ORIGINAL

On Perdido Key
502 Gulf Shore Drive
Destin, Fl 32541

THE ISLANDER
CONDOMINIUM ASSOCIATION

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060742-EU

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Date: 11-8-06

Ms. Blanca S. Bayo
Florida Public Service Commission Director,
Division of the Commission Clerk & Admin. Svcs.
2540 Shumard Oak Blvd
Tallahassee, Fl 32399-0850

Dear Ms. Bayo,

Enclosed for filing with the Commission please find the original and 7 copies of The Islander Owners Association Inc, Petition for Variance or Waiver from the Metering Requirement of Rule 25-6.049(a) of the Florida Administrative Code with Exhibits 1-12.

Thank you for your help in this matter.

Sincerely,

Bill Butler

Bill Butler
General Manager
The Islander Owners Association Inc

Enclosures as stated

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ORIGINAL

STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION

IN RE:

The Islander Owners Association Inc

Docket # 060742 -EU

Petitioner

_____/

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

Respectfully Submitted by:

Bill Butler
General Manager
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DOCUMENT NUMBER-DATE
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STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION

IN RE:

THE ISLANDER OWNERS ASSOCIATION INC

DOCKET # 060742-EU

Petitioners
_____/

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

Comes now the Petitioner The Islander Owners Association, Inc., and hereby petitions the Florida Public Service Commission for a variance or waiver pursuant to Section #120.542 of the Florida Statute and Section #28-104.002 of the Florida Administrative Code.

I. **Application Rule:** The applicable rule from which petitioner seeks a variance or waiver is Rule 25-6.049 (5)(a) of the Florida Administrative Code which states in pertinent part that;

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

The literal requirements of Rule 25-6.049 (5)(a), F.A.C., provide that The Islander Owners Association Inc should maintain individual electric metering for each unit of the condominium. However, a conflict between Section 25-6.049 (5)(a), F.A.C., and Section 25-6.049 (5)(a)(3), F.A.C., arises when the facts of this particular case are taken into consideration.

The Islander Owners Association, Inc operates in accordance with Chapter 509.242, Florida Statues, as a Public Lodging Establishment. It meets the majority of the criteria for a hotel defined in Chapter 509.242(a), Florida Statues, and all of the criteria for a "Resort Condominium" defined in Chapter 509.242(c), F.S.
Pursuant to Statute, a "Resort Condominium" is any unit or group of units in a condominium, cooperative, or timeshare plan which is rented more than tree times in a calendar year for periods of less than 30 days or 1 calendar month, whichever is less, or which advertises and holds out to the public as a place regularly rented for periods of less than 30 days or 1 calendar month, whichever is less.

Chapter 509.242(a), Florida Statutes defines a hotel as any public lodging establishment containing sleeping room accommodations for 25 or more guests and providing services generally provided by a hotel and recognized as a hotel in the community in which it is situated.

Rule 25-6.049(5)(a)(3), F.A.C., provides certain exceptions to the individual metering requirement. In pertinent part the exception applies to the following:

"For electric used in specialized-use housing accommodations such as hospitals, nursing homes, living facilities located on the same premises as, and occupied 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 Statues, college dormitories, convents, sorority houses, fraternity houses, motels, hotels, and similar facilities."

II. **Underlying Statue F.S. 366.05(1):** The applicable portion of the underlying statute indicates that the commission shall have the power to prescribe fair and reasonable rates and charges, classifications, standards of quality measurements, and service rules and regulations to be observed by each public utility. Rule 25-6049(5)(a), F.A.C., & Rule 25-6.049 (5)(a)(3), F.A.C., have been adopted to accomplish this principle. The implementation of fair and reasonable rates and charges by the public utility companies in Florida is a goal of the Public Service Commission established by the legislature. (See Chapter 366.03, F.S).

In addition, pursuant to docket #810308-EU September 2, 1981, it appears that the intent of Rule 25-6.049 (5)(a), F.A.C., and Rule 25-6.049 (5)(a)(3), F.A.C., is to serve the public interest regarding energy conservation. Petitioner believes both the underlying statute requiring fair and reasonable rates, and the purpose of energy conservation are both better served, if in fact, petitioner's facility is mater metered.

III. **Type of Action Requested:** Petitioner believes it is a similar facility under Rule 25-6.049 (5)(a)(3), F.A.C., and therefore excluded from the individual metering requirement. However, to avoid unnecessary delays and any possible confusion The Islander Owners Association Inc. requests the Commission grant a variance or waiver from the literal requirement of Rule 25-6.049 (5)(a), F.A.C., wherein condominiums must be individually metered, and The Islander Owners Association Inc. to master meter the facility.

IV. **Facts Which Demonstrate Substantial Hardship or Violation of Principals of Fairness:** The Islander Owners Association Inc. is an association which represents investor/owners of 127 condominium units located at 502 Gulf Shore Drive, in Destin, Florida. A copy of The Islander Owners Association Inc. documents are attached as Exhibit "1".

Pursuant to Chapter 509.242, Florida Statutes, The Islander Owners Association Inc. is a public lodging establishment that offers transient rentals on a daily and weekly basis to the traveling public, similar to hotels and motels throughout Florida. Only 2 of the 127 condominium units at The Islander are used for permanent residences.

The owners at The Islander own the management company that manages the rentals of the condominium units, and are obligated to pay the Association a fee for this

service. The fee is based on a percentage of the transient rental income generated at The Islander. A copy of the standard rental agreement used is attached as Exhibit "2".

The Association maintains a Business and Occupational License for rentals with the City of Destin. A copy of the license is attached as Exhibit "3". The Islander Owners Association Inc. is also registered with and licensed by the Florida Department of Business and Professional Regulation to operate transient rentals. A copy of the license is attached as Exhibit "4".

The percentage fee paid to the Association to manage the rentals includes compensation for maintaining a check-in desk, salary for a general manager, and paying for all necessary licenses and permits, including the fee mentioned above to the DBPR for a transient rental license, a fee that residential condominiums do not have to pay. The Islander is also subject to maintenance of health and safety standards not otherwise required of residential condominiums. (See Chapter 509.211, F.S. and Chapter 509.221, F.S.). These standards require time and effort of management along with additional costs residential condominiums do not incur.

The Islander is in the business of providing short term (daily, weekly) lodging to vacationers as do hotels and motels in the adjacent and surrounding areas. It competes directly for room night business with nearby hotels and motels from Ft. Walton Beach to Panama City Beach. To maintain market share the Association regularly advertises and promotes The Islander with travel agents and in trade shows both in this country and abroad. In addition, a full color marketing brochure and website with on line registration are used to promote The Islander to the traveling public, and to keep the units occupied with guests. A copy of the marketing brochure is attached as Exhibit "5". A copy of the web page is attached as Exhibit "6".

Like hotels and motels, The Islander utilizes a nationally known reservation software program to help keep the guest rooms filled. To maintain the reservation system requires manpower and capital investment. This is an added expense that The Islander, as a "Resort Condominium" pays out of its guest rental revenue that is significantly different than residential condominiums.

The Islander maintains a front desk in the lobby area of the resort for guest registration. All rental guests at The Islander must check-in and check-out in the same manner as a hotel or motel. Phone calls are routed through a central phone system known as *Mitel SX-200 Digital PABX.* Each rental unit is furnished with calling instructions which is common practice in many hotels and motels. Telephone charges are listed in compliance with the Department of Business Regulation, the FCC, and the PSC. A copy of the phone system brochure is attached as exhibit "7" and a copy of the instructions and fees are attached as exhibit "7a". To maintain this type of telephone operation, which is similar to most modern day hotels and motels, requires an investment of capital, time, and effort of management.

Cable television service for The Islander is provided through the Association. Each owner contributes a pro rata share of the cable expenses on a monthly basis. Pursuant to Chapter 202.125, Florida Statutes, because The Islander is registered as a Resort Condominium and offers transient rentals at the resort, it must pay the new Communications Service Tax on all cable services purchased. In contrast, residential

condominiums do not pay the CST on cable services. The CST represents an expense The Islander is obligate to pay because it is deemed commercial by the legislature with respect to the Communication Service Tax.

Also in contrast to purely residential condominiums, The Islander is registered with the Florida Department of Revenue to collect and remit sales taxes on revenue realized from providing transient rental accommodations. Based on Chapter 212.03, F.S., the Department of Revenue considers a facility to be primarily catering to transient rentals when more than half of the total rental units available are occupied by tenants who have a continuous residence for periods of less than three months. Where more than half of the units are occupied by tenants who have a continuous residence in excess of three months, the facility would be exempt from the transient rental tax. Since substantially all of the units at The Islander are used to serve the transient public, sales tax on rental revenue must be paid. A sample copy of The Islander's monthly sales tax report filed with the Florida Department of Revenue is attached as Exhibit "8".

In contrast, the rules of the Florida Public Service Commission in essence deem The Islander to be residential. As a result, regardless of its usage characteristics, which are currently similar to hotels and motels in the are, and regardless of the cost of service for electricity, which if *master metered* would also be similar to hotels and motels in the area, it is required to take service from Gulf Power at the higher residential rate as opposed to the lower commercial rate enjoyed by area hotels and motels that compete for the same room night business.

(If master metered Gulf Power's cost to serve The Islander would be reduced by eliminating the need to read individual meters and by eliminating the necessity of processing and mailing individual electric bills to owners throughout the country.)

Further evidence of hardship is found in the payroll and operating expenses of Petitioner. The Islander has hired a General Manager who supervises the rental program and is responsible for the operation and care of the resort. His job duties are similar to those persons holding the title of General Manager in any other hotels or motel of its size, including oversight and supervision of housekeeping, maintenance, security, guest services, marketing and advertising. These cost centers are not found in purely residential condominiums. The fee from rental revenue paid to the Association helps cover the cost of the General Manager's salary.

The Islander competes with other hotels and motels in the area for guest-room nights. Rates for room nights must be kept in line with the competition (See Nightly Room Rates – Exhibit "9"). Advertising dollars must also be expended to fill the needed amount of room nights. These principals exist for hotels and motels and also exist for The Islander based on its manner of operation. While The Islander pays the same rates for many of the expenses needed to operate the resort as other competing hotels and motels pay to operate their establishments, The Islander is significantly disadvantaged by paying a higher rate for electricity.

Without being allowed to master meter its facility, the owners at The Islander will pay approximately 25% to 30% more for the same electric to operate as nearby hotels and motels. (See Electric Rate Analysis Attached as Exhibit "10"). This creates a substantial hardship on the petitioner in its effort to compete in the room rental

business and pay all the associated costs, (including taxes), of operating a public lodging establishment. It also violates principles of fairness in that other hotels and motels in the surrounding area will spend less money on electricity and be able to spend more on advertising or upgrading their facilities to make them more attractive to the traveling public then The Islander.

In addition, the FPSC has followed the principle that the type of facilities exempt from the individual metering requirement are those that operate similar to hotels and motels where the occupants of the units are not billed for their use of electricity. The Islander clearly falls into this category.

It is impractical, if nearly impossible, to attribute and bill electric usage to the daily and weekly guests of the resort. They are billed a bundled rate for the limited use of the rooms rented while vacationing at The Islander.

V. **Conservation Issue:** Rule 25-6.049(5)(a) and (5)(a)(3), Florida Administrative Code, were established to serve the public interest and foster energy conservation. The legislature also adopted Chapter 366.81, Florida Statutes, commonly known as the Florida Energy Efficiency and Conservation Act ("FEECA"), which 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, F.A.C., 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 cost effective, is also a priority.

The PSC and IOU's in Florida have adhered to the philosophy that the end user will be more inclined to conserve energy if such user is made aware of his or her electric use and associated costs. Section (5)(a) of the rule follows this theory by requiring individual metering. However, the implication which can be derived from this section is that condominiums are purely residential in nature. Therefore, by requiring individual metering the owner occupant will be made aware of monthly electric usage and associated costs and will be more inclined to conserve electricity.

This theory is not applicable in the instant case since The Islander is operating as a transient rental facility catering to the traveling public. The owner/investors of units at The Islander are not the ones responsible for energy conservation at the resort. The management has that responsibility just like management in nearby hotels and motels. The monthly electric bills are forwarded by the power company to _____ owners located in all parts of the country with no ability to implement energy conservation except through the management of the facility.

Recognizing that timeshare resorts are similar in nature to hotels and motels, in 1997 the Commission amended Rule 25-.6049 (5)(a)(3), F.A.C., to include timeshare resorts in the exception from the individual metering rule. The theory being that conservation would be better served by the resort receiving on e master bill for electric instead of many individual bills. In this manner the resort manager would have more awareness of total electric usage for the timeshare resort and hopefully, as a result, pay closer attention to energy conservation.

Timeshare unit owner's in Florida generally stay in their unit for one or more weeks while on vacation. In contrast Petitioner's regular transient rental business is on average for 3-5 days. As such, its electric usage characteristics are more similar to hotels or motels than that of most timeshare resorts. Yet the owners of timeshare condominiums in this state now derive the benefit of lower electric costs as a result of being allowed to master meter the resort.

Results Show Master Metering Enhances Energy Conservation

The FPSC has recognized that "Resort Condominiums" are similar in nature to hotels and motels. The Commission granted a variance to the individual metering requirement for Holiday Villas II in 1998, and Sundestin Resort in 2001, and Jetty East in _____, all Resort Condominiums like The Islander. The Commission followed the theory that the public interest in the area of energy conservation would be better served when a resort condominium operating transient rentals receives on e master bill for electric instead of many individual bills.

Attached as Exhibit "11" and Exhibit "12", are letters from the manager of Holiday Villas II Marcus Paula, and the manager of Sundestin Resort Lino Maldonado, which shows that the FPSC position allowing "Resort Condominiums" that operate similar to hotels and motels to master meter, has in fact been successful by serving the goal of energy conservation. The letters show that as a result of receiving one master electric bill the electricity used in the units became an item included in the annual budget of the association and a responsibility of the resort managers. In both cases the managers, who previously did not see the individual owners electric bills, experienced heightened awareness of energy costs for all the unit owners, an increased ability to track energy costs, and more productive effort in energy conservation and control of electricity expenses including; better productivity with staff in setting back thermostats for unoccupied units, and consideration of automatic set back controls and other conservation techniques used in hotels and motels.

VII **Duration of Variance or Waiver:** Recognizing that the rules governing use of the units at The Islander will not change by granting of the variance or waiver from the individual metering requirements of Rule 25.6-049, F.A.C., and understanding that Petitioner's owner/investors could vote to cease all operation as a public lodging establishment pursuant to Chapter 509.242, Florida Statutes, petitioner requests the variance or waiver be permanent with the condition that it continues to operate as a public lodging establishment in accordance with Chapter 509.242, Florida Statutes. In the event petitioner's owner/investors vote to change the operation of The Islander and no longer allow transient rentals, the variance or waiver would terminate and the condominium units be subject to the individual metering requirements of Rule 25.6-049 (5) (a), F.A.C..

VIII **Allocation of Costs:** The Islander intends to allocate the costs of electricity to the individual condominium unit owners through a pro rata apportionment based on the square footage, or through sub metering, or by some other reasonable apportionment method as required by Rule 25-6.049 (6)(a), Florida Administrative Code.

Wherefore, for all of the foregoing reasons, Petitioner respectfully requests the Public Service Commission grant its request for a variance or waiver.

Bill Butler
General Manager
Islander Owner's Association Inc.
502 Gulf Shore Drive
Destin, FL 32541
Telephone: 850-837-1000
Fax: 850-837-7385

I hereby certify that an original and seven (7) copies of the foregoing Petition for Variance or Waiver have been furnished by U.S. Mail this 8 day of Nov, 2006 to the Public Service Commission, Attn: Ms Blanca S. Bayo, Director, Division of the Commission Clerk and Administrative Services.

Bill Butler

The Islander

Phase II August 15, 1983

DOCUMENT NUMBER-DATE
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FPSC-COMMISSION CLERK

PROSPECTUS (OFFERING CIRCULAR) OF

THE ISLANDER, PHASE II, A CONDOMINIUM

This Prospectus is submitted by The Islander Group, Limited, Developer of The Islander, a Condominium, in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, generally referred to as the "Condominium Act". This Prospectus pertains to the second and final phase, named The Islander, Phase II. (The Prospectus for Phase I, with exhibits, has previously been approved by the Florida Division of Land Sales and Condominiums and is appended hereto as Exhibit XII and incorporated by reference herein; the other exhibits to this Prospectus are those amendments and other documents which pertain to Phase II.) Upon completion of both phases, The Islander shall be administered as a single condominium.

1. NAME AND LOCATION The name of the condominium is The Islander, Phase II, a Condominium, and the condominium is located at 502 Gulfshore Drive, Destin, Florida 32541. This condominium is the second and final phase of The Islander, a phased condominium as provided in Florida Statutes 718.403.

2. DESCRIPTION OF CONDOMINIUM The condominium property consists of a leasehold estate in land together with improvements located thereon (see Paragraph 4 below). The legal description of the land is found at Page 19 of the Amendment to Declaration of Condominium (Exhibit II hereof). The improvements are described on pages 33 of the Plot Plan and Floor Plans (Exhibit IV). The survey is found on page 30 . The Phase II condominium property includes one (1) building containing sixty-three (63) two bedroom, two bath units. The estimated latest date of completion of construction finishing and equipping the condominium is July 31, 1986.

