) The Association agrees to pay Manager for its services hereunder each month, in advance, the sum as outlined in the attached Exhibit "A" to this Agreement.
- (b) The Association understands and agrees that the Agreement imposes on it the firm and irrevocable obligation to pay the full fee and perform the other provisions hereof for the full term of this Agreement; subject, however, to the expiration or termination of this Agreement, and the Manager shall have, in addition to the provisions of this Agreement, all other rights and remedies in connection with the enforcement and collection thereof as are provided by law and equity. The exercise of one or more of the rights and remedies provided for herein shall not be construed as a waiver of the others.

Section 10. Miscellaneous

- (a) Each duty of the Manager or authority delegated to the Manager is severable and separate from any and every other duty or authority and the enforceability or illegality of any duty or authority shall not affect any or every other duty or authority or the validity of this Agreement.

- (b) The Association shall not interfere, nor permit, allow or cause any of its officers, directors, members or residents to interfere with the Manager in the performance of its duties or the exercise of any of its powers hereunder, except as herein otherwise provided.
- (c) This Agreement cannot be assigned by either party without the consent in writing of the non-assigning party, which consent will not be unreasonably withheld. Any attempted assignment without such consent shall be null and void and constitute a material breach hereof.
- (d) Should it become necessary for either party to enforce the terms of this Agreement, all court costs and reasonable attorney's fees shall be paid by the non-prevailing party to the prevailing party.
- (e) The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict constructions shall be applied against any person.
- (f) This Agreement states the entire agreement between the Parties hereto and shall inure to the benefit of and is binding upon them and upon their respective successors and assigns.
- (g) Except as provided for herein or in the approved budget, the Manager shall not enter into contracts for employment or services without the Association's prior written consent.
- (h) Manager acknowledges receipt of copies of the Declaration of Condominium, the Articles of Incorporation, the By-Laws, Regulations and other documents that are part of the "official records" of the Condominium. Therefore, Manager agrees to comply with the provisions of said documents in performing its duties hereunder and acknowledges that the terms of this Agreement are subject to the provisions of the aforesaid documents.
- (i) This Agreement will be construed according to the internal laws of the State of Florida, without regard to the laws regarding conflict of laws. Any action to enforce this Agreement shall be brought in Bay County, Florida and the parties hereto irrevocably consent to the jurisdiction of said courts and waive any claim of lack of jurisdiction or improper venue. **In any such action, the parties waive all right to a trial by jury.**

IN WITNESS WHEREOF, the Association and the Manager have duly executed this Agreement as of day and year first written.

SEYCHELLES OWNERS ASSOCIATION, INC.

Printed Name of Witness

By: _____
Charles W. Fuller, President

Printed Name of Witness

ABBOTT RESORTS, LLC.

Printed Name of Witness

By: _____

Printed Name of Witness

EXHIBIT "A"

MANAGEMENT FEES

A fee of twenty dollars (\$20) per month for each Unit in the Condominium Project (whether or not sold), commencing upon the first day of the first full month following the first real estate closing for a Unit in the Condominium Property (the "Commencement Date").

EXHIBIT N TO PROSPECTUS
(Developer's Ownership Interest)

SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED made and executed this 1 day of December, 2003, by M. G. NELSON, JR., GRETCHEN NELSON VANN, and M. G. NELSON, hereinafter called the Grantors, to COASTAL BLUE DEVELOPMENT, LLC, whose address is P. O. Box 28105, Panama City, FL 32411 hereinafter called the Grantee;

File # 2003091267
OR BK 2374 Pages 1627 - 1630
RECORDED 12/11/03 10:52:35
Harold Bazzel, Clerk
Bay County, Florida
DOC STMP-D: \$30249.10
DEPUTY CLERK RK
#3
Trans # 580650

WITNESSETH:

That the Grantors, for and in consideration of the sum of Ten and No/100 Dollars (\$10.00) and other valuable considerations, receipt whereof is hereby acknowledged, by these presents do grant, bargain, sell, alien, remise, release, convey and confirm unto the Grantee, all that certain land situate in Bay County, Florida, to-wit:

Commence at the point of intersection of the East line of the Northwest Quarter of Section 16, Township 4 South, Range 15 West, and the Southerly R/W line of County Highway Number 392, formerly State Highway Number 392; thence run N47°13'23"W, a distance of 50 feet on and along said Southerly R/W line to the Point of Beginning; thence continue along said Southerly R/W line a distance of 200 feet; thence at a left deflection of 90° run Southwesterly perpendicular to said Southerly R/W line a distance of 650 feet, more or less, to the water's edge of the Gulf of Mexico; thence Southeasterly along said water's edge to a point of intersection with a line running Southwesterly at a right angle to said Southerly R/W line of County Highway Number 392, formerly State Highway Number 392, and passing through the Point of Beginning; thence Northeasterly along said line a distance of 650 feet, more or less, to the Point of Beginning; lying and being in the West Half of Section 16, Township 4 South, Range 15 West. Less and except the platted right-of-way of Gulf Drive as shown on the plat of Gulf Lagoon Beach, as recorded in Plat Book 8, Page 24, of the Public Records of Bay County, Florida.

This conveyance is subject to the effect of the establishment of the Erosion Control Line and the interest of the State of Florida.

THE ABOVE DESCRIBED PROPERTY IS NOT THE HOMESTEAD OF ANY GRANTOR HEREIN.


TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

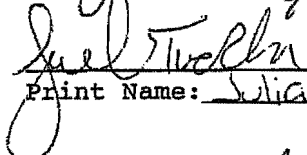
TO HAVE AND TO HOLD unto the Grantee, its successors and assigns, in fee simple forever. The Grantors warrant title only against lawful claims of persons claiming by, through or under Grantors, but not otherwise.

IN WITNESS WHEREOF, the Grantors have set their hands and seals the day and year first above written.

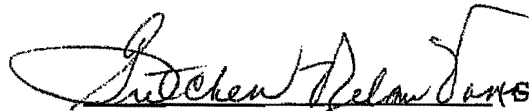
Signed, sealed and delivered
in the presence of:

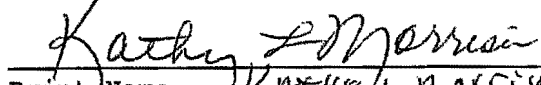

Print Name: Angela M. Randow

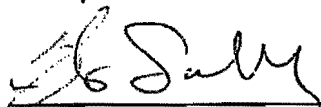

_____(SEAL)
M. G. Nelson, Jr.

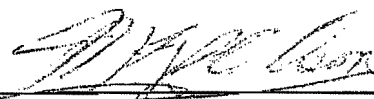

Print Name: Julia Tucker

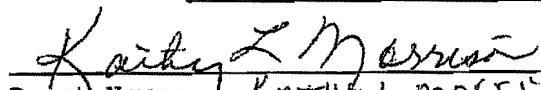

Print Name: Thomas Sale Jr


_____(SEAL)
Gretchen Nelson Vann


Print Name: Kathy L. Morrison


Print Name: Thomas Sale Jr


_____(SEAL)
M. G. Nelson


Print Name: Kathy L. Morrison

STATE OF Illinois
COUNTY OF Sangamon

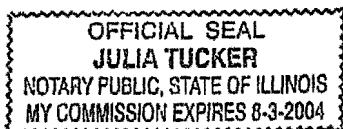
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared M. G. NELSON, JR., who is personally known to me and who executed the foregoing instrument and who acknowledged before me that he executed the same for the reasons therein expressed.

WITNESS my hand and official seal in the County and State last aforesaid this 1 day of December, 2003.