3. MAXIMUM NUMBER OF UNITS The maximum number of units that will use facilities in common will be sixty-four (64) units in Phase I and sixty-three (63) units in Phase II, for a total of 127 units.

4. TRANSFER OF OWNERSHIP AS STATED IN THE SUBSCRIPTION AND PURCHASE AGREEMENT (attached as Exhibit VIII) ALL UNITS PURCHASED WILL BE CONVEYED BY SUB-LEASE, THE TERM OF WHICH WILL RUN UNTIL SEPTEMBER 1, 2060, WITH AN OPTION TO RENEW FOR AN ADDITIONAL NINETY-NINE (99) YEARS. The lease is located at page 75.

5. COMMONLY USED FACILITIES The Islander, Phase II, a condominium, will use in common certain recreational and other facilities with the Islander, Phase I, as per Schedule "A", attached. Upon completion of the second phase, both phases shall be administered as a single condominium. All unit owners shall have equal access and use rights in all recreational and other facilities, regardless of phase.

A. INITIAL COMMONLY USED FACILITIES There are no initial commonly used facilities which will initially be owned by the unit owners or their association. All such facilities furnished for use by the unit owner will initially be owned by Developer and made available to the unit owners by the Grant of Use Rights and Privileges (Page 66 of Exhibit XII) and as further detailed in paragraph 5(B) below. A description of the facilities thereby furnished is attached and made a part hereof as Schedule A and includes a description of each room and its intended purposes, approximate floor area, approximate capacity (in number of people) that can reasonably expect to be served by each room at any one time, the minimum amount of expenditure that will be made to purchase the personal property to be used in the room or facility and the estimated date when each room will be available for use by the unit owners. The approximate location of each room is set forth on the Floor Plans (ExhibitIV).

B. FACILITIES SUBJECT TO GRANT OF USE RIGHTS During the development period of Phase II, as set forth in Section VI of the original declaration of condominium (Page 15 of Exhibit XII), the Developer will retain ownership of certain recreational and other facilities proposed for common use by Phase I and Phase II

(for example, swimming pools and parking area). During said development period, the Developer's ownership of the recreational and other common facilities will be subject to the use rights and privileges granted to The Islander Owner's Association, Inc., a non-profit Florida corporation comprised of the unit owners of Phase I and Phase II, ("Association") in trust for unit owners of both phases of The Islander Condominium, and upon termination of the development period, the recreational and other facilities will be conveyed by Developer to the Association in trust for the unit owners. As a result of that conveyance, the Grant of Use Rights and Privileges will terminate and all commonly used facilities will be owned by the Association for the benefit of all unit owners, regardless of phase. This plan is described in greater detail in paragraph E below. The various recreational and other facilities referred to above are discussed in more detail below.

C. COMMONLY USED RECREATIONAL FACILITIES

1. There will be two (2) swimming pools to serve the unit owners of Phase I and Phase II. The pools are located outdoors. The approximate size of each swimming pool is 800 square feet and the approximate size of each pool deck is 4,000 feet. The depth of the pools range from 6 1/2 to 3 1/2 feet. Each pool has a capacity of serving 18 persons and the pool decks have a capacity of serving 100 persons each. The swimming pools will be subject to ownership as set forth in more detail in subparagraph F below. One of the pools, which will be heated, will be ready for use upon the completion of Phase I and the second pool, which will not be heated, will be ready for use upon completion of Phase II.

2. There will be two (2) tennis courts to serve the unit owners of Phase I and Phase II. The tennis courts will be located outdoors and will have an approximate area of 13,680 square feet, with a capacity of four persons each. Both tennis courts will be ready for use upon completion of Phase II.

D. CERTAIN RIGHTS TO USE PORTIONS OF THE CONDOMINIUM

PROPERTY ARE RESERVED OR CREATED IN FAVOR OF PARTIES OTHER THAN THE ASSOCIATION OR UNIT OWNERS The Grant of Use Rights and Privileges (Page 66 of Exhibit XII), reserves to Developer, its assignees and successors, the right to use the facilities in common with the unit owners of Phase I and Phase II, provided that no more than 198 units have access to the facilities, and provided further that persons other than unit owners pay a reasonable share of the expenses of the facilities. This reservation will terminate upon the conveyance of the commonly used facilities to the Association as set forth in paragraph E below.

E. OWNERSHIP OF COMMONLY USED FACILITIES All of the commonly used recreational and other facilities described in subparagraphs A, B, C above will initially be owned by the Developer subject to the use rights and privileges granted to the Association in trust for unit owners of Phase I and Phase II during the development period, and all such facilities will ultimately be conveyed to the Association in trust for the unit owners; the details of the plan are summarized as follows:

1. During the period of Developer ownership of the facilities, there shall be no rent or lease payments by unit owners for the facilities. However, during this period, the Association covenants to pay the actual cost incurred in operating, maintaining and insuring or improving the above described commonly used facilities including other costs as may, in the opinion of the Developer, be reasonably related thereto, for the purposes for which said commonly used facilities are intended. Such costs shall be a common expense. Specific types of costs included are set forth in more detail in paragraph A of "Covenants" of the Grant of Use Rights and Privileges. Estimated costs included within the Estimated Operating Budget of the condominium and the Association are attached and made a part hereof as Exhibit .

2. Paragraph III of The Grant of Use Rights and Privileges requires the Developer to convey the recreational and other commonly used facilities to the Association upon the closing

of sales of all units of both Islander Phase I and Phase II, or July 31, 1988, whichever occurs first. The Developer will be paid no additional consideration for this conveyance. Paragraph IV of the Grant of Use Rights and Privileges requires the Association to accept the assignment of leasehold to such property and facilities. Upon such conveyance, the Grant of Use Rights and Privileges shall terminate and all facilities shall be owned by the Unit Owners' Association for the benefit of all unit owners regardless of phase.

3. For specific terms, conditions and other information, refer to the Grant of Use Rights and Privileges (Page 66 of Exhibit XII).

F. UNIT OWNERS ARE REQUIRED TO PAY, THROUGH ASSOCIATION ASSESSMENTS, THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT AND OTHER ACTUAL EXPENSES UNDER THE GRANT OF USE RIGHTS AND PRIVILEGES. These facilities shall be owned by the Association upon the completion and sale of all units in both phases, as described in Paragraph E immediately preceding. See Grant of Use Rights and Privileges (Page 66 of Exhibit XII).

G. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP OR REPAIR OF THE RECREATIONAL OR OTHER COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN. The Developer's right to such lien is contained in the Grant of Use Rights and Privileges (Page 66 of Exhibit XII) This right shall terminate upon Developer's conveyance of the facilities to the Association as described in Paragraph E immediately preceding.

H. DEVELOPER'S RIGHT TO INCREASE RECREATIONAL FACILITIES. RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT THE CONSENT OF UNIT OWNERS OR THE ASSOCIATION. Refer to the Grant of Use Rights and Privileges (Page 66 of Exhibit XII).

6. LEASE OF UNITS The Developer has no plan for transferring the Units subject to any lease other than the basic

leasehold interest described in Paragraph 4 above.

7. ASSOCIATION MANAGEMENT. THERE IS A CONTRACT FOR MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH THE ISLANDER MANAGEMENT SERVICES, INC. A copy of the Management Contract is attached as Page 121 of Exhibit XII . The term of the contract shall begin with the date on which the first closing of a sale of a unit in the first phase, i.e. the Islander, Phase I, takes place and shall continue for 730 calender days, provided however, the Manager may, upon 60 days written notice given to the Association, terminate and cancel this contract as of the last day of such month as is specified in the Notice of Cancellation. Thereafter, it shall be automatically renewed for successive two year periods until terminated by the Association members as per the Condominium Act. The nature of the services are the maintenance and operation of the buildings and other facilities including landscaping. An on-site rental service will also be offered. The total monthly management fee is $ 793.45 and the annual management fee is $ 9,525.00 for 127 units. This management fee is subject to re-negotiation during each year of the contract. The unit owner's assessment for common expenses (association or maintenance fee) may increase as the services provided are expanded or increased in price; provided that the amount of such association or maintenance fee shall not exceed $ 125.00 per unit per month during the time Developer has guaranteed the maximum monthly amount of said fee. While the Developer's guarantee is in force, the Developer shall be excused from the payment of assessments for common expenses on units owned by it and the Developer shall pay any amount of common expenses incurred during the period of guaranty that is not produced by assessments at the guaranteed level receivable from other unit owners. Upon termination of the guarantee, the Developer will pay assessments for common expenses for units owned by it the same as any other unit owner. For more details, reference should be made to a copy of the Management Contract (Page 121 of Exhibit XII).

8. DEVELOPER CONTROL The Developer has previously surrendered control of the unit owners' association, and unit

owners other than Developer now have the right to elect a majority of the board of directors of the association. At the time units in Phase II are completed and sold, the owners of Phase II units shall have a guaranteed one-time right to elect at least one member of the board of directors.

9. RESTRICTIONS ON LEASE

THE LEASE OF UNITS IS RESTRICTED OR CONTROLLED. Said restrictions are set forth in Paragraph XVI(e) of the Original Declaration of Condominium (Page 36 of Exhibit XII).

10. PHASE DEVELOPMENT: Phase II is the second and final phase of the Islander Condominium to be developed in the manner set forth in detail in Paragraph VI of the Original Declaration of Condominium (Page 15 of Exhibit XII).

11. RESTRICTIONS ON USE OF CONDOMINIUM UNITS.

Restrictions on the use of Condominium Units are set forth in Paragraph XVI of the Original Declaration of Condominium (Page 35 of Exhibit XII). These restrictions are summarized as follows:

A. A unit shall be occupied and used only as a residence, either permanent or transient, and for no other purpose.

B. No unit may be used for or in connection with any unlawful purpose or so as to create a nuisance.

C. Only entire units may be leased.

D. Association Regulations, attached as Page 115 of Exhibit XII. The restrictions set forth above shall not interfere with the Developer's right to complete the contemplated improvements, sell the unit or lease the units. There are no restrictions on children other than those set forth in Regulation Number 4. There are restrictions on pets set forth in Regulation Number 6-1.

12. CERTAIN LAND NOT OWNED OR LEASED Certain land offered by the Developer for use by the Unit Owners will neither be owned by them, nor leased to them, the Association, or any entity controlled by the Unit Owners. This land is offered for use pursuant to the Grant of Use Rights and Privileges as fully

described, in detail, in Section 5 preceding. See Grant of Use Rights and Privileges (Page 66 of Exhibit XII).

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

Sanitary sewage	-	Destin Water Users, Inc.
Water supply	-	Destin Water Users, Inc.
Refuse collection	-	Private contractor
Storm drainage	-	No storm drainage except natural flow across common elements to percolation points
Electricity	-	Gulf Power Company
Telephone	-	Central Telephone Company
Cable television	-	Warner Cable Company

14. APPORTIONMENT OF COMMON EXPENSES AND OWNERSHIP OF COMMON ELEMENTS Since each of the units are substantially the same, the common expenses and the percentge ownership of common elements has been apportioned on an equal basis; that is, each unit is responsible for 1/127th of the common expenses and owns 1/127th of the common elements.

15. ESTIMATED OPERATING BUDGET The Estimated Operating Budget for the condominium and the Association including the estimated monthly and annual expenses of each condominium unit is attached as Exhibit .

16. ESTIMATED CLOSING COSTS AND TITLE INSURANCE A schedule of estimated closing expenses to be paid by a Purchaser (Buyer) is attached hereto as Schedule B. The Developer will provide an owner's policy of title insurance on or after closing at Purchaser's expense.

17. IDENTITY OF DEVELOPER The Developer of the Condominium is The Islander Group, Limited, a Florida limited partnership authorized to do business in Florida, with offices located at 502 Gulfshore Drive, Destin, Florida. The Islander Group, Ltd. was organized in 1980 for the purpose of constructing The Islander, a Condominium. The chief operating officer is Jerome H. LaChapelle, General Partner. His previous experience in

THE ISLANDER, PHASE II, 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, THE CONTRACT DOCUMENTS, AND SALES MATERIALS.

3. ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE 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

ALL UNITS PURCHASED WILL BE CONVEYED BY SUBLEASE, THE TERM OF WHICH WILL RUN UNTIL SEPTEMBER 1, 2060, WITH AN OPTION TO RENEW FOR AN ADDITIONAL NINETY-NINE YEARS.

CERTAIN RIGHTS TO USE PORTIONS OF THE CONDOMINIUM PROPERTY ARE RESERVED OR CREATED IN FAVOR OF PARTIES OTHER THAN THE ASSOCIATION OR UNIT OWNERS.

UNIT OWNERS ARE REQUIRED TO PAY THROUGH ASSOCIATION ASSESSMENTS THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT AND OTHER ACTUAL EXPENSES UNDER THE GRANT OF USE RIGHTS AND PRIVILEGES.

THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP OR REPAIR OF THE RECREATIONAL OR OTHER COMMONLY USED FACILITIES.

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

THERE IS A CONTRACT FOR MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH THE ISLANDER MANAGEMENT SERVICES, INC..

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

THE LEASE OF UNITS IS RESTRICTED OR CONTROLLED.

DEVELOPER MAY BE IN CONTROL OF THE BOARD OF DIRECTORS OF THE ASSOCIATION DURING THE PERIOD OF OPERATION FOR WHICH THIS BUDGET HAS BEEN RENDERED.

ANY PAYMENT IN EXCESS OF TEN (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.

PROSPECTUS

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EXHIBIT XII: Prospectus (Offering Circular) of the Islander Phase I 80

1. Original Declaration of Condo E12
2. Consent and Joinder E48
3. Ground Lease E64
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10. Rules and Regulations E115
11. Management Contract E121

SCHEDULE "B"

ESTIMATED TYPICAL CLOSING COSTS

The following closing costs are based upon a unit having a sales price of $108,000 and a mortgage of $86,400. Certain of the closing costs vary according to the amount of the sales price or the mortgage.

Deed Transfer Costs:		
Recording Fees	$ 17.00	
Deed Stamps	486.00	
Documentation preparation, closing fee and attorney	100.00	603.00
* Mortgage Costs:		
Recording Fee	21.00	
Documentary Stamps on Note	129.60	
Intangible Tax on Mortgage	172.80	
Title Insurance (Mortgage)	582.00	
Origination Fee and Loan Discounts (2%)	1,728.00	
Prepaid Interest	1,900.00	4,533.40
TOTAL ESTIMATE		* $5,136.40

*Variable - subject to market rate, local and state government fees.

In addition to the closing costs set forth above, certain escrow accounts must be established at closing to provide funds to be used for payment of next year's real property taxes and the Holiday Isle Leaseholder's Assessment as estimated below:

Real Property Taxes (estimated at 100% assessed value - 2 months x $115.00)	$ 230.00
Holiday Isle Leaseholder Assessment ($6.25/month x three months)	$ 18.75

NOTE: THIS IS NOT A REAL ESTATE SETTLEMENT PROCEDURE STATEMENT. SUCH A STATEMENT WILL BE FURNISHED BY THE LENDER PRIOR TO THE CLOSING OF A MORTGAGE LOAN.

In addition, the Buyer, at closing, subscribes for membership in The Islander Owners Association, Inc., referred to as the Association, a non-profit corporation which shall operate The Islander; and Buyer agrees to pay at closing One Thousand ($1,000) Dollars as a non-refundable contribution to the working capital and reserves of the Association.

AMENDMENT REFLECTING SUBSTANTIAL COMPLETION

** OFFICIAL RECORDS **
BK 1170 PG 1987

Pursuant to Florida Statutes 718.104(4)(e) and 718.105(2) that Declaration of Condominium of The Islander, Phase I, a Condominium, heretofore recorded in the official records of Okaloosa County, Florida, is amended as follows:

A certificate of a surveyor authorized to practice in the State of Florida has been recorded at OR Book 3, Page 42, official records of Okaloosa County, Florida, certifying that the construction of improvements of the condominium created by the Declaration hereby amended is substantially complete, so that the survey to which said certificate is attached, together with the provisions of the Declaration describing the condominium property is an accurate representation of the location and dimensions of improvements, and so that the identification, location, and dimensions of the common elements and of each unit can be determined from these materials. The certificate applies to Phase I only.

25

The following exhibits are appended to this amendment:

Exhibit A: True copy of Survey and Certificate
Exhibit B: True copy of Architects Certificate dated 12/1/82
Exhibit C: Original Affidavit of Completion of Champion Construction Company
Exhibit D: Original Affidavit of Wright and Rose, Inc.
Exhibit E: True copy of Certificate of Completion of Okaloosa County, Florida

IN WITNESS WHEREOF the undersigned has hereunto set their hands and seals this 14 day of December, 1982.

Witness:

Matthew W. Burn

Cheryl C. Scott

The Islander Group, Ltd.

Jerome H. LaChapelle
General Parther

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Jerome H. LaChapelle of The Islander Group, Ltd., and upon being first duly sworn stated that he executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 17 day of [illegible], 19

Notary Public
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

the field of condominium development includes the development of the Jetty East Condominium, The Gulfshore Condominium and The Islander, Phase I on Holiday Isle, Destin, Florida.