[Signature]
Notary Public

My commission expires:

8-3-04



STATE OF FLORIDA
COUNTY OF BAY

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgments, personally appeared GRETCHEN NELSON VANN, who is personally known to me and who executed the foregoing instrument and who acknowledged before me that she executed the same for the reasons therein expressed.

WITNESS my hand and official seal in the County and State last aforesaid this 2 day of December, 2003.

[Signature]
Notary Public

My commission expires:



Official Seal
KATHY L. MORRISON
Notary Public, State of Florida
My Comm. Expires Sept. 29, 2004
No. CC961905

EXHIBIT M TO PROPSECTUS

M-1 BEACH SERVICES EASEMENT

M-2 GENERAL SERVICES EASEMENT

BEACH SERVICE EASEMENT

WHEREAS, COASTAL BLUE DEVELOPMENT, LLC, a Florida limited liability company, herein called the "Developer," is the owner of certain real property located in Bay County, Florida, more particularly described on Exhibit A attached hereto and made a part hereof (the "Condominium Property");

WHEREAS, Developer is constructing a condominium on the Condominium Property to be known as Seychelles, a condominium; and

WHEREAS, Seychelles Beach Services, LLC. ("SBS") has agreed to make beach services available, which may include sale or rental of any product, service or equipment permitted by applicable land use or zoning regulations, including, but not limited to, the following, to wit: equipment sales and rentals, the sale and rental of beach related merchandise such as beach chairs, umbrellas, sunglasses or sun tan products, food and refreshments ("Beach Services"), in the area between the south line of the condominium building and the Gulf of Mexico, as more particularly described on Exhibit B attached hereto, and also includes a six (6) foot walkway on the east side of the condominium building, across a portion of the front of the condominium building and down the steps to the beach (altogether, the "Beach"); and

WHEREAS, Developer and SBS are desirous of entering into an easement agreement (the "Easement") whereby Developer grants to SBS an easement over and across the Beach for the purpose of ingress and egress to the Beach and an easement over the Beach for the purpose of providing Beach Services; and

WHEREAS, the parties desire that this Easement be and constitute a covenant running with the land belonging to the respective parties for an initial period of thirty (30) years and that same shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

NOW THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the parties hereto agree as follows:

1. The recitals set forth above are true and correct and are incorporated herein by reference.

2. Developer grants to SBS a private, exclusive easement over and across the property described on Exhibit A that is improved as walkways and roadways for the purpose of providing ingress and egress to the Beach and an easement over the Beach described in Exhibit B for the purpose of providing Beach Services, as described in the recitals above. This easement shall be at no cost to SBS. The use rights hereunder may be assigned, in whole or in part, by SBS without the consent of the Developer, Condominium Unit owners, or the association that operates or maintains the Condominium (the "Association").

3. The parties agree that the initial term of this Easement will be thirty (30) years from the date of recording same and will automatically renew for additional thirty year (30) terms, without any further action by either the Developer or SBS unless at least thirty (30) days but no more than ninety (90) days prior to expiration of any thirty year (30) term, at least three-fourths (3/4) of the owners of the Condominium provide notice in writing to SBS that the Easement will be canceled at the end of the then current thirty year (30) term.

4. The parties agree that this Easement does not convey the fee simple title to the Beach, but only constitutes an easement over the property described on Exhibit A, including the Beach for the use thereof for the purposes herein stated.

5. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns.

6. Notwithstanding anything to the contrary provided above with respect to the term of this Easement, to the extent that the provisions of 718.302, Florida Statutes apply to this Easement, it may be terminated as provided therein.

IN WITNESS WHEREOF, Grantor and Grantees have hereunto set their hands and seals on this _____ day of _____, 2006.

Witnesses:

GRANTOR

Witness Signature

Coastal Blue Development, LLC
a Florida limited liability company

Witness Printed name

Witness Signature

By: Charles W. Fuller
As: Manager

Witness Printed name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by _____, as _____ of Coastal Blue Development, Inc., a Florida corporation who is personally known to me.

(SEAL)

Notary Public Signature

Witnesses:

GRANTEE

SEYCHELLES BEACH SERVICES, LLC

Witness Signature

Witness Printed name

BY: Lucius S. Evins, IIC
AS: Manager

Witness Signature

Witness Printed name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by _____, as Manager, on behalf of Seychelles Beach Services, LLC, who is personally known to me.

(SEAL)

Notary Public Signature

This document prepared by:
ROB BLUE, JR, ESQ.
221 McKenzie Avenue
Panama City, Florida 32401
850-769-1414

EXHIBIT A
(Condominium Property Legal Description)

EXHIBIT B
(Beach Legal Description)

GENERAL SERVICES EASEMENT

WHEREAS, COASTAL BLUE DEVELOPMENT, LLC, a Florida limited liability company, herein called the "Developer," is the owner of certain real property located in Bay County, Florida, more particularly described on Exhibit A attached hereto and made a part hereof (the "Condominium Property");

WHEREAS, Developer is constructing a condominium on the Condominium Property to be known as Seychelles, a condominium (the "Condominium") that will be operated and managed by Seychelles Owners Association, Inc. (the "Association"); and

WHEREAS, Seychelles General Services, LLC., a Florida limited liability company ("SGS") has agreed to coordinate in an orderly manner through third-party providers ("Providers") the use of certain portions of the Condominium Property for the installation, operation and maintenance of facilities and equipment suitable for radio and other electro-magnetic transmissions including but not limited to cellular radio and telephone transmissions, and suitable for receipt and transmission of entertainment-on-demand services consisting of telephone, cable television and internet services (the "Facilities"); and

WHEREAS, the principal area of use for the Facilities will be a portion of the limited common element area of the roof, but only the exterior surface thereof, as more particularly described by the graphic depiction of the south building roof area (the "General Services Easement Area"), as depicted on the attached Exhibit B (the "General Services Easement Area"); for clarification purposes, the General Services Easement Area does not include the roof system as a moisture barrier, which is and remains a part of the Common Elements of the Condominium; and

WHEREAS, Developer (hereafter, the "Grantor"), is desirous of entering into an easement agreement (the "Easement") whereby Grantor grants to SGS (the "Grantee") an easement over and across the General Services Easement Area and other portions of the Condominium Property, as hereafter mentioned, for the purpose of enabling Facilities to be installed, operated and maintained; and

WHEREAS, the parties desire that this Easement be and constitute a covenant running with the land belonging to the respective parties for an initial period of thirty (30) years and that same shall be binding on and inure to the benefit of the parties hereto, their successors and assigns.

NOW THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the parties hereto agree as follows:

1. The recitals set forth above are true and correct and are incorporated herein by reference.

2. Grantor grants to Grantee a private, exclusive easement over, across, under and within the property described Exhibit B for the purpose of installing, operating and maintaining the Facilities; and to Grantee a private, non-exclusive easement over, across, under and within the parts of the property, including but not limited to buildings, driveways and walkways described on Exhibit A for ingress and egress to and from the Facilities, and for the delivery of utility services to the Facilities. This easement shall be at no expense to the Grantee.

3. The parties agree that the initial term of this Easement will be thirty (30) years from the date of recording same and will automatically renew for additional thirty year (30) terms, without any further action by either the Grantor or Grantee unless at least thirty (30) days but no more than ninety (90) days prior to expiration of any thirty year (30) term, at least three-fourths (3/4) of the owners of the Condominium provide notice in writing to Grantee that the Easement will be canceled at the end of the then current thirty year (30) term.

4. The Association acknowledges that the Facilities will be of benefit to the Condominium, its Unit Owners and to the Association and therefor agrees that, except for the Facilities that are installed by Providers which shall be repaired and replaced by the Providers, the repair and replacement of the General Services Area Easement will be the responsibility of the Association, as a Common Expense of the Condominium.

5. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors and assigns. Grantee may assigned or re-grant the easements provided hereunder to one or more Providers, in Grantee's sole and absolute discretion, and such assignments or re-granted easements need not be approved by the Developer, the Association, or owners of units in the Condominium, and shall take their priority from the date this easement is recorded in the public records of Bay County, Florida.

6. Notwithstanding anything to the contrary provided above with respect to the term of this Easement, to the extent that the provisions of 718.302, Florida Statutes apply to this Easement, it may be terminated as provided therein.

IN WITNESS WHEREOF, Grantor and Grantees have hereunto set their hands and seals on this _____ day of _____, 2006.

Witnesses: GRANTOR

Witness Signature

Coastal Blue Development, LLC
a Florida limited liability company

Witness Printed name

Witness Signature

By: Charles W. Fuller
As: Manager

Witness Printed name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by Charles W. Fuller, as Manager of Coastal Blue Development, LLC, a Florida limited liability company, who is personally known to me.

Notary Public Signature

(SEAL)

Witnesses: GRANTEE

SEYCHELLES GENERAL SERVICES, LLC

Witness Signature

Witness Printed name

BY: Lucius S. Evins, III
AS: Manager

Witness Signature

Witness Printed name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of _____, 200__, by Lucius S. Evins, III, as Manager, on behalf of Seychelles General Services, LLC, a Florida limited liability company, who is personally known to me.

Notary Public Signature

(SEAL)

Witnesses:

ASSOCIATION

SEYCHELLES OWNERS ASSOCIATION, INC.

Witness Signature

Witness Printed name

BY: Charles W. Fuller
AS: President

Witness Signature

Witness Printed name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me this ____ day of ____
_____, 200__, by Charles W. Fuller, as President, on behalf of
Seychelles Owners Association, Inc., a Florida corporation not for profit, who
is personally known to me.

(SEAL)

Notary Public Signature

This document prepared by:
ROB BLUE, JR, ESQ.
221 McKenzie Avenue
Panama City, Florida 32401
850-769-1414

EXHIBIT A
(Condominium Property Legal Description)

EXHIBIT B
(Beach Legal Description)

Exhibit O of Prospects

(Association Lease)

LEASE

THIS LEASE ("Lease") dated as of _____, 20____, is by and between COASTAL BLUE DEVELOPMENT, LLC, a Florida limited liability company ("Landlord") and SEYCHELLES OWNERS ASSOCIATION, INC., a Florida not for profit corporation ("Tenant").

W I T N E S S E T H:

WHEREAS, Tenant is entity that has been formed as required by ch. 718, Florida Statutes, to manage and operate Seychelles, a condominium (the "Condominium", and also sometimes hereafter referred to as "Seychelles" or the "Development"); and

WHEREAS, Landlord is engaged in the business of developing, marketing, and selling projects comprised of single-family dwellings subject to the condominium form of ownership, and is developing such a project on Panama City Beach, FL called Seychelles, a condominium (the "Development"); and

WHEREAS, Tenant desires to rent certain space from Landlord within the Development and Landlord is willing to enter into a lease covering the use of such space and the rent to be paid for same; and

NOW, THEREFORE, for and in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Capitalized Terms. All capitalized terms used in this Lease that are not defined herein shall have the meanings assigned to them in the Declaration of condominium to be filed to create Seychelles (the "Declaration"). Whether capitalized or not, the term "common area" and "common element" are used interchangeably herein to refer to common element(s) as defined in chapter 718, Florida Statutes, the Florida Condominium Act.

2. Lease. Subject to and in accordance with the limitations, if any, set forth within the Declaration of Condominium for the Development, Landlord hereby agrees to lease to Tenant, and Tenant hereby agrees to lease from Landlord, certain commercial space referred to in the Declaration as follows:

Commercial Unit CC-2 together with the Commercial Unit Limited Common Element space A appurtenant thereto.

(the "Leased Premises" or "Premises") This Lease shall be for the term, upon the rentals, and subject to the terms and conditions set forth herein.

3. Use. The Leased Premises shall be used by Tenant for the purpose of managing and operating the Association and the Condominium.

4. Term. The term of this Lease shall commence on the later of the date that Landlord is issued certificates of occupancy for the office or the closing of the first unit at Seychelles and shall continue thereafter for a term of three (3) years and thereafter for three (3) additional three-year renewal periods, unless on or before ninety (90) days prior to the expiration of the initial or any such renewal period, either party shall notify the other in writing that it elects to terminate it, in which case it shall be thereby terminated at the end of the initial or renewal term, as may be the case.

5. Rent.

A. Tenant covenants and agrees to pay to Landlord, as rental for the Leased Premises, \$ 15.00 per square foot of leased space, annually, plus applicable sales tax on rental payments. The number of square feet rented is approximately 403. Therefore, the annual rent is \$6,045.00. The annual rent shall be paid in monthly installments of 1/12th of the annual rent. Such installments shall be due on the 1st day of each month after commencement of the term and shall be delinquent if not paid by the 10th day of each calendar month during the term. A partial monthly payment shall be due for the first partial month's use of the Premises. All rentals payable by Tenant to Landlord under this Lease shall be paid to the Landlord at the office designated from time to time for notices to Landlord. Tenant will promptly pay all rentals when and as the same shall become due and payable.

B. The rent stated above is for the initial term of the Lease. Rent for subsequent renewal terms shall be set by the Landlord consistent with

the then current market rate rent for comparable space. In the event that Landlord and Tenant are unable to agree upon the rent for any renewal terms, the Landlord, in addition to any other right hereunder, may terminate this Lease upon 30 days notice in writing to Tenant.

C. The rent paid by Tenant hereunder shall be "gross" and shall include payment of all applicable expenses (except as set forth below) incurred in and applicable to the operation of the Leased Premises.

6. Taxes/Utilities/Janitorial Service. Landlord agrees it shall pay before they become delinquent all real estate taxes, assessments and charges of any kind and nature whatsoever (hereinafter collectively referred to as "Taxes") lawfully levied or assessed against the Leased Premises; provided however, that Tenant agrees to pay before they become delinquent all taxes (except for rent and sales taxes related to Tenant's activities within the Leased Premises which shall be paid by Tenant), assessments and charges of any kind and nature whatsoever lawfully levied or assessed against Tenant's furniture, fixtures and equipment and other personal property now or hereafter located in or on the Leased Premises. Tenant shall pay all utility bills, including, but not limited to water, sewer, gas, electricity, fuel, light and heat bills for the Leased Premises, and Tenant shall pay all charges for garbage collection or other sanitary services. Costs of electrical service are billed to the Landlord and are to be reimbursed by the Tenant at the rate of \$65.00 per month, which amount shall be in addition to the rent stipulated in the preceding paragraph. Additionally, Tenant shall pay for its own janitorial and cleaning services for the Premises.

7. Repairs by Landlord. Tenant acknowledges that the Association is obligated to repair the common elements of the Condominium generally, and that includes those common elements that serve only the Premises, and therefore the Landlord is not responsible for such repairs. The Landlord shall be responsible for repair and maintenance of the HVAC system(s) serving the Premises, but otherwise the Tenant shall be responsible for the repair and replacement of items within the Premises during the term hereof.