18. The following Exhibits and Schedules are made a part of this Prospectus:

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SCHEDULE "A"

COMMUNITY PROPERTY SUBJECT TO THE GRANT OF USE RIGHTS

THE ISLANDER, PHASES I AND II

FACILITY	PURPOSE	APPROXIMATE FLOOR AREA	CAPACITY (# PERSONS)
POOLS (1) HEATED (1) UNHEATED	RECREATION	1,000 sq.ft./ea	EIGHTEEN/ea
POOL DECKS (2)	RECREATION	4,000 sq.ft./ea	ONE HUNDRED/ea
TENNIS COURTS (2)	RECREATION	13,680 sq.ft.	FOUR/ea
MEETING ROOM	MEETINGS	880 sq.ft.	SEVENTY
GAME ROOM	RECREATION	260 sq.ft.	EIGHTEEN
ASSOCIATION OFFICE RENTAL ADMINISTRATION INNKEEPER'S ROOM SALES RECEPTION SALES ROOM FRONT DESK AREA		400 sq. ft. 128 sq.ft. 150 sq.ft. 128 sq.ft. 350 sq.ft. 150 sq.ft.	ADMINISTRATIVE PERSONNEL ONLY
LOBBY	EGRESS	1100 sq.ft.	EIGHTY
ELEVATORS (2)	EGRESS	144 sq.ft./ea	2,500 pounds ea
ELEVATOR EQUIPMENT (2)	EQUIPMENT	84 sq.ft./ea	OPERATIONS ONLY
PUMP ROOMS (2)	EQUIPMENT	120 sq.ft./ea.	OPERATIONS ONLY
STAIR TOWERS (3)	EGRESS	108 sq.ft/ea.	TWENTY/ea.
MECHANIC ROOMS (3)	EQUIPMENT	120 sq.ft./total	OPERATIONS ONLY
ELECTRIC ROOM	EQUIPMENT	208 sq.ft.	OPERATIONS ONLY
MAINTENANCE ROOM	BLDG. MAINT.	480 sq.ft.	OPERATIONS ONLY
LAUNDRY	IN-HOUSE	450 sq.ft.	HOUSEKEEPING ONLY
LAUNDRY ROOMS (6)	LAUNDRY	15 sq.ft./ea.	TWO/ea
HOUSEKEEPING ROOMS (6)	STORAGE	30 sq.ft./ea.	OPERATIONS ONLY
TRASH ROOM	TRASH	88 sq.ft.	OPERATIONS ONLY
PARKING AREA	PARKING	252 SPACES (includes 116 additional spaces for Phase II)	
POOL EQUIPMENT (2)	STORAGE	100 sq.ft./ea	OPERATIONS ONLY
POOL RESTROOMS (4)		25 sq.ft./ea	TWO/ea

There will be no additional monies spent by the Developer for personal property in these facilities. The Islander Owners Association will determine the amount to be spent for personal property in the meeting room, the lobby, the administrative offices and the pool deck and will fund these expenses from the reserve set up with funds collected at closing from each unit purchaser. (See Schedule B, Estimated Typical Closing Costs.) The personal property in the game room and the laundry rooms will be installed on a contract with a vendor(s). The Developer will provide the two (2) nets on the tennis courts.

The estimated date of availability for all facilities is 12/31/84

This schedule combines Schedules A and B of The Islander Phase I Prospectus previously filed with The Florida Division of Land Sales and Condominiums.

** OFFICIAL RECORDS **
BK 1170 PG 1988

EXHIBIT A

LAST WING PARCEL
DESCRIPTION

Commencing at the NW corner of Lot 13, Block B HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County Florida, proceed S-88°44'W 1266 feet along Gulf Shore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"W 480.03 feet, thence S-01°16'E 171 feet to the POB, thence N-88°44'W 92 feet, thence S-01°16'E 85.0 feet, thence N-88°44'W 201.67 feet, thence S-01°16'E 45 feet, thence S-88°44'E 243.67 feet thence N-01°16'W 40 feet, thence S-88°44'E 50 feet, thence N-01°16'W 90.0 feet to the POB.

SUBJECT TO easement No. 2 as in OR 826, Page 927.

PAVILION EASEMENT:

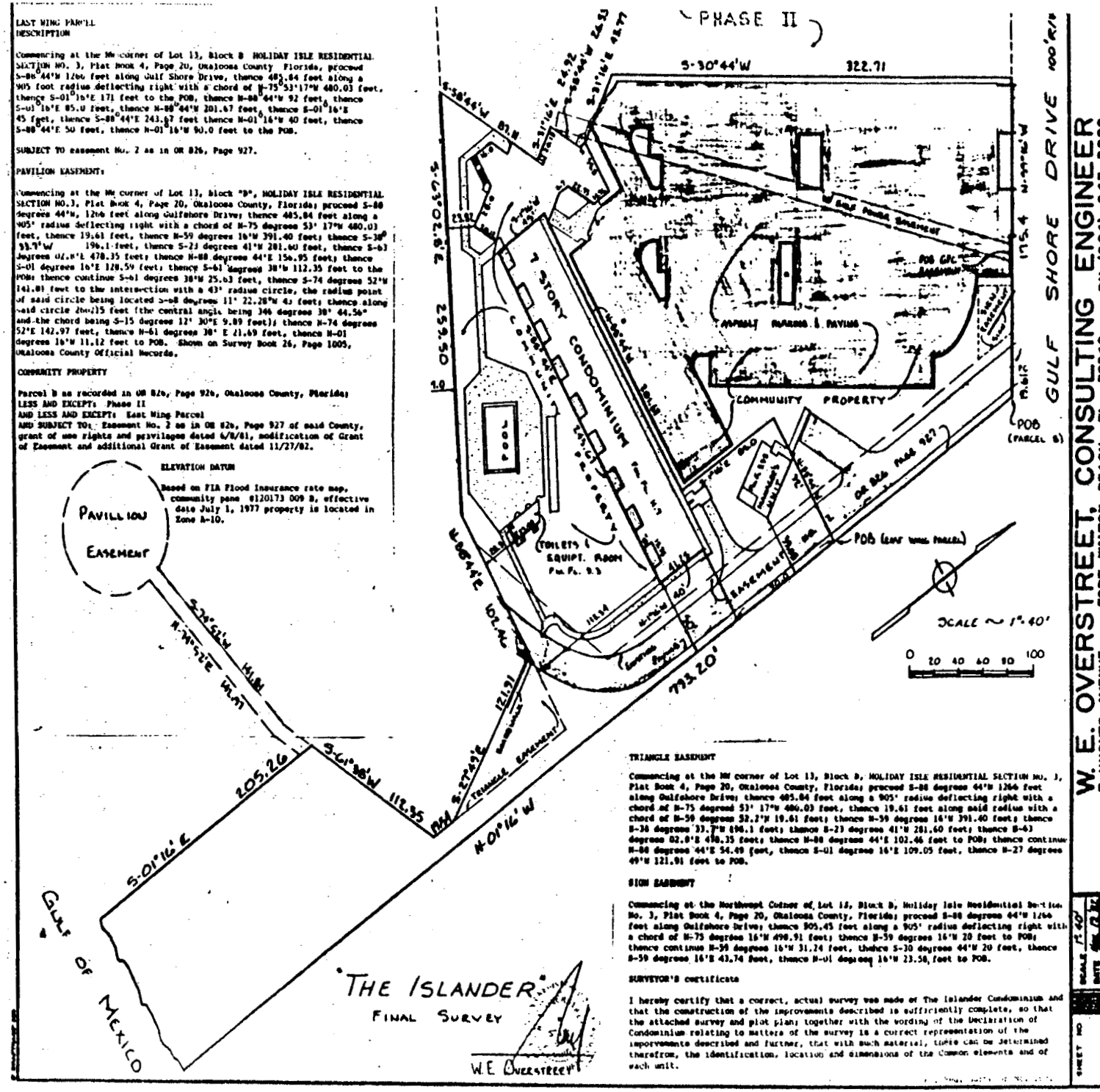
Commencing at the NW corner of Lot 13, Block "B", HOLIDAY ISLE RESIDENTIAL SECTION NO.3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W, 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N-75 degrees 53' 17"W 480.03 feet, thence 19.61 feet, thence N-59 degrees 16'W 391.40 feet; thence S-30° 33.7'W 196.1 feet, thence S-23 degrees 41'W 281.60 feet, thence S-63 degrees 02.8'E 478.35 feet; thence N-88 degrees 44'E 156.95 feet; thence S-01 degrees 16'E 128.59 feet; thence S-61 degrees 38'W 112.35 feet to the POB; thence continue S-61 degrees 38'W 25.63 feet, thence S-74 degrees 52'W 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S-88 degrees 11' 22.28"W 43 feet; thence along said circle 26.15 feet (the central angle being 346 degrees 38' 44.56" and the chord being S-15 degrees 12' 30"E 9.89 feet); thence N-74 degrees 52'E 142.97 feet, thence N-61 degrees 38' E 21.69 feet, thence N-01 degrees 16'W 11.12 feet to POB. Shown on Survey Book 26, Page 1005, Okaloosa County Official Records.

COMMUNITY PROPERTY

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida;
LESS AND EXCEPT: Phase II
AND LESS AND EXCEPT: East Wing Parcel
AND SUBJECT TO: Easement No. 2 as in OR 826, Page 927 of said County, grant of use rights and privileges dated 6/8/81, modification of Grant of Easement and additional Grant of Easement dated 11/27/82.

ELEVATION DATUM

Based on FIA Flood Insurance rate map, community pane #120173 009 B, effective date July 1, 1977 property is located in Zone A-10.



TRIANGLE EASEMENT

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N-75 degrees 53' 17"W 480.03 feet, thence 19.61 feet along said radius with a chord of N-59 degrees 52.2'W 19.61 feet; thence N-59 degrees 16'W 391.40 feet; thence S-30 degrees 33.7'W 196.1 feet; thence S-23 degrees 41'W 281.60 feet; thence S-63 degrees 02.8'E 478.35 feet; thence N-88 degrees 44'E 102.46 feet to POB; thence continue N-88 degrees 44'E 54.49 feet, thence S-01 degrees 16'E 109.05 feet, thence N-27 degrees 49'W 121.91 feet to POB.

SION EASEMENT

Commencing at the Northwest Corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W 1266 feet along Gulfshore Drive; thence 905.45 feet along a 905' radius deflecting right with a chord of N-75 degrees 16'W 498.91 feet; thence N-59 degrees 16'W 20 feet to POB; thence continue N-59 degrees 16'W 31.74 feet, thence S-30 degrees 44'W 20 feet, thence S-59 degrees 16'E 43.74 feet, thence N-01 degrees 16'W 23.58, feet to POB.

SURVEYOR'S certificate

I hereby certify that a correct, actual survey was made of The Islander Condominium and that the construction of the improvements described is sufficiently complete, so that the attached survey and plat plan; together with the wording of the Declaration of Condominium relating to matters of the survey is a correct representation of the improvements described and further, that with such material, there can be determined therefrom, the identification, location and dimensions of the Common elements and of each unit.

"THE ISLANDER"
FINAL SURVEY
W.E. OVERSTREET

W. E. OVERSTREET, CONSULTING ENGINEER
7 HUGHES AVENUE FORT WALTON BEACH, FL. 32548 PH. (904) 243-2909

SCALE 1"=40'
DATE 6-8-82
SHEET NO 1 OF 1

EXHIBIT B

OKALOOSA COUNTY ZONING AND INSPECTION DEPARTMENT

** OFFICIAL RECORDS **
BK 1170 PG 1989

Building Permit No.: 10634

Project Name The Islander Condominium, Phase I

Project Address 502 Gulfshore Drive, Destin, Florida

Owners Name The Islander Group, Ltd.

General Contractor Champion Construction Company

Address 729 S. 30th Street, Birmingham, AL 35202

Architects Name R.R. Moore

Architects Address Post Office Box 607, Destin, FL 32541

Affidavit of the Architect as Stipulated in Current edition of the Standard Building Code, and all other building codes adopted by Okaloosa County, Florida. Reference Section 105.6, and Section 106.5 of the Code.

I certify that the plans submitted on the above project conform to the requirements of the current edition of the Standard Building Code and all other building codes adopted by Okaloosa County, Fl.

Date: 12/1/82

Notary: Linda C. Bertsch

Architect, Fl. Registration No. 4438

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

I certify that the work on the above project has been done in conformity with the approved plans and conforms to the requirements of current edition of the Standard Building Code and all other building codes adopted by Okaloosa County, Fl.

Date: 12/1/82

Notary: Linda C. Bertsch

Architect. Fl. Registration No. 4438

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

EXHIBIT C

AFFIDAVIT OF COMPLETION

** OFFICIAL RECORDS **
BK 1170 PG 1990

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before the subscriber personally appeared the undersigned who first being duly sworn on oath deposes and says that he is an authorized agent of the undersigned to make affidavit and that the undersigned contracted to make certain improvements on the Islander Condominium property situated at 502 Gulfshore Drive, Destin, Florida 32541 and that said improvements have been completed accordingly with all plans and specifications and that there are no known violations of zoning laws or covenants applicable to the property and all improvements made to the property have been made under all the known necessary permits required by known governmental agencies and that there are no outstanding liens or potential liens against the property arising out of said contract and that all labor and all materials have been paid for the said improvements and said building is complete and ready for its intended use.

CHAMPION CONSTRUCTION COMPANY

BY _____
VICE-PRES

Sworn to and subscribed before me on this 1st day of December, 1982.

_____
Notary Public

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

EXHIBIT D

Wright & Rose, Inc.

Structural Engineers

706 South Foster Street
Dothan, Alabama 36301
205/792-9103 or 794-4451

** OFFICIAL RECORDS **
BK 1170 PG 1991

December 7, 1982

TO WHOM IT MAY CONCERN:

As structural engineers for the Islander Condominium project located at 502 Gulfside Drive, Destin, Florida, this is to verify that we inspected all phases of the structural work for this project and found the work to be completed in substantial conformance with the contract plans and specifications.

Our work for this project included inspecting the reinforcement placement and reviewing the concrete test cylinder results, both of which were found to be within acceptable tolerances.

Henry W. Wright, P. E.
WRIGHT & ROSE, INC.
Florida Reg. No. 9176

HWW/mki

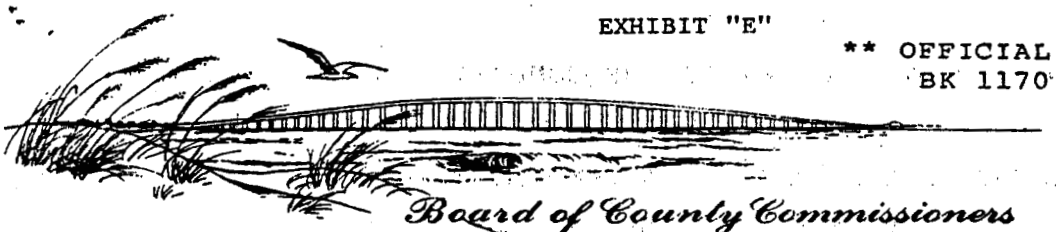
Sworn to and subscribed before me this 7th day of December, 19 82.

Notary Public

My commission expires December 1, 19 86.

EXHIBIT "E"

** OFFICIAL RECORDS **
BK 1170 PG 1992



Board of County Commissioners

Okaloosa County
Florida

County Seat
Crestview, Florida 32536
Tel. (904) 682-2711

Annex
Shalimar, Florida 32579
Tel. (904) 651-3710

December 10, 1982

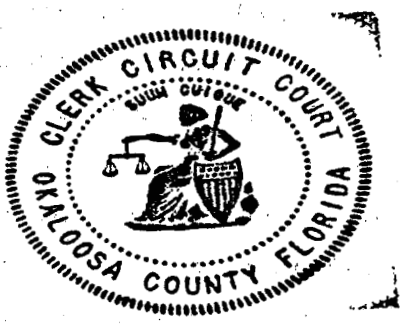
To Whom It May Concern:

This is to verify that the ISLANDER CONDO'S, 63 units located on Lot 13 Blk B, 502 Gulf Shore Drive, Holiday Isle, Destin, FL has been inspected and has been determined that it meets all Okaloosa County codes and is ready for occupancy. The builder of this project was Champion Construction.

Yours very truly,

RAY O. DEAL
Chief Building Official

ROD/as1



FILE# 683932
OKALOOSA COUNTY, FLORIDA

RCD: DEC 10 1982 @ 12:46 PM
NEWMAN C BRACKIN, CLERK

Please Address Reply To: 10 First Avenue - Fort Walton Beach, FL 32548

AMENDMENT TO DECLARATION OF CONDOMINIUM

OF

THE ISLANDER, PHASE I, A CONDOMINIUM

502 Gulfshore Drive
Destin, Florida

THIS AMENDMENT DATED THE ____ DAY OF _____, 19 .