8. Repairs/Alterations by Tenant. Tenant agrees to return the Leased Premises to Landlord at the expiration, or prior to termination of this Lease, in as good condition and repair as when first received, natural wear and tear, damage by storm, fire, lightning, earthquake or other casualty alone excepted. It is expressly understood and agreed that the interest of the Landlord in the Leased Premises shall not be subject to liens for improvements made by the Tenant, and Tenant shall within thirty (30) days after notice from Landlord discharge any mechanic's lien for materials or labor claimed to have been furnished to the Leased Premises on Tenant's behalf. Tenant shall be responsible for completing and maintaining the interior of the Leased Premises in good, attractive condition, including without limitation, installing all fixtures therein; Tenant's proposed completion and installations shall be in keeping with the general architectural themes of the Development and subject to the prior written approval of the Landlord, which shall not be unreasonably withheld or delayed. Upon termination of this Lease, such installed fixtures shall remain in place and shall become the property of the Landlord.

9. Intentionally Omitted.

10. Liability Insurance. Tenant's liability insurance as required under the Declaration shall be considered as adequate for purposes of this Lease.

11. Waiver of Subrogation. To the extent possible, Tenant shall obtain, for each policy of insurance secured by it, provisions permitting waiver of any claim against Landlord for loss or damage within the scope of the insurance, and Tenant, for itself and its insurers, waives all claims against the Landlord as to all claims covered by such insurance.

12. Fire and Other Casualty.

A. Tenant fire and other casualty insurance as required under the Declaration for the common elements shall be considered as adequate for purposes of this Lease.

B. If the Leased Premises should be substantially destroyed by fire, tornado or other casualty so that rebuilding or repairs cannot, in Landlord's reasonable estimation, be completed within one hundred eighty (180) days after the date upon which Landlord is notified by Tenant of such damage, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective upon the date of the occurrence of such damage. Landlord shall notify Tenant within sixty (60) days of such damage as to whether, in Landlord's reasonable estimation, the Leased Premises can be restored within one hundred eighty (180) days from the date of such damage. Notwithstanding the

foregoing, if any substitute premises are reasonable available to the Landlord they shall be provided to the Tenant and the Tenant shall accept same if they are at Seychelles and are the same or greater in area. The rent shall be adjusted upwards or downwards to match the approximate square footage of the substitute premises, and in such event this Lease shall not terminate, but rather shall continue utilizing the substitute premises until the original Premises can be restored. The term of the Lease shall not be adjusted for the time substitute premises are utilized.

C. Tenant shall be responsible for obtaining insurance covering its installations and finishes within the Premises, as well as its personal property situated on the Premises from time to time.

13. Condemnation. If the Leased Premises or any part thereof shall be taken by eminent domain, this Lease shall not terminate, but rather the Landlord shall provide substitute premises, as in the case of fire or other casualty damage.

14. Inspection by Landlord. Tenant will permit Landlord, its agents, employees and contractors to enter the Leased Premises and all parts thereof during regular business hours to inspect the same and to enforce or carry out any provisions of this Lease.

15. Assignment or Subletting. Tenant will not assign this Lease in whole or in part, nor sublet all or any part of the Leased Premises, or permit the use of any part of the Leased Premises by any other person, firm or entity, without the prior written consent of Landlord which may be withheld or declined in its sole discretion.

16. Quiet Enjoyment. Provided Tenant is not in default hereunder, Landlord warrants that Tenant shall have peaceful and quiet use and possession of the Leased Premises in accordance with the terms hereof during the term of this Lease without hindrance on the part of Landlord.

17. Subordination. Tenant's rights under this Lease are and shall always be subordinate to the operation and effect of any mortgage or other security instrument now or hereafter placed upon the Leased Premises by Landlord, and Tenant shall, upon Landlord's request, execute and deliver such instrument or instruments as may be appropriate from time to time to effect such subordination. Further, Tenant shall, upon the request of Landlord or of the mortgagee, execute an attornment instrument and attorn to such mortgagee and become its Tenant on the terms thereof for the then unexpired term of this Lease.

18. Termination. This Lease and the tenancy hereby created shall cease and terminate at the end of the term hereof, without the necessity of any notice from either Landlord or Tenant to terminate the same, and Tenant hereby waives notice to vacate the Leased Premises and agrees that Landlord shall be entitled to the benefit of all provisions of law with respect to the summary recovery of possession of the Leased Premises from a tenant holding over to the same extent as if statutory notice had been given.

At the expiration or earlier termination of this Lease, Tenant shall, at Tenant's expense, remove all of Tenant's personal property, and repair all injury done by or in connection with the installation or removal of said property, and surrender the Leased Premises, broom clean and in as good condition as they were at the beginning of the term, reasonable wear excepted. Notwithstanding the foregoing, Tenant shall leave installed any fixtures installed by Tenant during the term hereof, as provided in paragraph 8, which shall become the property of the Landlord.

19. Default; Remedies.

A. If any installment of rent is not paid when it is due, or if the Tenant otherwise defaults on any of the provisions of this Lease, then after any applicable cure periods, the Landlord may, at its option, declare this Lease terminated and the Tenant shall become a tenant at sufferance, thereby waiving all right of notice, and the Landlord shall be entitled immediately to re-enter and re-take possession of the Leased Premises. In addition, the Landlord may avail itself of any remedy provided by law or equity.

B. If Tenant deserts, vacates or abandons the Leased Premises, the Landlord shall have the right and authority (i) to re-enter the Leased Premises, without being liable for any prosecution or claim therefor, and to possess the Leased Premises, and upon such re-entry, the estate hereby created shall be at an end; (ii) without terminating or canceling this Lease, declare all Rent and other amounts due under this Lease for the remainder of the Term to be immediately due and payable; and thereupon all Rents and other charges due hereunder to the end of the Term shall be accelerated; Landlord need not attempt to relet the Premises, but if such reletting should occur, the rent

derived therefrom shall be subtracted from the accelerated balance due and only the net balance for the Term shall be due and payable by the Tenant, along with such other amounts that may be due (iii) to re-enter the Leased Premises as the agent of the Tenant, without being liable to any prosecution or claim therefor, and may relet the Leased Premises as the agent of the Tenant and receive the rent therefor; or (iv) to terminate this Lease and the term hereof shall absolutely expire and terminate immediately, and the Tenant shall not be liable for any additional rent from and after the date of such termination.

C. In the event the Tenant shall be in default of this Lease, the Landlord shall be entitled to exercise all remedies available to it at law or in equity, in addition to or concurrent with the above remedies.

D. In the event the Landlord shall be in default of this Lease or the Agreement, after the expiration of any applicable cure periods, the Tenant shall be entitled (i) to exercise such remedies as are available to Tenant at law or in equity including without limitation terminating this Lease, and/or (ii) following all applicable cure periods (except in the case of emergency), to cure such default of Landlord through the performance of Landlord's work, deducting all reasonable costs incurred by Tenant therefor from the next installment(s) of rent until Tenant is reimbursed in full.

20. Remedies Cumulative. No mention in this Lease of any specific right or remedy shall preclude Landlord or Tenant from exercising any other right or from having any other remedy, or from maintaining any action to which it may otherwise be entitled either at law or equity; and the failure of Landlord or Tenant to insist in any one or more instance upon a strict performance of any covenant of this Lease or to exercise any option or right herein contained shall not be construed as a waiver or relinquishment for the future of such covenant, right or option, but the same shall remain in full force and effect unless the contrary is expressed in writing by both parties.

21. Successors and Assigns. This Lease and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Landlord and Tenant, and their respective heirs, successors and assigns.

22. Force Majeure. Landlord and Tenant shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by cause or causes beyond Landlord's or Tenant's control which shall include, without limitation, all labor disputes, civil commotion, war, war-like operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material, services or financing, or through Acts of God.

23. Time of Essence. Time is of the essence of this Lease.

24. Notices. Any notice required or permitted to be given hereunder shall be in writing and shall be (i) delivered by hand, (ii) delivered by reputable national or local courier (such as United Parcel Service or Federal Express), (iii) mailed by United States registered or certified mail, return receipt requested and postage prepaid, or (iv) sent by facsimile transmission provided a confirmation of such facsimile transmission is sent the same day by one of the methods of delivery in (i), (ii), or (iii) above. Any notice shall be addressed to each party at its address as set forth below. Any such notice shall be considered given on the date of such hand delivery, deposit with such courier for same day or next business day delivery, upon receipt of return receipt of certified mail, or receipt of facsimile transmissions, as the case may be, and the time period (if any is provided herein) in which to respond to such notice shall commence on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice. By giving to the other party at least ten (10) days' notice thereof, any party shall have the right from time to time during the Term to change the addresses thereof and to specify up to two (2) additional addresses within the United States of America to which copies of notices to it shall be sent. Notice may be given on behalf of any party by such party's counsel. Notices shall be sent as follows:

Each notice to Landlord shall be addressed as follows:

Coastal Blue Development, LLC
P.O. Box 28105
Panama City Beach, FL 32411
Telephone: 850-233-7006
Facsimile: 850-236-1167
Attn: Charles W. Fuller

With a copy to: Burke, Blue & Hutchison, P.A.
221 McKenzie Avenue
P.O. Box 70
Panama City, FL 32401
Telephone: 850-769-1414
Facsimile: 850-784-0857
Attn: Rob Blue, Jr.

Each notice to Tenant shall be addressed as follows:

Seychelles Owners Association, Inc.
5115 Gulf Drive
Panama City, FL 32411
Telephone: 850-_____
Facsimile: 850-_____
Attn: _____

25. Estoppel Certificates. Tenant shall, from to time but no more often than three (3) times per calendar year, upon not less than ten (10) days' prior written request by Landlord, execute, acknowledge and deliver to Landlord a written statement certifying that this Lease is unmodified and in full force and effect (or that same is in full force and effect as modified, listing the instruments of modification), the dates to which the rent and other charges have been paid, and whether or not to the best of Tenant's knowledge Landlord is in default hereunder (if so, specifying the nature of the default), it being intended that any such statement delivered pursuant to this paragraph may be relied upon by a prospective purchaser or mortgagee of Landlord's interest in the Leased Premises.

26. Applicable Law. This Lease shall be construed under the laws of the State of Florida.

27. Captions And Headings. The captions and headings throughout this Lease are for convenience and reference only, and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision or the scope of this Lease nor in any way affect this Lease.

28. Parties. It is expressly understood and agreed that this Lease shall be binding upon both parties from the date hereof until the commencement of the term as provided herein and thereafter according to its term.

29. Option to Lease. The submission of this Lease for examination does not constitute a reservation of, or option for, the Leased Premises and this Lease becomes effective as a Lease only upon execution and delivery thereby by Landlord and Tenant.

30. Radon Gas Disclosure. Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county health department. This disclosure notice is provided pursuant to the provisions of Section 404.056(6), Florida Statutes.

IN WITNESS WHEREOF, the parties hereto have executed this Lease under their respective seals as of this day and year first above written.

TENANT:

SEYCHELLES OWNERS ASSOCIATION, INC.,
a Florida Not for Profit corporation

By: _____
Name:
Title:

[CORPORATE SEAL]

LANDLORD:

Coastal Blue Development, LLC,
a Florida limited liability company.

By: _____
Charles W. Fuller
Manager

THIS DOCUMENT PREPARED BY:
ROB BLUE, JR., ESQ.
BURKE, BLUE & HUTCHISON, P.A.
221 McKenzie Avenue
Panama City, FL 32401
(850) 769-1414

Seychelles-Dev-to-Assoc.1ea.wpd

RECEIPT

RECEIPT FOR CONDOMINIUM DOCUMENTS

The undersigned acknowledges that the documents checked below have been received or, as to plans and specifications, made available for inspection.

NAME OF CONDOMINIUM: Seychelles, a condominium

ADDRESS OF CONDOMINIUM: 5115 Gulf Drive, Panama City Beach,
 Bay County, Florida, 32408

<u>DOCUMENT</u>	<u>RECEIVED</u>	BY <u>ALTERNATIVE</u> <u>MEDIA</u>
Prospectus Text	<u> X </u>	<u> </u>
Declaration of Condominium	<u> X </u>	<u> </u>
Articles of Incorporation	<u> X </u>	<u> </u>
By-Laws	<u> X </u>	<u> </u>
Estimated Operating Budget	<u> X </u>	<u> </u>
Form of Agreement for Sale or Lease	<u> X </u>	<u> </u>
Rules and Regulations	<u> X </u>	<u> </u>
Covenants and Restrictions	<u> N/A </u>	<u> </u>
Ground Lease	<u> N/A </u>	<u> </u>
Management and Maintenance Contracts for More Than One Year	<u> N/A </u>	<u> </u>
Renewable Management Contracts	<u> X </u>	<u> </u>
Lease of Recreational and Other Facilities to be Used Exclusively by Unit Owners of Subject Condominiums	<u> N/A </u>	<u> </u>
Form of Unit Lease if a Leasehold	<u> N/A </u>	<u> </u>
Declaration of Servitude	<u> N/A </u>	<u> </u>
Sales Brochures	<u> X </u>	<u> </u>
Phase Development Description (See 718.503(2)(k)14 F.S.)	<u> N/A </u>	<u> </u>
Lease of recreational and other facilities to be used by unit owners with other condos (See 718.503(2)(h)8 F.S.)	<u> N/A </u>	<u> </u>
Description of Management for Single Management of Multiple Condominiums (See 718.503(2)(k) F.S.)	<u> N/A </u>	<u> </u>
Conversion Inspection Report	<u> N/A </u>	<u> </u>
Conversion Termite Inspection Report	<u> N/A </u>	<u> </u>
Plot Plan	<u> X </u>	<u> </u>
Floor Plan	<u> X </u>	<u> </u>
Survey of Land and Graphic Description of Improvements	<u> X </u>	<u> </u>

<u>DOCUMENT</u>	<u>RECEIVED</u>	OR	<u>MADE AVAILABLE</u>	BY <u>ALTERNATIVE</u> <u>MEDIA</u>
Executed Escrow Agreement	<u> X </u>		<u> </u>	<u> </u>
Alternative Media Disclosure Statement (See Rule 61B-17.011, F.A.C.)	<u> </u>		<u> </u>	<u> </u>
Plans and Specifications	<u> </u>		<u> X </u>	<u> </u>
Frequently Asked Questions	<u> X </u>		<u> </u>	<u> </u>
Evidence of Developer's Interest In Land	<u> X </u>		<u> </u>	<u> </u>

THIS PURCHASE AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 15 DAYS AFTER THE DATE OF EXECUTION OF THIS PURCHASE AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO HIM OR HER BY THE DEVELOPER. THE AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN 15 DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 15 DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE DOCUMENTS REQUIRED. BUYER'S RIGHT TO VOID THE PURCHASE AGREEMENT SHALL TERMINATE AT CLOSING.

EXECUTED this _____ day of _____, 20____.

UNIT No. _____

Purchaser

Purchaser

FREQUENTLY ASKED QUESTIONS AND ANSWERS

FREQUENTLY ASKED QUESTIONS AND ANSWERS SHEET
SEYCHELLES OWNERS ASSOCIATION, INC.