WHEREAS, the undersigned Islander Group Ltd., a Florida limited partnership, called "Developer" herein, and those other parties whose signatures appear below, on June 8, 1981, submitted the following leasehold estate and improvements to condominium ownership by executing that certain Declaration of Condominium of the Islander, Phase I, a Condominium, (hereafter "Original Declaration"), said Original Declaration being recorded at book 1170, page 1827, Official Records of Okaloosa County, Florida; and,

WHEREAS, that aforesaid Original Declaration provided that The Islander, a condominium, should be constructed in two phases, and fully set forth a phase development plan for such phases in accordance with Florida Statutes 718.403, which plan reserved to Developer the right to proceed with the construction of The Islander, Phase II, a Condominium, upon execution of an appropriate amendment to said Original Declaration; and,

WHEREAS, the Original Declaration reserved to Developer the right to execute and record such appropriate amendment without joinder or consent of any owner or mortgagee of any unit in The Islander, Phase I, a condominium, or any owner of any record interest in the condominium property other than Developer; and,

WHEREAS, the property dedicated to condominium ownership in said Original Declaration is legally described as follows:

DESCRIPTION PHASE I

A leasehold estate in that certain real property located in Okaloosa County, Florida, to-wit:

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida, proceed S-88 degrees, 44'-W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75 degrees 53'17"-W 480.03 feet, thence S-01 degrees 16'-E 171 feet to the POB, thence N-88 degrees 44'-W 92 feet, thence S-01 degrees 16'-E 85 feet, thence N-88 degrees 44'-W 201.67 feet, thence S-01 degrees 16'-E 45 feet, thence S-88 degrees 44'-E 243.67 feet, thence N-01 degrees 16'-W 40 feet, thence S-88 degrees 44'-E 50 feet, thence N-01 degrees 16'-W 90 feet to the POB.

DESCRIPTION PHASE II

A leasehold estate in that certain real property located in Okaloosa County, Florida, to-wit:

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County Florida, proceed S-88 degrees 44'-W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75 degrees 16'-W 498.91 feet, thence N-59 degrees 16'-W 175.4 feet along Gulfshore Drive to the POB; thence continue N-59 degrees 16'-W 216 feet, thence S-38 degrees 33.7'-W 196.1 feet, thence S-23 degrees 41'-W 281.6 feet, thence S-63 degrees 02.8'-E 218.85 feet, thence N-58 degrees 44'-E 87.11 feet, thence N-31 degrees 16'-W 24.92 feet, thence N-58 degrees 44'-E 26.33 feet, thence N-01 degrees 16'-W 5.0 feet, thence N-31 degrees 16'-W 43.77 feet, thence N-30 degrees 44'-E 322.71 feet to POB.

Said leaseholds expire on September 1, 2060, A.D., are renewable for an additional 99 years, are identified in paragraph IV of the Original Declaration and are subject to that Easement Number 2 as described in that instrument recorded at OR Book 826, Page 927, Official Records of Okaloosa County, Florida, further subject to that Grant of Easement recorded at OR Book 827, pages 527 through 533, Official Records of said County, further subject to that Modification of Grant of Easement and Additional Grant of Easement dated recorded at OR Book 1170, Page 1978 et. seq., Official Records of said County , and further subject to the Original Declaration and all exhibits thereto and previously recorded amendments; and,

WHEREAS, Developer intends to proceed with the construction of The Islander, Phase II, a Condominium, and desires to make, and hereby does make, such amendments to said Original Declaration as are required by Florida Statutes to effectuate the phase development plan contemplated by the Original Declaration;

NOW THEREFORE, in consideration of the foregoing, the undersigned hereby amend the aforesaid Original Declaration as follows:

I. Developer, by filing this Amendment, declares its intention to proceed with development, construction and sale of that real property and improvements known as The Islander, Phase II, a condominium, in accordance with the phase development plan set forth in Sections I, II, IV, VI, VII, IX and X, and Exhibits III and IV of the Original Declaration.

A. Being part of the Original Declaration, said phase development plan was included in the disclosure materials for the Islander, Phase I, previously submitted to and approved for form and content by the Florida Division of Land Sales and Condominiums.

B. Being part of the Original Declaration, said phase development plan was included in the disclosure materials furnished to and receipted by each purchaser of a unit in The Islander, Phase I, a condominium.

II. Unless the context clearly indicates to the contrary, each term and provision of the Original Declaration as hereby amended shall apply equally to both phases of The Islander, a condominium, and to all units in either phase. Upon substantial completion of the Islander, Phase II, both phases shall be administered as a single condominium and all units in each phase shall belong to the Islander Owners Association, Inc. and shall have equal rights and duties with regard to the condominium association, regardless of phase. The association shall not discriminate between phases in the management of the affairs of the condominium.

III. Any provision of the Original Declaration, or Exhibits thereto, not expressly hereby amended shall remain in full force and effect.

IV. DEFINITIONS:

As used herein all words and terms shall have the same meaning as is defined for such word and terms in Chapter 718, Florida Statutes, or in the Original Declaration, unless the context clearly indicates to the contrary. In addition, the following definitions shall apply:

A. "The Islander" shall mean the single two-phase condominium created by, and in accordance with, the Original Declaration and this amendment.

B. "Phase I" shall mean The Islander, Phase I, a Condominium, which is the first phase of The Islander.

C. "Phase II" shall mean The Islander, Phase II, a Condominium, which is the second and final phase of The Islander.

D. "Association" shall mean The Islander Owners' Association, Inc., a Florida nonprofit corporation.

E. "Developer" shall mean The Islander Group, Limited, a Florida limited partnership, and its successors and assigns other than the Association or any owner or assignee of one or more completed units in The Islander who does not otherwise meet the definition of Developer.

F. "Grant of Use Rights and Privileges" shall mean the instrument of that same name recorded at Book 1170 , Page 1882 Official Records of Okaloosa County, Florida.

V. ARBITRATION: Internal disputes arising from the operation of the condominium among unit owners, the Association, and their agents and assigns may be submitted to voluntary, binding arbitration, as provided in Florida Statutes 718. 112(2)(m), at the request of any interested party to such dispute. Such arbitration shall be conducted by an arbitrator employed by The Division of Land Sales and Condominiums of the Department of Business Regulation of the State of Florida, and shall be

conducted in accordance with the rules of procedure promulgated by said Division. The decision of such arbitrator shall be final. 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 admissable in evidence. Any party to arbitration may seek enforcement of the final decision of an arbitrator in a court of competent jurisdiction.

VI. GENERAL DESCRIPTION OF PHASE II:

The Original Declaration is amended to add the following additional information regarding Phase II, all of said information being in accord with the phase development plan described above:

A. Description of Improvements In acordance with Section VI and Section X of the Original Declaration, Phase II shall consist of a main building of seven stories, ground story included, with nine (9) units on each floor, for a total of sixty-three (63) units.

B. Unit numbers: The unit number of each unit in Phase II is determined by numbering the units from ten (10) to eighteen (18) from East to West and adding the number to the product of the number of the floor times 100. Therefore, for example, the Easternmost first floor unit is identified by number 110 and the Westernmost first floor unit is identified as number 118, and the Easternmost seventh floor unit is identified as number 710, and the Westernmost seventh floor unit is identified as number 718.

C. Typical Unit Floor Plan In accordance with Section VI, Paragraph B of the Original Declaration, each Phase II unit shall be substantially identical and shall contain approximately 1100 square feet. The typical unit floor plan is described generally below and is described in more detail on the graphic description of the improvements attached as Exhibit IV page 33.

Unit Description: Two Bedroom/Two Bath
987+ Square Feet Living Space
112 Square Feet Private Balcony

D. Alteration of Phase II Units:

In order to bring the manner of altering Phase II units into conformity with the manner of altering Phase I units, Section X, Paragraph C, subparagraph 3 of the Original Declaration is amended to read as follows:

"3. Prior to the issuance of the surveyor's certificate for Phase II described in Paragraph IX, Developer shall have the right to change the interior design and arrangement of all units and to alter the boundaries between units, so long as Developer owns any unit so altered; during the same period, Developer may, at any unit owner's or purchaser's request so alter any unit, so long as Developer and any owner of any affected unit agree. No such change shall increase the number of units or alter the boundaries of the common elements without amendment of this Declaration by approval of the Association, unit owners, and owners of Mortgages in the manner elsewhere provided. If the Developer shall make any changes in units so authorized, such changes shall be reflected by an amendment of this Declaration. If more than one unit is concerned, the Developer shall apportion between the units the shares in the common elements appurtenant to the units concerned as well as the share in the common expenses and common surplus of the units concerned and such apportionmnent shall be duly noted in the amendment of the Declaration. An amendment of this Declaration reflecting such authorized alteration of unit plans by Developer need be signed and acknowledged only by the Developer and need not be approved by

Association, unit owners or lienors or mortgagees of units of the condominium, whether or not elsewhere required for amendment."

E. Developer hereby covenants to convey to the Association the common property described in The Grant of Use Rights and Privileges in accordance with all the terms and provisions of said Grant of Use Rights and Privileges at a date of Developers selection but no later than the date Developer has completed and sold all units in the Islander Condominium Phase I and Phase II. Upon such conveyance, the Grant of Use Rights and Privileges shall terminate and Developer shall have no further obligation thereunder.

F. No limited common element may be created on the Phase II Condominium property as described in the Original Declaration or this amendment.

G. There shall be no timeshare estates in The Islander Phase II, a Condominium.

H. Common Walls The Phase II property and any improvements to be constructed thereon, are subject to Developer's reservation of common wall use rights as described in The Grant of Use Rights and Privileges (Exhibit XII) and incorporated by reference herein. In accordance with the terms of that reservation:

a. Prior to the date Developer conveys common property to the Association, the northeast and southeast walls of the Islander Phase II building and any connecting walls, corners or facings shall be a common or party wall shared by the Islander Phase II and those portions of the community property (including but not limited to elevator tower and administrative offices), which in fact share said walls as graphically represented in Exhibits IV and V to the PhaseI prospectus, which exhibits were appended to and recorded with the Original Declaration in the Official Records of Okaloosa County, Florida;

1. Developer hereby dedicates to the Association on behalf of all unit owners of the Islander Phase II and hereby reserves to itself, successors and assigns:

a. Mutual easements for encroachments or projections caused by the construction, mislocation, shifting of subsidence of any part of the Phase II building or community property sharing such walls.

b. The right to lateral support of and by said walls.

c. Mutual easement for ingress and egress through doors and passageways, if any, placed in said walls.

d. The Association shall insure said walls and pay all the costs of maintenance, repair, replacement on like terms as regards to community property and such costs shall be a common expense, provided however, that the Association shall not be responsible for the costs and expenses of any modifications or alterations to said walls incidental to or part of the construction and development of The Islander Phase II, but shall become obligated to assume costs set forth herein upon the closing of the sale of the first unit in the Islander Phase II to a unit owner other than Developer.

2. The Association shall accept the conveyance of the common property by Developer subject to the mutual easements, rights, covenants and dedications contained in this common wall plan; and further subject to the provisions of The Grant of Use Rights and Privileges (Exhibit XII). By the terms of said conveyance, the party wall agreements contained herein and in said Grant of Use Rights and Privileges shall become equitable servitudes running with the land, mutually obligating and benefiting all unit owners, jointly and severally, and enforced by and against the Association, all unit owners and each of them until the condominium is terminated.

I. The Islander Phase II Condominium shall be substantially completed and ready for occupancy no later than

July 31, 1988. Upon substantial completion, the Developer shall amend this declaration to include the certificate of a surveyor required by Florida Statutes 718.104.

VII. UNIT OWNERS' PARTICIPATION IN COMMON EXPENSE, COMMON SURPLUS, AND OWNERSHIP OF COMMON ELEMENTS.

In accordance with Section VI, Paragraphs C and D of the Original Declaration, Section XI of the Declaration is amended as follows:

A. Paragraph C, subparagraph 1 is amended to read as follows:

"1. Common elements and common surplus. Subsequent to the completion of Phase I and prior to the completion of Phase II, a 1/64th undivided share in the land and other common elements and in the common surplus; subsequent to completion of both phases, a 1/127th undivided share in the land and other common elements and in the common surplus."

B. Paragraph D is amended to read as follows:

"D. Liability for common expense. Each unit owner shall be liable for a proportionate share of the common expense; subsequent to the completion of Phase I and prior to the completion of Phase II such shares shall be the same as the 1/64th undivided share in the common elements appurtenant to his unit; subsequent to the completion of both Phases such shares shall be the same as the 1/127th undivided share of the common elements appurtenant to his unit."

C. The following provisions are added to Section XI of the Original Declaration:

"F. For all purposes of the condominium, including but not limited to, unit owner participation in Association affairs, share of common expenses and common surplus, assessments, and determination to reconstruct and repair after casualty or to terminate the condominium, the common elements

furnished with each Phase are common elements of the entire condominium and undivided shares thereof are equally appurtenant to and owned by all units without regard to phase. The costs of maintaining and replacing common elements are a common expense of all units without regard to phase.

"G. Unless the context clearly indicates to the contrary, the provisions of Section XI, Paragraphs C, D and E of the Original Declaration and subsequently amended hereby, apply equally to both phases of the condominium and to all units in each phase."

D. All provisions of Section XI of the Original Declaration not expressly amended hereby remain in full force and effect.

VIII. ASSESSMENTS:

In accordance with Section I and Section VI, Paragraph C of the Original Declaration, Section XIII of the Declaration is amended to add the following provisions:

"H. Unless the context clearly indicates to the contrary, all provisions of Section XIII shall apply equally to Phase I and Phase II of the condominium and to all units in each phase.

"I. Upon completion of both phases,each unit owner in the condominium shall be liable for a proportional share of the common expenses equal to 1/127th of the common expenses and shall own 1/127th share in the common surplus; upon completion of Phase II, these shares shall replace the 1/64th shares in effect prior to completion of Phase II."

IX. LIABILITY OF DEVELOPER FOR ASSESSMENTS

The Developer shall not be liable for and shall be excused from the payment of its share of the common expense in respect of those Islander Phase II units owned by the Developer during the period beginning with the first closing of the purchase of any unit in the condominium and terminating not later than the

first day of the fourth calender month thereafter or at the end of any period during which the Developer guarantees that the assessment for common expenses of the condominium imposed on the unit owners other than the Developer shall not increase over the dollar amount stated below, and the Developer shall pay any amount of common expenses incurred during the period and not produced by assessments at the guaranteed level receivable from other unit owners. The guaranteed levels during this period are as follows:

No increase over the Estimated Management and Maintenance Budget (attached as Exhibit VII)(Page 55 hereof).

The Developer reserves the right to terminate this guarantee at any time, upon which termination, the Developer shall pay assessments for common expenses for units owned by the Developer in the same manner and to the same extent as all other unit owners. In addition, Developer shall be entitled to reimbursement from the operating funds and reserves of the Association for any prepaid insurance or other assets assigned to the Association. Such reimbursement shall be a common expense.

X. Prior amendments: The Original Declaration and exhibits thereto have previously been amended by the following instruments of record:

A. Certificate of Amendment to By-laws, dated November 20, 1982,recorded at Book 1170, Page 1986, Official Records of Okaloosa County, Florida;

B. Certificate of Amendment to By-laws, dated June 15, 1983, recorded at Book 1196, Page 49, Official Records of Okaloosa County, Florida;

C. Certificate of Amendment to By-laws, dated June 15, 1983, recorded at Book 1198, Page 866, Official Records of Okaloosa County, Florida;

D. Amendment Reflecting Substantial Completion, dated December 9, 1982, recorded at Book 1170, Page 1987, Official Records of Okaloosa County, Florida.

XI. In the event the Islander, Phase II, is not in fact constructed in accordance with those provisions of the Original Declaration set forth in Section I above, the amendments set forth in this instrument shall be null and void.

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

Signed, sealed and delivered in the presence of:

THE ISLANDER GROUP, LIMITED

_____

_____

By _____
Jerome H. LaChapelle
General Partner

_____

_____

Attest: _____
Cecil W. Barrett
General Partner

STATE OF FLORIDA

COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H. LaChapelle and Cecil W. Barrett, General Partners of The Islander Group, Ltd., a Florida Partnership, and each of said individuals acknowledged before me that they executed the foregoing Amendment to the Declaration of Condominium for and in the name of said Partnership and that they are authorized so to do by the Board of Directors of said Partnership for the purpose therein set out.