Effective Date: April 6, 2004

- Q: What are my voting rights in the Condominium Association?**
A: Each unit owner whether the owner's unit is classified as residential, commercial or otherwise is entitled to cast one vote.
- Q: What restrictions exist on my right to use my unit?**
A: There are no restrictions on the sale, lease or transfer of your unit. There are various restrictions on the use of your unit and these are summarized in paragraph 14 of the Prospectus and are set forth in detail in paragraph 9 of the Declaration of Condominium and in the Regulations.
- Q: What restrictions exist on the leasing of my unit?**
A: None. Short-term, daily, rentals are permissible.
- Q: How much are my assessments to the Condominium Association for my unit type and when are they due?**
A: There are several unit types, all of which have different assessment obligations, determined on the basis of the approximate square footage of each unit. Assessments are due on a quarterly basis. Assessments per unit are as follows:

	MONTHLY	QUARTERLY	YEARLY
Type A - 1st Floor- 2 Bedroom	\$625.55	\$1,876.66	\$7,506.63
Type A - 2 Bedroom	\$625.55	\$1,876.66	\$7,506.63
Type B- 1 Bedroom	\$379.37	\$1,138.11	\$4,552.45
Type C- 1 Bedroom	\$375.07	\$1,125.22	\$4,500.89
Type CC-1-Commercial Unit	\$327.38	\$982.15	\$3,928.61
Type CC-2-Commercial Unit	\$173.14	\$519.43	\$2,077.73

- Q: Do I have to be a member in any other association? If so, what is the name of the association and what are my voting rights in this association? Also, how much are my assessments?**
A: No, as to the first question. The remaining questions are inapplicable.
- Q: Am I required to pay rent or land use fees for recreational or other commonly used facilities? If so, how much am I obligated to pay annually?**
A: No.
- Q: Is the condominium association or other mandatory membership association involved in any court cases in which it may face liability in excess of \$100,000? If so, identify each such case.**
A: No.

NOTE: THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, EXHIBITS HERETO, THE SALES CONTRACT, AND THE CONDOMINIUM DOCUMENTS.

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 - 1.2 Classification of Service
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 - 1.4 Optional Rates
 - 1.5 Residential Service
 - 1.6 General Service
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GULF POWER COMPANY

Part VII (Continued)

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RULES AND REGULATIONS FOR ELECTRIC SERVICE

These Rules and Regulations, approved by the Florida Public Utilities Commission, constitute the Company's operating procedures and policies and supplement the "Rules and Regulations Governing Electric Service by Electric Public Utilities" ordered to be effective November 30, 1959 or as may hereafter be modified by the Florida Public Utilities Commission.

PART I

GENERAL RULES

- 1.1 APPLICATION FOR SERVICE - Each person, firm or corporation desiring to become a Customer for electric service from any distribution system operated by the Company shall make application for service, either in person or by duly authorized agent. The Customer's load will not be connected to the distribution system until all the applicable conditions and provisions of these Rules and Regulations are complied with. The furnishing of service by the Company and its initial acceptance by the Customer, in the absence of a formal written contract, constitutes the evidence of the contractual relationship between the Customer who thereby agrees to take the service and the Company who thereafter undertakes to supply the type of service applied for under the terms and conditions of the applicable Rate Schedule or Rules and Regulations. The Company may require the execution of a formal contract for service involving special conditions or the furnishing of over 25 kilowatts of capacity. (See also, Rule 2.5)

GULF POWER COMPANY

1.2 CLASSIFICATION OF SERVICE - For the purpose of establishing a comprehensive rate structure, the Company may upon approval by the Commission classify its utility service according to the purpose for which such service is used, the quantity used, the time when used, or any other reasonable consideration, and conform its rate schedules to such classifications.

1.3 RATES - The rates to be charged by and paid to the Company for service shall be the rates from time to time legally established and in force, and in accordance with its Rate Schedules from time to time in effect and applicable to the class of service in the territory in which the Customer's premises are situated.

A copy of the rates under which service will be supplied is on file and is open for inspection at the Company's general office in Pensacola and at each district and local office. Upon request of any Customer, a copy of the Rate Schedule applicable to his service will be furnished him by the Company.

1.4 OPTIONAL RATES - When two or more rates are available for certain classes of service, the conditions under which they are applicable to the requirements of particular customers are plainly set forth in the Company's published rate schedules. The choice of such rates lies with the Customer.

The Company will at any time upon request advise any Customer as to the rate best adapted to existing or anticipated service requirements as defined by the Customer but the Company does not assume responsibility for the selection of such rate or for the continuance of the lowest annual cost under the rate selected should the volume or character of service change.

From time to time, the Company undertakes investigations of operating conditions of its customers with a view to recommending desirable

GULF POWER COMPANY

Canceling Third Revised Sheet No. 4.5

1.4 OPTIONAL RATES (continued)

changes from one applicable rate to another, but, lacking knowledge of changes which may occur at any time in such conditions, the Company cannot guarantee that customers will be served under the most favorable rate, nor make refunds covering the difference between the charges under the rate in effect and those under any other rate applicable to the same service.

A Customer, having selected a rate adapted to his service may not change to another rate within a twelve-month period unless there is a substantial change in the character or conditions of his service. A new Customer will be given reasonable opportunity to determine his service requirements before definitely selecting the most favorable rate therefor.

1.5 RESIDENTIAL SERVICE – Service for all domestic purposes in individually metered dwelling units suitable for year-round family occupancy containing full kitchen facilities. A separate point of service may be placed on the residential rate when it is determined to be at the same premise as the dwelling unit and used exclusively for personal rather than business use (i.e., garages, pumps, pools, boat docks, etc.) Service to commonly-owned condominium and cooperative apartment buildings meeting the following criteria is also considered Residential Service:

- a. 100% of the energy is used exclusively for the co-owners' benefit.
- b. None of the energy is used in any endeavor which sells or rents a commodity or provides service for a fee.
- c. Each point of delivery will be separately metered and billed.
- d. A responsible legal entity is established as the Customer to whom the Company can render its bills for said service.

1.6 GENERAL SERVICE - Any person, organization, firm, or corporation taking electric service to which no other rate schedule is applicable shall be considered a General Service Customer. These may be commercial, or institutional such as nonprofit organizations, religious, educational, philanthropic, fraternal, governmental, or others not listed. The following is an incomplete list which gives some examples of who shall be considered General Service customers:

1.6.1 Recognized boarding and rooming houses.

1.6.2 An apartment house, except for service rendered direct to individual tenants.

1.6.3 Any business house within which the Customer lives merely for convenience or economy, but such Customer, if he desires, shall have the right to have a separate meter installed under the residential rate for his

GULF POWER COMPANY

1.6 GENERAL SERVICE (Continued)

domestic consumption.

1.6.4 Commercial dairy, poultry, truck or other type farm, however, such Customer, if he desires, shall have the right to have a separate meter installed under the residential rate for his domestic consumption.

1.7 INDUSTRIAL SERVICE - Service to a Customer at a single location where the Customer is engaged in an industrial enterprise which uses the service primarily in an operation involving the extraction from, or the processing or fabrication of, materials or products.

1.8 LIMITS OF USES OF SERVICE - All service supplied by the Company is for the Customer's sole use within or upon his premises and for the purposes set forth by the applicable Rate Schedule. The Customer shall not supply electrical energy to anyone else or allow anyone to take same, nor shall he use or permit same to be used at any other premises (except as provided below) or for any other purposes (either directly or indirectly by transformation or regeneration) than those designated in the application. (See Section No. IV, Sheet No. 4.15, Rule 4.1)

The Company reserves the right to apply to each Customer the proper Rate Schedule in accordance with the classifications made of its service for billing purposes.

Electric service must not be used by the Customer in such a manner as to cause unusual voltage fluctuations or disturbances in the Company's distribution or transmission system and, should any apparatus be installed the use of which shall interfere with or harmfully affect the service to other customers, the Company may discontinue service upon giving reasonable

GULF POWER COMPANY

(Continued from Sheet No. 4.6)

notice unless in the meantime the use of such objectionable apparatus has been discontinued, or such steps taken as may be necessary to prevent a recurrence. Should the Company be required to make any unusual expenditure over and above that required to serve ordinary load of unobjectionable character, the Customer shall reimburse the Company for such excess cost of serving him.