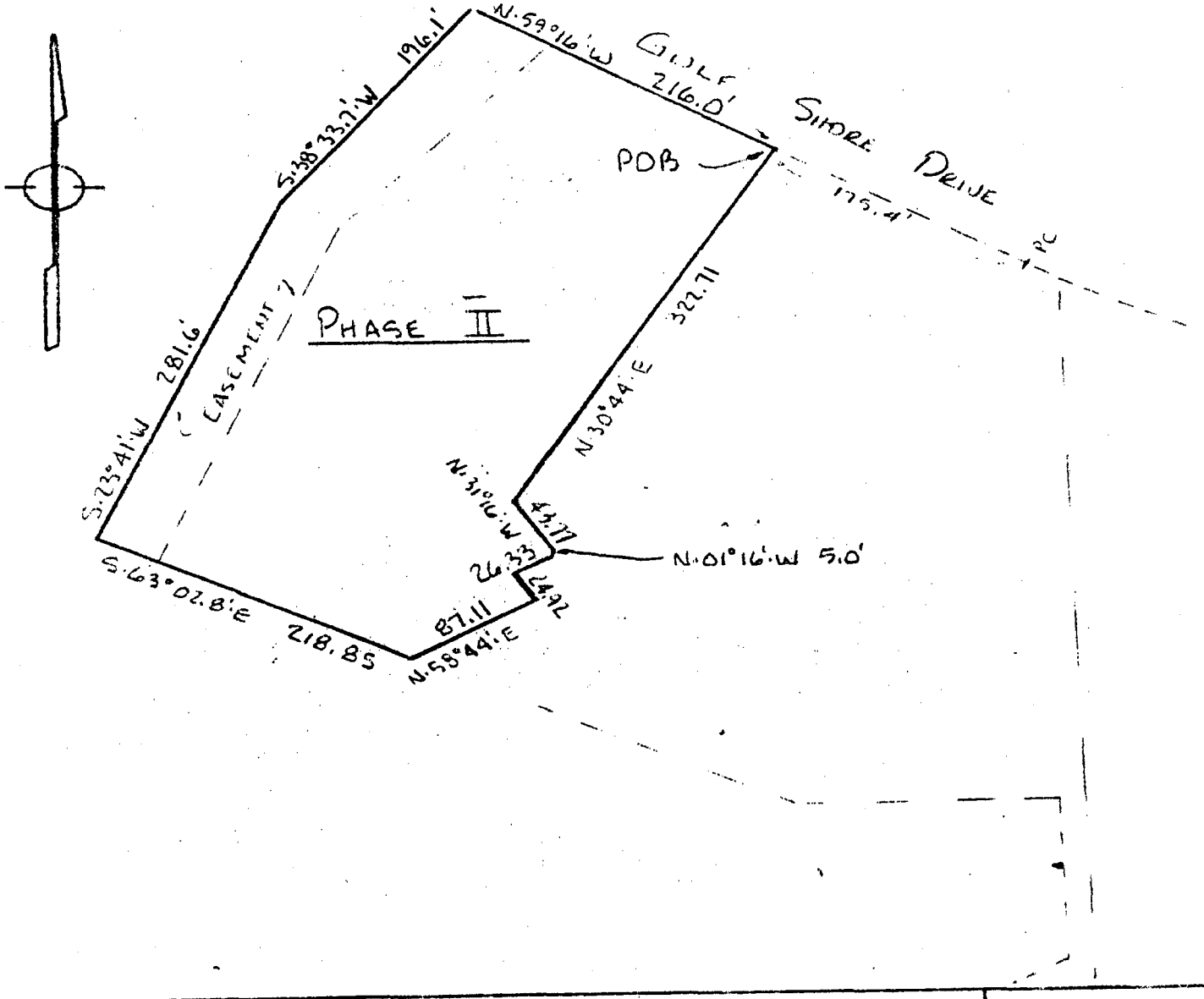
WITNESS my hand and official seal, in the State and County last aforesaid, this ___ day of _____, A.D., 19 .

_____
Notary Public
State of Florida at Large
My Commission Expires:

DESCRIPTION PHASE II

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulf Shore Drive to the POB, thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8'-E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to POB.

SUBJECT TO easement as in Parcel No, 1, OR 826, Page 927 of said County.



DESCRIPTION ABOVE

BOOK ____, PAGE ____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SURVEYED

SCALE 1"=100' DATE 21 MAY 1981 W.O. # 1922

FIELD BOOK ____

ORDERED BY ISLANDER GROUP LTD

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

ENGINEER W. E. OVERSTREET SURVEYOR

[illegible] FORT WALTON BEACH, FLORIDA [illegible] MIRACLE AVENUE 30

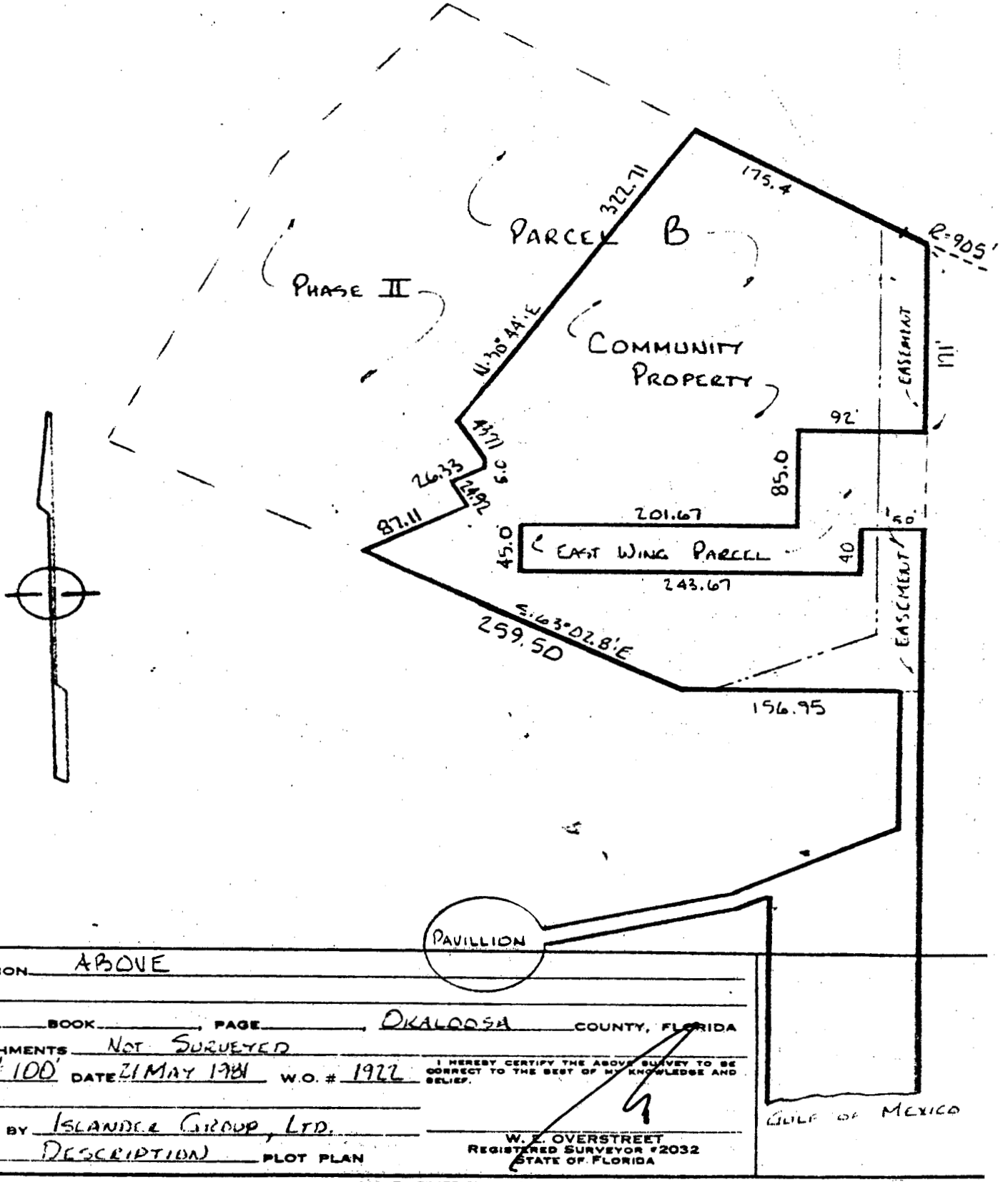
DESCRIPTION " COMMUNITY PROPERTY "

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida;

LESS AND EXCEPT: Phase II

AND LESS AND EXCEPT: East Wing Parcel

AND SUBJECT TO: Easement No. 2 as in OR 826, Page 927 of said County.



DESCRIPTION ABOVE

BOOK _____, PAGE _____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SURVEYED

SCALE 1" 100' DATE 21 MAY 1981 W.O. # 1922

FIELD BOOK _____

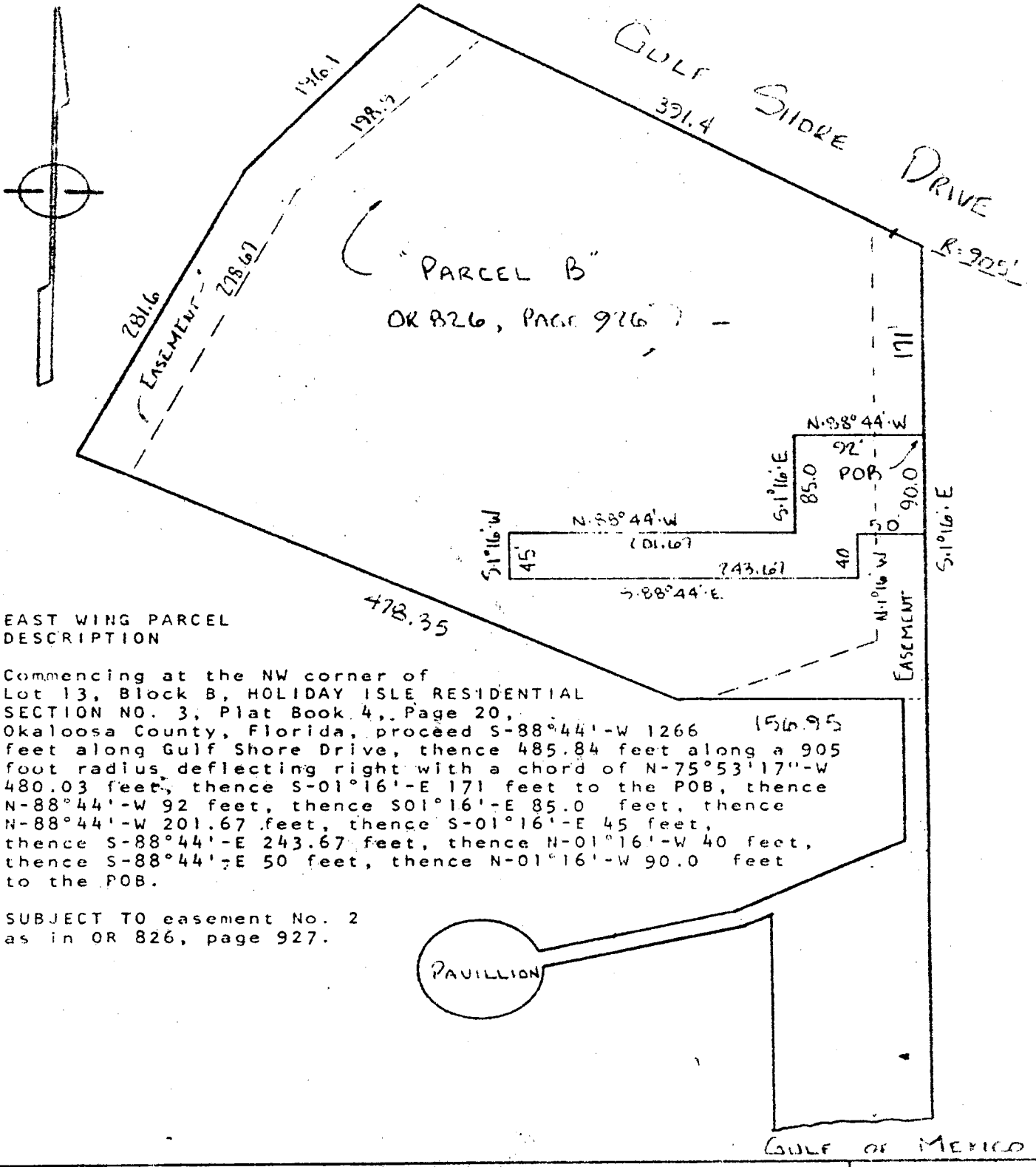
ORDERED BY ISLANDER GROUP, LTD.

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

ENGINEER W. E. OVERSTREET SURVEYOR



EAST WING PARCEL
DESCRIPTION

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4,, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S01°16'-E 85.0 feet, thence N-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90.0 feet to the POB.

SUBJECT TO easement No. 2 as in OR 826, page 927.

DESCRIPTION ABOVE

____ BOOK ____, PAGE ____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SHOWN (E.)

SCALE 1" 100' DATE 21 MAY 1991 W.O. # ____

FIELD BOOK ____

ORDERED BY THE ISLANDER GROUP

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

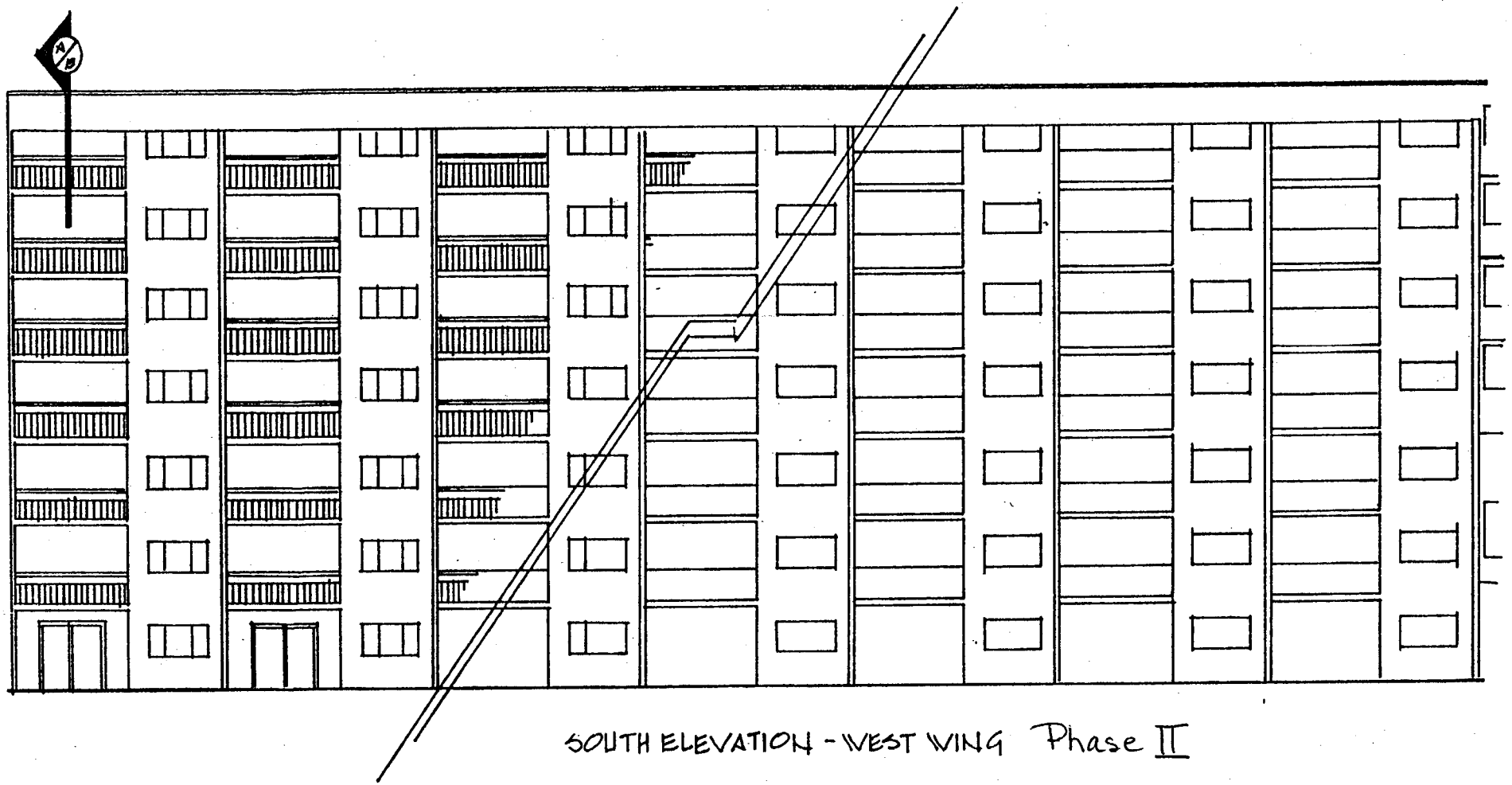
ENGINEER W. E. OVERSTREET SURVEYOR
PHONE 243 2909 • FORT WALTON BEACH, FLORIDA • 7 HUGHES AVENUE 32