No Customer shall extend electric lines or facilities across or under a street, avenue, alley, lane, court, or other public way in order to make electric energy available through one meter to a structure or facility on an adjacent tract of land, except under the following conditions: (1) said structure or facility on adjacent land is at all times operated and utilized by the same Customer for the same business or enterprise; (2) electric service through such single meter is utilized solely by such Customer; (3) such single-meter electric service is otherwise permissible under applicable Company Rules and Regulations and applicable Rate Schedule; (4) Customer obtains written approval from the Company on plans, and any extension or revision thereof, for such single-meter service arrangement; (5) Customer obtains and keeps currently effective any and all required permits from required public authorities for crossing of public ways with Customer's electric facilities; and (6) Customer's electric facilities crossing public ways must comply with all applicable local and national codes.

Customers and others are forbidden, without written consent of the Company, from using the Company's poles or other facilities for the purpose of fastening or supporting wires, signs, or things of any nature, or to locate any such things in such proximity to the Company's aforesaid property or facilities as to cause, or to be likely to cause, interference with the Company's operations or its supply of electric service, or a dangerous

GULF POWER COMPANY

Canceling Fourth Revised Sheet No. 4.7A

(Continued from Sheet No. 4.7)

condition in connection therewith, and the Company shall have the right to remove any such things without notice and without liability for damages arising from such removal.

- 1.9 CHARACTER OF SERVICE - The phase, frequency, and voltage of electric service which may be available for delivery to the Customer shall be determined by the available local distribution system of the Company nearest the Customer's premises, and the Company shall not be required to deliver service at a phase, frequency, or voltage other than that provided for in the particular Rate Schedule applicable.

GULF POWER COMPANY

- 1.10 CONTINUITY OF SERVICE - The Company will exercise reasonable diligence and care to furnish and deliver a regular and uninterrupted supply of electrical energy, but in case the supply should be variable in frequency or voltage, interrupted or fail by reasons of legal process, strike, riot, war, flood, storm, fire, accident, breakdown, or on account of maintenance or repairs to its system, or any part thereof, or of cutting in new equipment or customers or any cause beyond the control of the Company, the Company shall not be held liable for any injury, loss, damage, or expense to any Customer, or to any other person, caused directly or indirectly by such variation, interruption, or failure, but shall restore its service to normal as quickly as practicable; and during such interruption the Customer shall have the right to use such other service as may be available. The Customer shall notify the Company promptly of any defect in service or of any trouble or accident to the electric supply.

Continuous service is further dependent upon and subject to conditions brought about by war, the necessities of war, or by the United States Government or any agency of the United States Government, and the Company assumes no obligation to continue the delivery of any quantity of power when or in the event it is required to supply such power to the United States Government, or to any person, firm, corporation, business or industry designated by the United States Government or other Governmental Agency either during time of war or at any other time.

- 1.11 INCREASE OF SERVICE - Increased service requirements shall be supplied at all times through the existing, or enlarged, service connection and such metering equipment as will properly measure the amount of energy and its maximum demand, provided that the necessary enlargement of the facilities in service does not require changes in point of delivery. The Customer

GULF POWER COMPANY

1.11 INCREASE OF SERVICE - (Continued)

shall give reasonable advance notice to the Company of any changes which affect the connected load under contract to the end that the Company will have ample time to provide adequate service facilities.

1.12 RIGHT-OF-WAY - The Customer, upon making application for service, thereby grants the Company, free of cost, right-of-way over and under property owned, leased, or controlled by the Customer, for the installation of poles, ducts, cables, wires, transformers, vaults, fixtures, and appurtenances necessary for service to the Customer; and the Customer shall provide, without cost to the Company, suitable location and housing for all apparatus installed and owned by the Company on Customer's premises; and all necessary permission for ingress and egress to and from the Customer's premises shall be provided by the Customer to enable the properly identified employees of the Company to read meters, install, repair, maintain, and remove the Company's property and inspect and test electrical equipment within or upon the premises at all reasonable times and to perform all other necessary duties in connection with the service to the Customer and the Company's property.

1.13 CUSTOMER WIRING - The wiring and electrical equipment in or upon the premises of the Customer to the point of service entrance shall be in conformity with the rules and regulations of constituted authorities pertaining thereto, and the rules set forth in the Company's "Electric Service and Meter Installations" as issued from time to time, but the Company does not assume responsibility therefore and shall not be liable for any defects or damages due to defective customer wiring.

GULF POWER COMPANY

Canceling First Revised Sheet No. 4.10

1.14 RESIDENTIAL ENERGY AUDITS

1.14.1 CELESTABLE ENERGY CHECK - When requested by a residential customer, the Company will make an inspection of that Customer's residence to assist the Customer in identifying appropriate electric energy conservation measures. The Company will give the Customer a written report of the energy saving improvements that can be made and the expected savings in future electric bills. This inspection and report is called a Celestable Energy Check. This service will be available to all residential Customers at no charge to the Customer.

1.14.2 RESIDENTIAL CONSERVATION SERVICE (RCS) AUDIT - Residential Conservation Service (RCS) Audits as described and governed by Florida Public Service Commission rules located in Chapter 25-6 Part IX, Florida Administrative Code will be provided by the Company to its eligible customers at a charge of \$15.00 per audit. The Company will ensure that the afore-mentioned rules and any subsequent amendments thereto are the guidelines for this audit.

1.15 PAYMENT FOR SERVICE - Employees of the Company are forbidden to demand or accept any personal compensation from Customers of the Company, and payment for any services rendered should only be made upon presentation of formal statement by the Company.

1.16 RESPONSIBILITY FOR PROPERTY OF THE COMPANY - All property of the Company that is placed in or upon the Customer's premises, and used in supplying service to him, is placed there under his protection; Customer shall be liable for any loss of or damage to such property, normal wear and tear excepted, and shall pay the Company the amount of any such loss or damage.

1.17 DAMAGES TO PROPERTY - Neither the Customer nor the Company shall be responsible for damage to the machinery, apparatus, appliances or other property of the other caused by lightning or by defects in or failure of the machinery, apparatus, or appliances of the one suffering such damages from such causes; and the Company shall not be in any way responsible for the transmission or control of electrical energy beyond the point of connection to the Customer's premises, and shall not be liable for damages on account of injuries to person or property resulting in any manner from the receiving, use, or

GULF POWER COMPANY

.17 DAMAGES TO PROPERTY - (continued)

application by the Customer of such electrical energy. The Customer must keep his, her, or its machinery, lines, apparatus and appliances in a safe condition and shall indemnify and save harmless the Company from the payment of any sums or sum of money to any person whomsoever, including attorney's fees and court costs, which it may be called upon to pay on account of damage to property or fatal or personal injuries to individuals resulting from or which may be in anyway caused by the operation and maintenance of the machinery, lines, apparatus and appliances belonging to the Customer.

Reverse phase relays, phase failure relays and low voltage releases, preferably of the adjustable time-delay type, with circuit breakers or equivalent devices shall be provided by the Customer to disconnect automatically all motor installations which cannot be safely reversed or which would be damaged by a phase or voltage failure.

.18 STANDARD NOMINAL VOLTAGE - The Company will adopt a standard nominal voltage, or standard nominal voltages, as may be required by its distribution system, or for each of the several districts into which the system may be divided, and the voltages maintained at the Company's main service terminals as installed for each Customer or group of customers shall be maintained reasonably constant. Information as to the standard nominal voltage supplied to any district or area will be furnished by the Company upon request.

If an industrial Customer uses lighting incidental to his power service and the voltage regulation is unsatisfactory for lighting purposes, then the Customer shall install any required regulative apparatus at his own expense.

.19 NOTICES - Any notice required or authorized to be given under these "Rules and Regulations" or under the provisions of any contracts between the Company and Customer, shall be in writing addressed to the Customer at the premises at which the service is rendered, or at such other address as may have been furnished by the Customer for receiving his bills from the Company, or at Customer's last known address, and mailed in the ordinary course of the Company's business; or by the Customer to the Company, by mail, addressed to the Company; or by either party by serving same personally upon the other. The date of serving or mailing any such notice shall be the date upon which the number of days specified for notice shall begin to run.

Notice to the Company by the Customer should not be given to employees of the Company when away from the office, or in the office after or before business hours, as such will not be accepted as binding and formal notification to the Company.

.120 PROMISES - No promise, agreement, or representation of any employee or officer of the Company shall bind the Company unless the same be in writing and approved by the signature of an officer of the Company, and no employee or officer of the Company is authorized to waive this condition.



Section No. VI
Twenty-Seventh Revised Sheet No. 6.3
Canceling Twenty-Sixth Revised Sheet No. 6.3

EXHIBIT

tabbies

C

RATE SCHEDULE RS RESIDENTIAL SERVICE

URSC: RS

PAGE
1 of 2

EFFECTIVE DATE
June 7, 2002

AVAILABILITY:

Available throughout the entire territory served by the Company.

APPLICABILITY:

Applicable for service used for domestic purposes at an individually metered dwelling unit suitable for year-round family occupancy containing full kitchen facilities and to commonly-owned facilities in condominium and cooperative apartment buildings. Garages, pools, pumps, boat dock, etc., on the same premise as the dwelling unit are included if all such service is for personal use. Service provided hereunder shall not be shared with or resold to others.

CHARACTER OF SERVICE:

Available for single phase service from local distribution lines of the Company's system at nominal secondary voltage of 120/240 volts.

MONTHLY RATES:

Customer Charge: \$10.00

Energy-Demand Charge: 3.930¢ per KWH

Fuel Charge: Fuel charges are normally adjusted by the Florida Public Service Commission annually in January. As of June 7, 2002, the amount for fuel was 2.206¢/kwh. For current fuel costs included in this tariff, see page 6.34.

MINIMUM BILL:

In consideration of the readiness of the Company to furnish such service, a monthly minimum charge will be made of not less than \$10.00.

DEPOSIT:

A deposit amounting to twice the estimated average monthly bill may be required before service is connected at designated premises. The deposit may be applied to any final bills against the Customer for service.

ISSUED BY: Travis Bowden



Section No. VI
Eighteenth Revised Sheet No. 6.4
Canceling Seventeenth Revised Sheet No. 6.4

PAGE	EFFECTIVE DATE
2 of 2	September 2, 1999

(Continued from Rate Schedule RS, Sheet No. 6.3)

TAX ADJUSTMENT:

See Sheet No. 6.37

FRANCHISE FEE BILLING:

See Sheet No. 6.37

FUEL CHARGE:

See Sheet No. 6.34

PURCHASED POWER CAPACITY COST:

See Sheet No. 6.35

ENVIRONMENTAL COST:

See Sheet No. 6.36

ENERGY CONSERVATION:

See Sheet No. 6.38

GROSS RECEIPTS TAX ADJUSTMENT:

See Sheet No. 6.37

PAYMENT OF BILLS:

See Sheet No. 6.37

Service under this rate schedule is subject to Rules and Regulations of the Company and the Florida Public Service Commission.

ISSUED BY: Travis Bowden

**RATE SCHEDULE GSD
GENERAL SERVICE - DEMAND**

URSC: GSD

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EFFECTIVE DATE
June 7, 2002

AVAILABILITY:

Available throughout the entire territory served by the Company.

APPLICABILITY:

Applicable for commercial, industrial, or institutional general service on an annual basis covering the entire electrical requirements of any Customer whose highest actual measured demand is not less than twenty (20) kilowatts nor more than four hundred ninety-nine (499) kilowatts. Provided, however, that any Customer whose highest actual measured demand is less than twenty (20) kilowatts has the option of taking service under this rate schedule. No monthly measured demand shall be more than four hundred ninety-nine (499) kilowatts. Service to two or more premises shall not be combined nor shall service furnished hereunder be shared with or resold to others. All service shall be taken at the same voltage, from a single delivery point, and shall be measured by a single meter.

CHARACTER OF SERVICE:

The delivery voltage to the Customer shall be the voltage of the available secondary distribution lines of the Company for the locality in which service is to be rendered. Three phase service may be furnished at the request of the Customer subject to the Rules and Regulations of the Company which govern the extension of the three phase service.

MONTHLY RATES:

Customer Charge:	\$35.00
Demand Charge:	\$5.42 per kw of billing demand
Energy Charge:	1.396¢ per KWH
Fuel Charge:	Fuel charges are normally adjusted by the Florida Public Service Commission annually in January. As of June 7, 2002, the amount for fuel was 2.206¢/kwh. For current fuel costs included in this tariff, see page 6.34.

MINIMUM MONTHLY BILLS:

In consideration of the readiness of the Company to furnish such service, no monthly bill will be rendered for less than the Customer Charge plus the Demand Charge.

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(Continued from Rate Schedule GSD, Sheet No. 6.7)

DETERMINATION OF BILLING DEMAND:

The kilowatt (kw) billing demand for billing purposes shall be the Customer's maximum integrated fifteen (15) minute demand to the nearest kilowatt (kw) during each service month.

REACTIVE DEMAND CHARGE:

When the capacity required to be maintained is one-hundred (100) kilowatts or more, at the option of the Company, the monthly bill calculated at the above rates may be increased in the amount of \$1.00 per kvar for all over 0.48432 kilovars per kilowatt (90% power factor). The kilovars to which this adjustment shall apply shall be the monthly maximum measured kilovar demand or may be calculated as the square root of the difference between the square of the maximum monthly measured kva demand and the square of the maximum monthly measured kw demand.

TRANSFORMER OWNERSHIP DISCOUNT AND PRIMARY METERING VOLTAGE DISCOUNTS:

When the Company renders service under this Rate Schedule at the local primary distribution voltage and any transformers required are furnished by the Customer, the Monthly Rate will be subject to a discount of forty-four (44) cents per kw of the Customer's billing demand as determined above, and an additional discount of one percent (1%) of the Energy Charge and one percent (1%) of the Demand Charge; however, such deduction shall not reduce the minimum monthly bill specified above.

TERM OF CONTRACT:

Service under this Schedule shall be for a period of not less than one year and thereafter from year to year until terminated by three (3) months' written notice by either party to the other.

DEPOSIT:

A deposit amounting to twice the estimated average monthly bill may be required before service is connected at designated premises. The deposit may be applied to any final bills against the Customer for service.

(Continued from Rate Schedule GSD, Sheet No. 6.8)

TAX ADJUSTMENT:

See Sheet No. 6.37

FRANCHISE FEE BILLING:

See Sheet No. 6.37

FUEL CHARGE:

See Sheet No. 6.34

PURCHASED POWER CAPACITY COST:

See Sheet No. 6.35

ENVIRONMENTAL COST:

See Sheet No. 6.36

ENERGY CONSERVATION:

See Sheet No. 6.38

GROSS RECEIPTS TAX ADJUSTMENT:

See Sheet No. 6.37

PAYMENT OF BILLS:

See Sheet No. 6.37

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