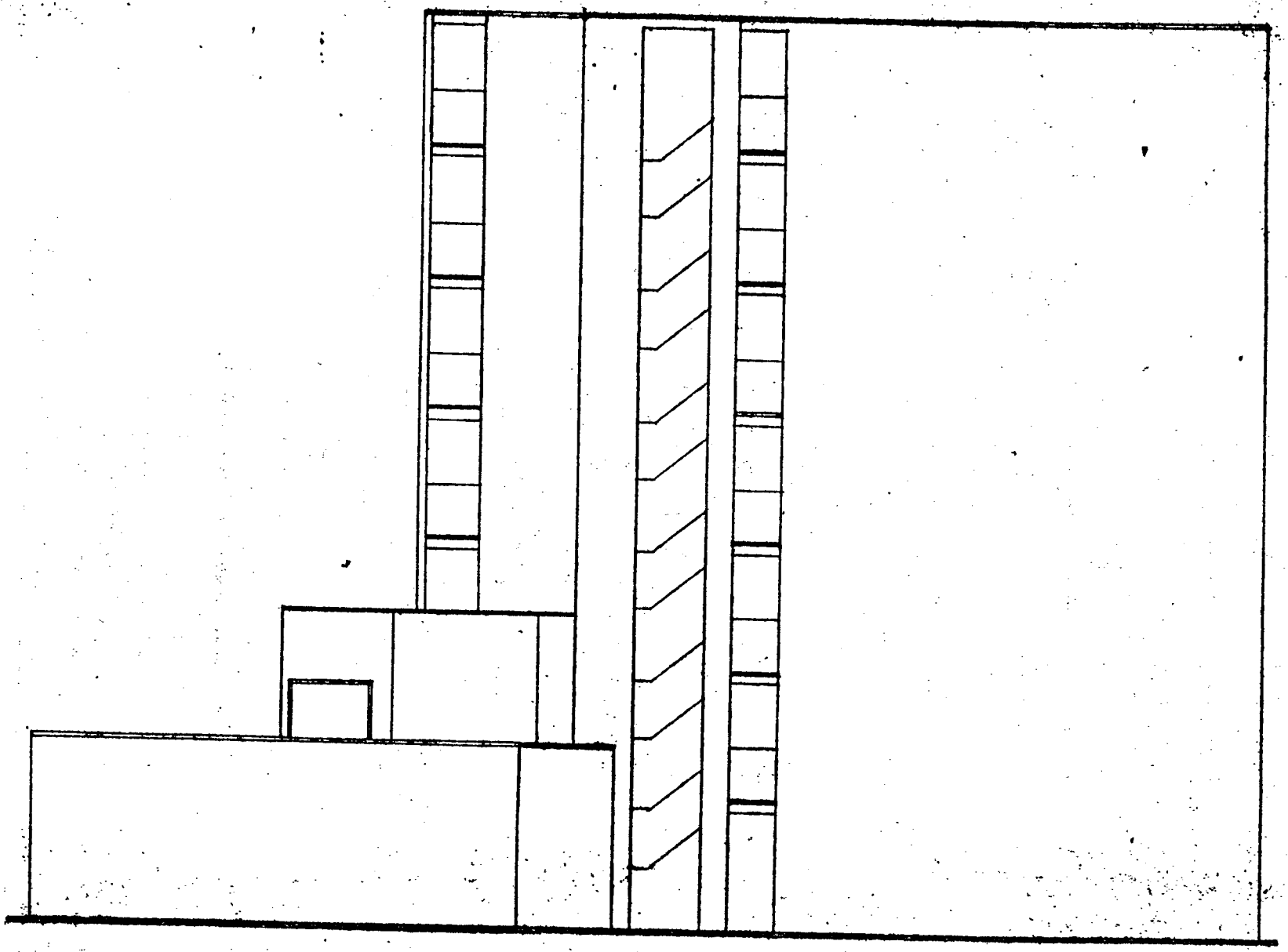
NORTH-WEST ELEVATION 16'-10"

Phase II West Wing

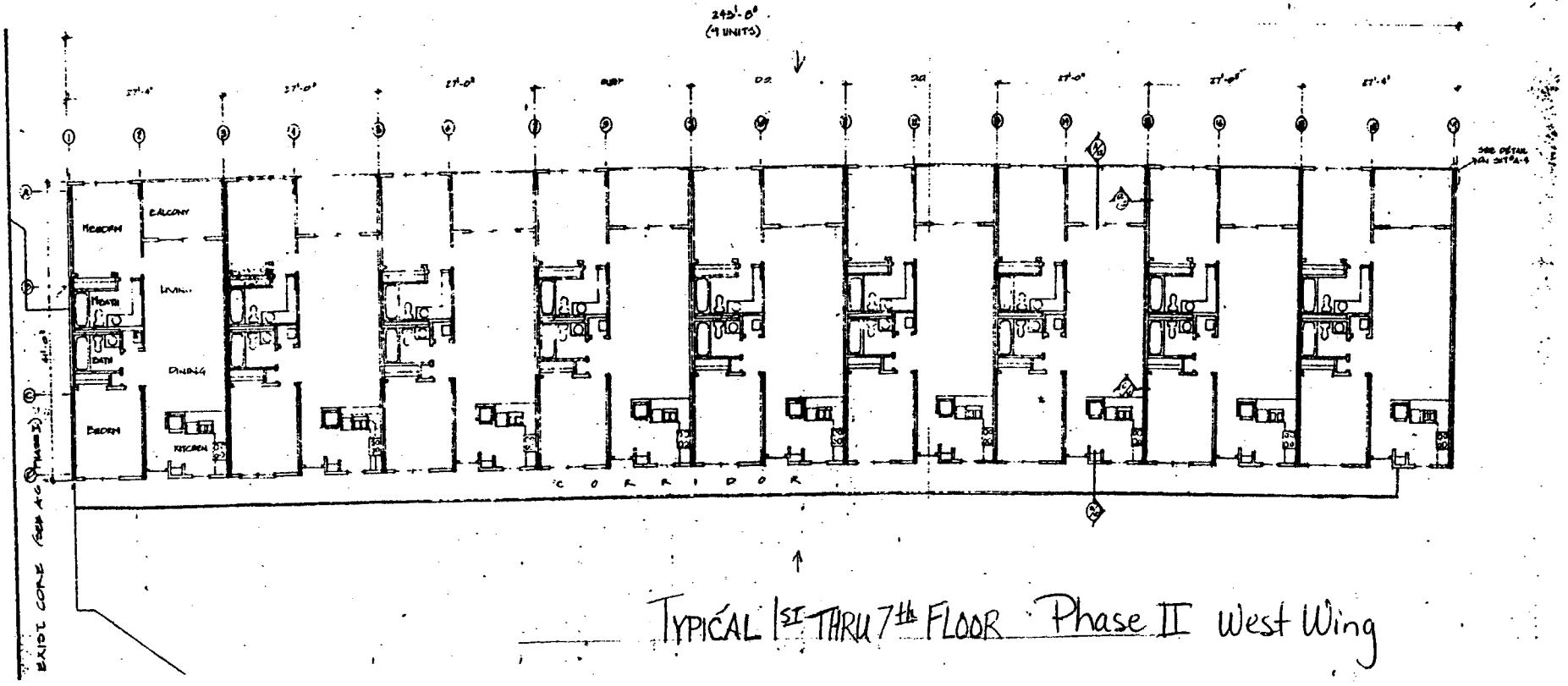
ELEVATION PLAN
ISLANDER CONDO - IV



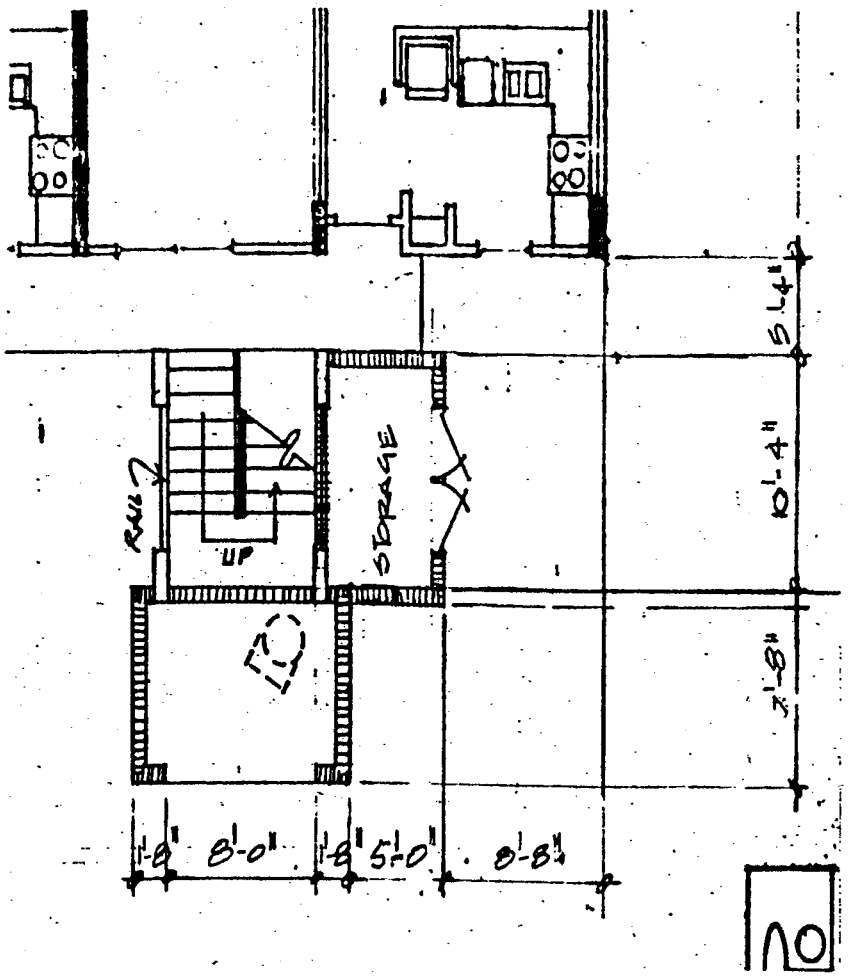
SOUTH ELEVATION - WEST WING Phase II



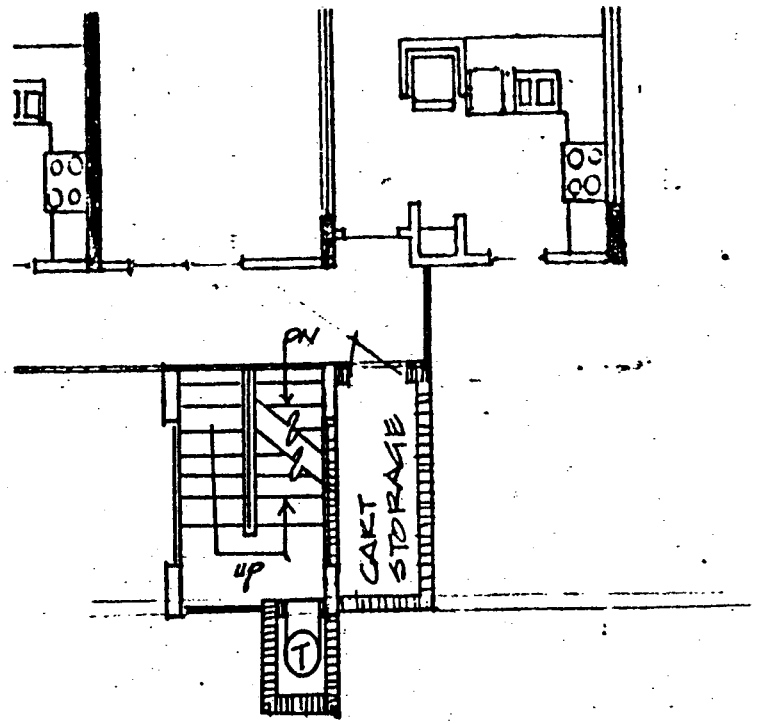
NORTHWESTERLY ELEVATION (END) 1/8"-1'-0" PHASE II



TYPICAL 1ST THRU 7th FLOOR Phase II West Wing



GROUND FLOOR DUMPSTER & STORAGE



TYPICAL 2ND THRU 7TH TRASH CHUTE & LINEN CART STORAGE.

Phase II West Wing

8

MODIFICATION OF GRANT OF EASEMENTS AND ADDITIONAL GRANT OF EASEMENT

WHEREAS, BHL, INC., a Florida corporation, as Grantor, and JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, as Grantee, entered into a certain Grant of Easement recorded in Official Records Book 826 at Pages 897-904 of the Public Records of Okaloosa County, Florida, and a Grant of Easement recorded in Official Records Book 827 at pages 527-533 of the Public Records in and for Okaloosa County, Florida; and

3300

WHEREAS, THE ISLANDER GROUP, LTD., has succeeded to the interest of BHL, INC. as Grantor of the Grant of Easements described hereinabove; and

WHEREAS, THE ISLANDER GROUP, LTD., and JETTY EAST CONDOMINIUM ASSOCIATION, INC., are desirous of amending said Grant of Easements;

WITNESSETH:

THE ISLANDER GROUP, LTD., hereinafter referred to as Grantor, and JETTY EAST CONDOMINIUM ASSOCIATION, INC., hereinafter referred to as Grantee, hereby amend that Grant of Easement recorded in Official Records Book 826 at Pages 897-904 of the Public Records in and for Okaloosa County, Florida, and that Grant of Easement recorded in Official Records Book 827 at Pages 527-533 of the Public Records in and for Okaloosa County, Florida, to provide as follows:

1. PAVILION EASEMENT: The Grantor does hereby grant, bargain and convey unto Grantee an exclusive easement to use the real property in Okaloosa County, Florida, described as follows:

> Commencing at the NW corner of Lot 13, Block "B", HOLIDAY ISLE RESIDENTIAL SECTION No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W, 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N-75 degrees 53' 17"W 480.03 feet, thence 19.61 feet; thence N-59 degrees 16'W 391.40 feet; thence S-38 degrees 33.7'" 196.1 feet, thence S-23 degrees 41'W 281.60 feet, thence S-63 degrees 02.8'E 478.35 feet; thence N-88 degrees 44'E 156.95 feet; thence S-01 degrees 16'E 128.59 feet; thence S-61 degrees 38'W 112.35 feet to the POB: thence continue S-61 degrees

38'W 25.63 feet, thence S-74 degrees 52'W 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S-68 degrees 11' 22.28"W 43 feet; thence along said circle 260.15 feet (the central angle eing 346 degrees 38' 44.56" and the chord being S-15 degrees 12' 30"E 9.89 feet); thence N-74 degrees 52' E 142.97 feet; thence N-61 degrees 38' E 21.69 feet; thence N-01 degrees 16'W 11.12 feet to POB. Shown on Survey Book 26, Page 1005, Okaloosa County Official Records.

Said parcel shall be used by the members of the Grantee's Association, their heirs, assigns, and successors in interest and their invitees, licensees, and guests, only for the purpose of maintaining and using the beach pavilion located thereon, and for related recreational activities. The pavilion now existing on the easement shall be maintained exclusively by the Grantee, but the Grantee has no requirement to permanently maintain the same and has the right to remove, or if destroyed, not to rebuild.

The exclusive easement to use the said property shall continue until 11:59 P.M. on September 1, 2060 and subsequently thereafter for any extension or renewal of the said leasehold estate of the Grantor or its assigns.

2. UTILITY EASEMENT: Grantee hereby vacates in favor of Grantor its easement of ingress and egress, but retains its nonexclusive right to install and maintain utility lines thereon on the following-described real property:

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88 degrees 44'W, 1266 feet along Gulfshore Drive thence 505.45 feet along a 905' radius deflecting right with a chord of N-75 degrees 16'W, 498.91 feet, thence N-59 degrees 16'W, 391.40 feet, thence S-38 degrees 33.7'W 196.1 feet, thence S-23 degrees 41'W, 281.60 feet to POB, thence proceed N-23 degrees 41'E, 281.60 feet, thence N-38 degrees 33.7'E, 196.1 feet to Gulfshore Drive, thence S-59 degrees 16'E, 55 feet along R/W, thence S-42 degrees 44.3'W, 198.9 feet, thence S-23 degrees 41'W 278.67 feet; thence N-63 degrees 02.8'W, 40.07 feet to POB: containing 20,477.48 square feet. Shown in Survey as Easement No. 1 in Book 826, Page 1005, Okaloosa County Official Records.

Said property being Parcel No. 1 as described in that certain Grant of Easement recorded at Official Record Book 827, Pages 527-533, Public Records of Okaloosa County, Florida.

In the event that Grantor installs any improvements or landscaping over the aforesaid easement and it is necessary for

Grantee to repair, maintain or reinstall its utility lines through the easement, Grantee shall not be liable for damage to any improvements or landscaping installed by Grantor on the said easement provided, however, that Grantee shall notify Grantor of such work prior to commencement of same to provide Grantor opportunity to protect its property and to minimize the potential damage to its property. Also, Grantee shall exercise reasonable care and shall be liable for any damage to improvements, persons, or properties as a result of negligence, recklessness or irresponsible acts.

3. TRIANGLE EAST OF TENNIS COURT: Grantee grants to the Grantor, their heirs, assigns, and successors in interest and their invitees, licensees, and guests a nonexclusive easement of ingress and egress for pedestrian travel only in favor of the Grantor, their heirs, assigns, and successors in interest, and their invitees, licensees, and guests, on the following described real property of the Grantee:

> Commencing at the NW corner of Lot 13, Block "B", HOLIDAY ISLE RESIDENTIAL SECTION No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N-75 degrees 53' 17"W 480.03 feet, thence 19.61 feet along said radius with a chord of N-59 degrees 52.2'W 19.61 feet; thence N-59 degrees 16'W 391.40 feet; thence S-38 degrees 33.7'W 196.1 feet; thence S-23 degrees 41'W 281.60 feet; thence S-63 degrees 02.8'E 478.35 feet; thence N-88 degrees 44'E 102.46 feet to POB; thence continue N-88 degrees 44'E 54.49 feet, thence S-01 degrees 16'E 109.05 feet, thence N-27 degrees 49'W 121.91 feet to POB.

This nonexclusive easement shall end at 11:59 P.M., September 1, 2060, and may continue thereafter during any extension or renewal of the Grantee's leasehold estate.

A. Grantee reserves the right to plant the area extending three feet to the south and west of the southwest boundary of this easement, and to erect a fence in this area. Said area is now bounded on the west by the existing Jetty East tennis courts.

Grantee shall bear full responsibility for, and shall maintain at its expense, any landscaping or fence it builds in said area.

B. Until such time as Grantee, their heirs, assigns, and successors in interest and their invitees, licensees, and guests commence to exercise their rights described in Paragraph A above, Grantor reserves the right to landscape and maintain the described property in a neat and attractive manner, not inconsistent with the purpose of the easement.

4. ENTRANCE ROAD EASEMENT: Grantor does hereby grant, bargain and convey unto Grantee, subject to the following terms and conditions, an exclusive easement to use the real property in Okaloosa County, Florida, described as:

> Commencing at the Northwest Corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N-75 degrees 16'W, 498.91 feet; thence N-59 degrees 16'W, 391.40 feet; thence S-38 degrees 33.7'W, 196.1 feet; thence S-23 degrees 41'W, 281.60 feet; proceed S-63 degrees 02.8'E, 478.35 feet; thence N-88 degrees 44'E, 21.95 feet to the Point of Beginning; thence continue N-88 degrees 44'E, 150 feet; thence N-01 degrees 16'W, 414.34 feet to Gulfshore Drive; thence 19.61 feet along R/W being a 905' radius curve deflecting right with chord 19.61 feet bearing N-59 degrees 52.2'W; thence N-59 degrees 16'W, 20 feet along R/W; thence S-01 degrees 16'E, 385 feet; thence S-65 degrees 24.3'W, 126.65 feet to the Point of Beginning; containing 17,229.71 square feet. (Shown on Survey as Easement No. Two)

Said real property being Parcel No. 2 as set forth in that Grant of Easement recorded in Official Records Book 827 at pages 527-533 ofthe Public Records in and for Okaloosa County, Florida.

This grant is subject to the following:

A. Grantee shall maintain the parcel, and any improvements or landscaping placed therein, and shall bear all costs of such maintenance for the duration of this easement.

B. Grantee may landscape the easement and may construct a fence meandering the westernmost boundary line of this easement from Gulfshore Drive southward to the point of intersection with the now existing common boundary line separating the Grantor's and Grantee's adjoining properties. Said fence shall be approximately three and one-half feet in height and shall be constructed substantially identical in style to Grantee's now

existing south fence; further the fence shall be interrupted at three points, to-wit:

1. At Grantor's now existing manager's unit entrance; this interruption is to be sufficient to allow vehicular ingress and egress to and from said manager's unit as now configured;

2. At Grantor's now existing garbage pickup site; this interruption is to be sufficient to allow vehicular ingress and egress to and from the site over the paved areas set forth in Grantor's current plans and surveys;

3. At, and southward and westerly from that point in the above legal description where the westernmost easement boundary deflects to a course of S-65 degrees 24.3'W; this interruption is to be sufficient to permit reasonable and convenient pedestrian ingress and egress to the Gulf of Mexico as described below. For owners and guests of the Grantor.

C. Grantee shall permit Grantor's employee's, servants, and business invitees to use the easement in common with Grantee for purposes of ingress and egress to Grantor's manager's unit and Grantor's garbage pickup site; Grantee shall permit Grantor, its successors and assigns, to include unit owners, residents and guests of the residential building located on Grantor's property, and Grantor's employees and servants, to use in common with Grantee the portion of the easement including and southward of the southernmost fence interruption, for pedestrian access to the Gulf of Mexico; Grantee shall not interfere with or suffer the interference with the use of the ingress and access rights set forth herein.

D. In the event these conditions are not observed, Grantor, its successors and assigns, may file suit to enforce these provisions and if successful, Grantee shall be liable for Grantor's attorney fee and costs.

5. SIGN EASEMENT: Grantor grants to the Grantee, their heirs, assigns, and successors in interest a nonexclusive easement for erection and maintenance of a sign on the following-described

real property of Grantor, to-wit:

> Commencing at the Northwest Corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S-88 degrees 44'W 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N-75 degrees 16'W 498.91 feet; thence N-59 degrees 16'W 20 feet to POB; thence continue N-59 degrees 16'W 31.24 feet, thence S-30 degrees 44'W 20 feet, thence S-59 degrees 16'E 43.74 feet, thence N-01 degrees 16'W 23.58 feet to POB.

This nonexclusive easement shall end at 11:59 P.M. September 1, 2060, and may continue thereafter during any extension or renewal of the Grantor's leasehold estate. This grant is non-assignable and is conditioned upon the following:

A. Grantee shall maintain only one sign in the easement;

B. Grantor covenants not to place or permit any other sign in the easement, (except for a sign to prohibit others from using easement described in Paragraph 4, Entrance Road Easement) but other reserves for itself, its successors and assigns the right to use the described property for purposes not inconsistent with this grant.

C. The existing Jetty East sign shall be the initial sign maintained; upon its destruction or removal, Grantee may erect one replacement sign. Such sign shall designate the Jetty East Condominium only and shall not be used for any other commercial or advertising purpose (except to designate the availability of rentals); the sign shall be in good taste, may not violate any applicable law, regulation, or covenant, and shall not exceed in height or width the existing Jetty East sign; the sign shall be maintained in good repair. In the event of destruction the sign shall be removed and may, at Grantee's option, be replaced with a substantially identical sign.

6. All provisions of the original Grant of Easements described hereinabove shall remain in full force and effect except as amended herein.

7. The parties hereto acknowledge that the Grantee's action may not be binding upon the various unit owners of JETTY EAST CONDOMINIUMS, until the unit owners and the lienholders

thereon, have consented to the same, and the parties hereto agree that in the event that any unit owner or lienholder in JETTY EAST CONDOMINIUM challenges the authority of the Grantee in entering into this agreement, and in the event a Court of competent jurisdiction declares the said Grantee did not have such authority, then this agreement shall be null and void, and the parties shall be bound by the original Grants of Easement described hereinabove, and the Grantor shall be deemed to have timely elected to make use of the rights reserved to the Grantor in the said original Grant of Easements.

IN WITNESS WHEREOF the parties have hereunto set their hands and seals this 27th day of August, 1982.

Lucena Turner

Linda Pritchett
Witnesses as to Grantor

THE ISLANDER GROUP, LTD.

By: Jerome H. Lathrop
Its General Partner

Peggy N. Benson

Mary Martin
Witnesses as to Grantee

JETTY EAST CONDOMINIUM ASSOCIATION, INC.

By: Its President

Attest: Secretary

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Jerome H. Lathrop as General Partner of THE ISLANDER GROUP, LTD., referred to hereinabove as the Grantor, and upon being first duly sworn stated that he executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 27th day of August, 1982.

Notary Public
My commission expires:

MY COMMISSION EXPIRES NOV. 29, 1985

NOTARY PUBLIC STATE OF FLORIDA AT LARGE

STATE OF FLORIDA
COUNTY OF OKALOOSA

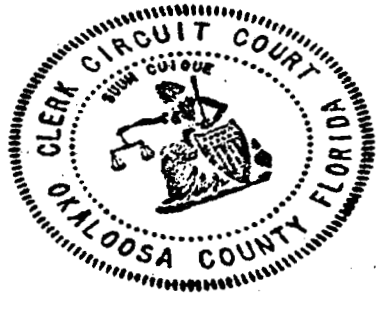
BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Gary L. Alder as President of JETTY EAST CONDOMINIUM ASSOCIATION, INC., referred to hereinabove as the Grantor, and upon being first duly sworn stated that he executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 27th day of August, 1982.

Marjorie M Heft
Notary Public
My commission expires:

Notary Public, State of Florida at Large
My Commission Expires June 9, 1983
Bonded Thru Troy Fain Insurance Inc.





CERTIFICATE OF AMENDMENT TO BY-LAWS

** OFFICIAL RECORDS **
BK 1170 PG 1986

The undersigned, being the officers of The Islander Owner's Association, Inc., a Florida non-profit corporation, hereby certify that at a meeting of the Directors of the corporation, held November 19, 1982 at Destin, Florida, all Directors being present and waiving notice; the following resolution was duly passed by unanimous vote:

"BE IT RESOLVED:

Pursuant to Section VI, Paragraph 6.1 B.(3) of the By-Laws, Section I, Paragraph 1.3 of the By-Laws hereby amended to read as follows:

'1.3 FISCAL YEAR. The fiscal year of the Association shall commence April 1 and shall end March 31.',

and the officers are hereby directed to execute a proper certificate of such amendment in accordance with Section VI, Paragraph 6.3 of the By-Laws."

The undersigned further certify that the By-Laws of the corporation shall stand so amended immediately upon recordation of this certificate in the public records of Okaloosa County, Florida.

IN WITNESS WHEREOF the undersigned have hereunto set their hands and seals this 20 day of November, 1982.

Witness:

Cheryl Scott

Sally Jo LaChapelle

Cheryl Scott

Sally Jo LaChapelle

THE ISLANDER OWNER'S ASSOC., INC.

Jerome H. LaChapelle
President

Matthew W. Burns
Secretary/Treasurer

CLERK CIRCUIT COURT
SUUM CUIQUE
OKALOOSA COUNTY FLORIDA

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Jerome H. LaChapelle and Matthew W. Burns of The Islander Owner's Association, Inc., and upon being first duly sworn stated that they executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 21 day of November, 1982.

Linda P. Costrack
Notary Public
My commission expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

FILE# 683931
OKALOOSA COUNTY, FLORIDA

RCD: DEC 10 1982 @ 12:46 PM
NEWMAN C BRACKIN, CLERK

CERTIFICATE OF AMENDMENT TO BY-LAWS

** OFFICIAL RECORDS **
BK 1198 PG 866

The undersigned, being the officers of The Islander Owner's Association, Inc., a Florida non-profit corporation, hereby certify that at a meeting of the Directors of the corporation, held May 31, 1983, at Destin, Florida, all Directors being either present on proper notice, or concurring in writing; the following resolutions were duly passed by unanimous vote:

"2.2 ANNUAL MEMBERS' MEETINGS. Commencing with the year 1984, the annual members meeting shall be held at the corporation's office at ~~2:00 P.M.~~ 10:00 A.M. on the ~~third Monday~~ third Saturday in June of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday."

The undersigned further certify that the By-laws of the corporation shall stand so amended immediately upon recordation of this certificate in the public records of Okaloosa County, Florida.

IN WITNESS WHEREOF the undersigned have hereunto set their hands and seals this 15 day of June, 1983.

Witness:

Meredith Solberg

Linda Bastrack

THE ISLANDER OWNER'S ASSOCIATION, INC.

Jerome H. LaChapelle
President

Matthew W. Burns
Secretary/Treasurer

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Jerome H. LaChapelle and Matthew W. Burns of The Islander Owner's Association, Inc., and upon being first duly sworn stated that they executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 15 day of June, 1983.

Linda C. Bastrack
Notary Public

My commission expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES DEC 16 1985
BONDED THRU GENERAL INS. UNDERWRITERS

NOTARY PUBLIC STATE OF FLORIDA

CLERK CIRCUIT COURT OKALOOSA COUNTY FLORIDA

FILE# 712804
OKALOOSA COUNTY, FLORIDA

RCD: JUL 1 1983 @ 4:18 PM
NEWMAN C BRACKIN, CLERK

** OFFICIAL RECORDS **
BK 1196 PG 49

CERTIFICATE OF AMENDMENT TO BY-LAWS

The undersigned, being the officers of The Islander Owner's Association, Inc., a Florida non-profit corporation, hereby certify that at a meeting of the Directors of the corporation, held May 31, 1983, at Destin, Florida, all Directors being either present on proper notice, or concurring in writing; the following resolutions were duly passed by unanimous vote:

Rec 29.00

See Exhibits "A" and "B"

The undersigned further certify that the By-laws of the corporation shall stand so amended immediately upon recordation of this certificate in the public records of Okaloosa County, Florida.

IN WITNESS WHEREOF the undersigned have hereunto set their hands and seals this 15th day of June, 1983.

Witness:

Tony C. Tonini Jr.

Theresa A Beard

Tony C. Tonini Jr.

Theresa A Beard

THE ISLANDER OWNER'S ASSOCIATION, INC.,

Jerome H. LaChapelle
President

Matthew W. Burns
Secretary/Treasurer

STATE OF FLORIDA

COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority duly authorized to take acknowledgements and administer oaths personally appeared Jerome H. LaChapelle and Matthew W. Burns of The Islander Owner's Association, Inc., and upon being first duly sworn stated that they executed the foregoing instrument for the purposes set forth therein on behalf of said entity.

SWORN TO AND SUBSCRIBED before me this 14 day of June, 1983.

Notary Public

My commission expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES JULY 15 1985
BONDED THRU SPECIAL RISK UNDERWRITERS

This instrument prepared by:
Matthew W. Burns
Post Office Box 1226
Destin, Florida 32541

Exhibit "A"

BE IT RESOLVED:

"Pursuant to Section VI, Paragraph 6.1 B.(3) of the By-laws, Section V of the By-laws is hereby amended to add a new section 5.10 which reads as follows:

"5.10. During any period for which a budget as adopted or amended pursuant to these By-laws is in effect:

A. The Board of Directors, by resolution, may reallocate unencumbered and uncommitted funds between various line items of the budget, provided that:

1. No such resolution may increase, eliminate, reduce, or otherwise modify any line items for reserves as defined in Section V, Paragraphs 5.1 (A)(2), (3), and (4) of these By-laws; and

2. No such resolution shall transfer funds from any other line item to meet losses from operations as defined in Section V, Paragraph 5.1 (A)(5) of the By-laws; an

3. No such resolution may increase or decrease unit assessments; and

4. No such resolution may increase the total expenditures contained in the budget for any accounting or installment prior portrayed in the budget as most recently adopted or amended; and

Destin

5. No such resolution may reduce any line item expenditure below the amount sufficient, in accordance with sound accounting standards, to defray any debts or accrued claims against such line item, of which the Board of Directors have notice at the time of adopting the resolution for any accounting or installment period portrayed in the budget as most recently adopted or amended.

B. No resolution complying with "A" immediately preceding shall be deemed an amendment to the association budget as defined in these By-laws."

Exhibit "B"

BE IT RESOLVED:

"Pursuant to Section VI, Paragraph 6.1 B.(3) of the By-laws, Section V of the By-laws is hereby amended to add a new paragraph 5.11 which reads as follows:

"5.11 A "Special Assessment" is:

A. Any assessment which is made against unit owners for their shares of any expense, reserve, capital improvement or operations of the Association, other than: (1) the items contained in the annual budget adopted in accordance with Section V, Paragraph 5.1(B) of these By-laws; or (2) an assessment for emergencies as made in accordance with Section V, Paragraph 5.3 of these By-laws; or (3) an assessment resulting from an amendment as made in accordance with Section V, Paragraph 5.1(C) of these By-laws; or (4) an assessment made in accordance with Section V, Paragraph 5.8 of these By-laws. No special assessment may be adopted except as specifically authorized in these By-laws.

B. A special assessment shall be made when required by Section V, Paragraph 5.1 A.(5) of these By-laws, and may be made when the Association deems it desirable, subject to C and D following:

Destin

C. Special Assessments required by Section V, Paragraph 5.1 A.(5) of the By-laws shall be made by the Board of Directors in the same manner as an assessment may be amended under Section V, Paragraph 5.1 C. of these By-laws.

D. No other special assessment shall be made except in the manner following:

1. The Special Assessment shall be proposed in writing, either by the Board of Directors in the form of a resolution, or by a petition signed by unit owners entitled to cast the votes of at least twenty(20%) percent of the units entitled to cast votes; such writing shall contain the description of the proposed line item(s) to be added to the budget necessitating the special assessment (if no line items are included, the proposed special assessment shall be void); the amount of the total cost of such line item(s) and of the proportionate annual and monthly cost thereof; the period of time for which the special assessment shall be imposed, which shall not commence prior to the day of adoption of the assessment; the installment periods for the assessment which shall be either one-time, annual, or monthly; the amount of each unit's total, annual and monthly share of the cost; a statement of whether the line item is an expense, reserve, capital, or operations item; a statement as to the impact of the assessment on taxation of Association income; and supporting data for each of these considerations.

2. Copies of the proposed Special Assessment shall be mailed to the Association members not less than thirty (30) days prior to a meeting of the Board of Directors at which the special assessment shall be considered, together with a notice of the time and place of that meeting, which shall be open to the members.

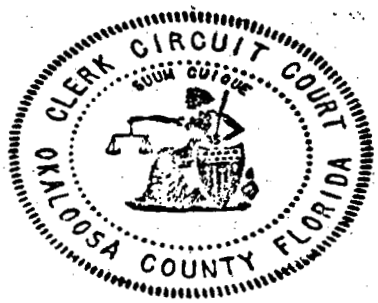
3. The proposed Special Assessment, as so noticed, shall not be amended, tabled, or substituted prior to being presented for vote of the Directors, except upon appropriate motion carried by vote of a majority of the Board of Directors.

4. The Special Assessment shall be enacted, if voted upon favorably, by a majority vote of the Directors, and shall be subject to review by the members in the same manner as the annual budget pursuant to Section V, Paragraph 5.1 B. of these By-laws.

E. No proceeds of a special assessment may be expended for any purpose other than that contained in the writing proposing the special assessment, except by amending the budget and assessments in the manner provided for the adoption of the regular annual budget.

F. The Association shall have a lien for unpaid valid special assessments. Monthly special assessments are due and payable at the same time as other monthly assessments. The Association shall separately account for any special assessments.

G. Neither this Section V, Paragraph 5.11 of the By-laws, nor any action of the Association taken hereunder, amends any requirement stated elsewhere in these By-laws or the Articles of Incorporation regarding voting rights, or the required number of member or director votes required to transact the business of the Association."



FILE# 710059
OKALOOSA COUNTY,FLORIDA

RCD: JUN 16 1983 @ 12:57 PM
NEWMAN C BRACKIN, CLERK

ISLANDER CONDOMINIUM PHASE I & II - 127 UNITS

ESTIMATED OPERATING BUDGET

	MONTHLY		YEARLY	
	PER UNIT	TOTAL	PER UNIT	TOTAL
ADMINISTRATION OF ASSOCIATION:				
Manager/Secretary/Bookkeeper	10.24	1,300.00	122.83	15,600.00
Office Supplies	1.57	200.00	18.90	2,400.00
Office Telephone	1.57	200.00	18.90	2,400.00
Accounting & Tax Service	.79	100.00	9.45	1,200.00
Legal Expense	.79	100.00	9.45	1,200.00
Annual Corporation Report	.01	.84	.12	10.00
MANAGEMENT FEE (5%)	6.25	793.75	75.00	9,525.00
MAINTENANCE:				
Maintenance Personnel	14.17	1,800.00	170.08	21,600.00
Building Mnt. Supplies	3.15	400.00	37.80	4,800.00
Pool Mnt. Supplies	2.36	300.00	28.35	3,600.00
Elevator Mnt. Contract	3.15	400.00	37.80	4,800.00
Landscaping, Tennis Courts, Parking Lot Maintenance	3.15	400.00	37.80	4,800.00
RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES	N/A	N/A	N/A	N/A
TAXES UPON ASSOCIATION PROPERTY	.09	11.37	1.05	136.48
INSURANCE:				
Building Multi-Peril Coverage	3.91	496.56	46.92	5,958.72
Directors & Officers Liability	.86	109.38	10.34	1,312.50
Workman's Compensation	.59	75.25	7.10	903.00
Difference in Condition/Flood	4.58	581.88	54.98	6,982.00
TAXES UPON LEASED AREAS	N/A	N/A	N/A	N/A
SECURITY PROVISIONS	-0-	-0-	-0-	-0-
PEST CONTROL	2.02	256.00	24.19	3,072.00
OTHER EXPENSES:				
Payroll Taxes	2.69	341.61	32.28	4,100.00
Elevator Permits	.13	16.67	1.56	200.00
Contingencies	2.97	377.40	35.66	4,528.80
OPERATING CAPITAL:				
Water & Sewer	13.42	1,704.00	161.01	20,448.00
Common Electricity	23.62	3,000.00	283.46	36,000.00
Trash Disposal	4.17	530.00	50.08	6,360.00
Cable TV Service	9.45	1,200.00	113.39	14,400.00
RESERVE FOR DEFFERRED MAINTENANCE:				
Roof replacement	3.15	400.00	37.80	4,800.00
*Building Painting	N/A	N/A	N/A	N/A
Pavement Resurfacing	4.52	575.00	54.24	6,900.00
RESERVE FOR CAPITAL EXPENDITURES	1.58	200.00	18.96	2,400.00
FEES PAYABLE TO THE DIVISION	.05	5.29	.50	63.50
TOTALS	125.00	15,875.00	1,500.00	190,500.00

* Building has dry-vit system which does not require repainting for the life of the structures.

THE ISLANDER, Phase II
a Condominium
502 Gulfshore Drive
Destin, Florida 32541
904-837-1004

PRE-CONSTRUCTION SUBSCRIPTION AND PURCHASE AGREEMENT

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

SUBSCRIPTION AND PURCHASE AGREEMENT, hereinafter called Contract, made and entered into this _____ day of _____, A.D., 19___, by and between The Islander Group, Limited, a Florida Limited Partnership for profit referred to as Developer, and

_____

whose address is _____

_____

_____, and whose

SOCIAL SECURITY # is _____, "Buyer".

Developer and Buyer hereby agree to the sale and purchase of a condominium parcel referred to as the Unit, as set forth in this contract. The parties further agree that this contract shall be governed by Chapter 718 of Florida Statutes, known as The Condominium Act. Words and phrases appearing in this contract have the same meaning as when used in The Condominium Act.

(1) SUBSCRIPTION AND PURCHASE: The Developer agrees to sell and the Buyer agrees to buy the Unit which is specifically Unit #_____ as described in that Amendment to Declaration of Condominium furnished to Buyer as an exhibit to the Prospectus. The original Declaration of Condominium of the Islander, Phase I, a Condominium, is recorded in Book 1170, Page 1827, Official Records of Okaloosa County, Florida, and is in the Prospectus.

This Contract is a pre-construction contract: the Unit is to be constructed at 502 Gulfshore Drive, Holiday Isle, Destin, Florida. The sales price and terms of payment are:

THE PRICE OF THE UNIT IS	$_____
RESERVATION DEPOSIT, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED	$_____
DEPOSIT ON EXECUTION OF THIS AGREEMENT, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED	$_____
BALANCE OF PRICE (DUE AT CLOSING)	$_____

In addition, the Buyer hereby subscribes for membership in The Islander Owners Association, Incorporated, referred to as the Association, a non-profit corporation which operates The Islander, Phase I, and which shall also participate in the operation of The Islander, Phase II, as provided for in the Declaration of Condominium. BUYER AGREES TO PAY at closing One Thousand ($1,000.00) Dollars as a non-refundable contribution to the working capital and reserves of the Association, said sum to be in addition to the above purchase price.

(2) All deposits toward the sale price shall be placed in an escrow account which may be invested in savings or time deposits in institutions insured by an agency of The United States and shall be disbursed in accordance with Florida Statutes 718.202. The escrow agent is Diversified Property Sales, Inc., Post Office Box 1248, Destin, Florida 32541. Buyer shall be furnished a receipt from the escrow agent. Funds in excess of Ten (10%) Percent of the purchase price shall be held in a special account as provided by Florida Statues 718.202(2) and may be withdrawn by Developer for uses in accordance with Section 718.202(3). ANY PAYMENT IN EXCESS OF TEN PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

(3) CLOSING DATE: Buyer agrees to close this sale at e time and place specified in a written notice of closing to be ven by Developer. Developer may send such notice at any time ter a certificate of occupancy is issued for the unit. Such tice shall be given ten days prior to the date specified for the osing in the notice. If Buyer fails to make all payments and ecute all documents due at closing on the date specified, Buyer all forfeit to Developer all deposits plus interest, as quidated damages and not as a penalty, and Developer shall have further obligation under this contract. TIME IS OF THE ESSENCE THIS PARAGRAPH.

(4) MANNER OF CLOSING: The Buyer hereby authorizes the eveloper to make the appropriate and necessary arrangements for ne closing of the sale of the Unit. THE BUYER IS INVITED AND NCOURAGED TO HAVE COUNSEL OF HIS OWN SELECTION ATTEND THE CLOSING T HIS EXPENSE. Closing shall be effected in the following anner:

(a) The Buyer shall pay in cash the balance of the urchase price [plus interest at the rate of interest then pecified in developer's construction loan for the Phase II mprovements or the maximum legal rate, whichever is less, for the eriod of any delay caused by Buyer], all unpaid costs of any Unit iodification, the contribution to the working capital and reserves of the Association, all other amounts specified as due at closing n this Contract or any other agreement between the parties, and such additional deposit for utilities, taxes, and maintenance fees as Developer shall designate in the notice of closing. TIME IS OF THE ESSENCE OF THIS PARAGRAPH, and failure of Buyer to pay any portion of the amounts due as set forth herein shall be a default by Buyer.

(b) The Developer shall deliver to the Buyer a good

and sufficient Assignment/Sublease which shall convey a marketable leasehold estate to Buyer; and said lease-hold shall continue until expiration on September 1, 2060, and upon notice given to lessor at least six months prior to expiration, shall be renewable by Buyer for an additional 99 year period. A copy of the proposed Assignment/Sublease is attached as an Exhibit to the Prospectus.

(c) The Assignment/Sublease or lease-hold estate delivered shall be subject only to the following exceptions:

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

(ii) Restrictions, conditions, reservations, limitations, and easements now of record or hereafter granted by the Developer;

(iii) Zoning or other land use ordinances, if any;

(iv) The conditions, covenants and agreements contained in the documents required by Florida Statutes 718.503 to be delivered to Buyer;

(v) The usual exception contained in an owners policy of title insurance issued by a company transacting business in Okaloosa County, Florida.

(d) Taxes will be pro-rated to the day Developer is ready to close this sale according to the notice sent to Buyer.

(e) At Buyer's expense and request, Developer will provide Buyer with an owner's policy of title insurance in the amount of the purchase price and subject to the above exceptions.

(f) Buyer will pay all closing costs incurred in transferring title from Developer to Buyer and Buyer shall pay all costs including discount if any, incurred in obtaining any mortgage required to purchase the Unit.

(g) Buyer shall pay all costs of documentary stamps and recording fees.

(5) CASH TERMS: Unless otherwise agreed in writing igned by Developer and Buyer, all payments by Buyer required by his contract shall be made in cash at the time required, and it s further understood and intended by the parties that Buyer's bligation to pay the amounts due and otherwise perform this ontract is not conditioned upon and is not contingent upon Buyer btaining or being eligible for a purchase money loan or any ortgage, on the Unit or otherwise, intended as security for a urchase money loan.

(6) MORTGAGE INFORMATION: For Buyer's information, it is ereby stated that Developer is making available to qualified uyers a mortgage plan and that Buyer may, at his sole election, pply for the plan. Further details are available upon request. his paragraph is for information only and creates no express or mplied obligation on developers part to approve Buyer for a ıortgage or to offer a mortgage to Buyer, nor does this paragraph :reate any express or implied obligation on Buyer's part to apply :or or use any mortgage. No provision of this Contract restricts ›r limits Buyer's right to apply to any lender of his choice for ›urchase money financing. However, this paragraph shall not be :onstrued to render Buyer's obligation to pay amounts due or ›therwise perform this Contract conditional upon or contingent ıpon obtaining purchase money financing, and this paragraph is expressly subordinate to and governed by paragraph (5) immediately preceding.

(7) THE ISLANDER, Phase II, a condominium shall be a sixty-three unit residential condominium pursuant to the Condominium Act, and in accordance with the Declaration of Condominium and all Amendments and Exhibits thereto. The Islander, Phase II, shall be built upon that certain parcel of

real property in Okaloosa County, Florida, to-wit: A leasehold estate:

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88 degrees 44'-W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75 degrees 16'-W 498.91 feet, thence N-59 degrees 16'-W 175.4 feet along Gulfshore Drive to the POB; thence continue N-59 degrees 16'-W 216 feet, thence S-38 degrees 33.7'-W 196.1 feet, thence S-23 degrees 41'-W 281.6 feet, thence S-63 degrees 02.8'-E 218.85 feet, thence N-58 degrees 44'-E 87.11 feet, thence N-31 degrees 16'-W 24.92 feet, thence N-58 degrees 44'-E, thence N-01 degrees 16'-W 5.0 feet, thence N-31 degrees 16'-W 43.77 feet, thence N-30 degrees 44'-E 322.71 feet to POB.

Said leasehold expires on September 1 2060, A.D., is renewable for an additional 99 years, and is subject to that Declaration of Condominium recorded at Book 1170. Page 1827, Official Records of Okaloosa County, Florida, and all documents referred to therein or appended as exhibits thereto.

Buyer has examined the plans and specifications for The Islander, Phase II and agrees that the plans and specifications accurately describe the size and dimensions of the Unit and its relative location within the condominium. In accordance with Florida Statutes 718.503, the complete plans and specifications for the construction of The Islander, Phase II, the Unit, and the common elements appurtenant to the Unit are available for the Buyer's inspection at Developer's office in Destin. Buyer is invited to examine these documents at his convenience. Developer agrees to deliver the Unit substantially as described in the plans and specifications. Developer is deemed to grant the warranties provided for in Florida Statutes 718.203 and no others.

The Developer reserves the right to make such substitutions of facilities, materials, and appliances as shall insure prompt and satisfactory completion of the Unit. No such substitution shall be made which does not result in delivery to the Buyer of the same or greater value than that expressly contracted for. No alteration shall change the Buyer's share of the common elements and voting rights in the Association, or

ıcrease the share of the common expenses, except as provided in ıy phase development plan. Buyer may request modifications of ıe Unit prior to the completion; however, modifications shall be ıde only with the written consent and approval of the Developer, ıd shall be paid for by Buyer.

If construction of the Unit is not completed on or before ɜcember 31,1986, this Agreement shall be voidable at the option f the Buyer upon giving written notice to the Developer.

(8) THIS CONTRACT IS FOR THE TRANSFER OF A UNIT THAT IS UBJECT TO A LIEN FOR EXPENSES PAYABLE UNDER A GRANT OF RIGHTS IN OMMONLY USED FACILITIES: FAILURE TO PAY AN ASSESSMENT FOR SUCH XPENSES MAY RESULT IN FORECLOSURE OF THE LIEN. Certain acilities available for the use of the Unit Owners shall not be art of the condominium property, but are made available through a rant of use rights; the Association is obligated to assess units or all resulting expenses; the details of this grant are ontained in the disclosure materials provided to Buyer in ıccordance with Florida Statutes 718.503

(9) SUBSTANTIAL CHANGE: If Developer shall make ɜubstantial change in The Islander, Phase II development, the Jnit, or common elements, which shall adversely affect the rights ɔf the Buyer, the Buyer shall have the right to void this Agreement within fifteen (15) days of notice of any such change. This right shall be in addition to any other rights of Buyer under this contract or the Florida Condominium Act. Voiding the Agreement under the provisions of this subsection shall entitle Buyer to a refund of all monies paid by him under this Agreement together with interest thereon at the highest rate then being paid upon savings accounts other than certificates of deposits by savings and loan associations in the area in which the Unit is to be closed.

(10) RISK OF LOSS: The risk of loss or damage to the Unit by fire or other casualty is retained by the Developer until the time of closing.

(11) RENT: If the Developer allows the Buyer to occupy the Unit prior to settlement, rent shall be paid at the rate of $_____ per day from the date of occupancy to the date of closing. None of the rental shall be applied toward the purchase price or Buyer's costs. Rent shall be payable on the date of occupancy; the first rental payment shall be equal to the amount due if the rental continues to the last day of the month. Thereafter, rent for the entire month shall be due and payable on the first of each month. At closing, any surplus rent shall be refunded to Buyer.

(12) UNIT TO BE USED FOR RESIDENCE ONLY: The Unit shall be used for residential purposes only. The declaration of condominium shall provide that the unit owner may rent the unit to others for peaceable habitation for daily, weekly, monthly, or annual periods. Nothing in this paragraph shall limit the right of the Developer or the Association to place reasonable restrictions and regulations for the common good on the rental of units or the rights of lessors or lessees thereof.

(13) SALES OFFICES AND MODEL UNITS: So long as Developer owns any Unit in The Islander, Phase I or Phase II, Developer or his agent shall further have the right to have sales persons, advertising signs, and sales materials on the condominium property for the purpose of showing units for sale. Developer retains exclusive right to use the activities room or manager's office as sales center and sales office until all Units are sold.

(14) PROJECTIONS: All projections of costs or expenses ontained within this Agreement, including but not limited to stimated monthly maintenance expenses, are projections based upon ie past experience of the Developer. The actual amount of such osts and expenses may vary from the estimates, depending upon uture economic conditions.

(15) DEFAULT:

(a) If Developer defaults on any material bligation, Buyer's sole and exclusive remedy shall be termination f this contract and refund of his deposits plus interest.

(b) If Buyer defaults on any material obligation, he Developer shall have the remedies set forth in this contract nd any other remedies as are available at law or equity; if eveloper is required to bring action to enforce this contract or ollect any of the money required to be paid by Buyer to eveloper, Buyer will pay Developer the reasonable attorney's fees nd costs incurred.

(16) ENTIRE AGREEMENT: This instrument constitutes the omplete agreement between the parties, and shall be binding on he parties hereto, their heirs, assigns, and legal epresentatives. All understandings heretofore existing between he parties are merged in and governed by this Agreement, and no epresentation, oral or written, not contained herein shall be onsidered a part hereof. This Agreement may not be altered, nlarged, modified, or changed, except by an instrument executed in writing by the parties, PROVIDED HOWEVER, that the terms of this Agreement may be hereafter governed or made more particular with regard to details by the lawful recording of the documents required by Florida Statutes 718.503, and PROVIDED FURTHER, HOWEVER, that Developer may amend any such documents prior to closing without joinder therein by Buyer, any such amendment

amounting to a substantial change being subject to Buyer's right to cancel as set forth herein and in the Condominium Act.

(17) NOTICE: Notice as required by this Agreement shall be in writing posted as First Class United States Mail with sufficient postage, properly addressed, and deliverable to the party being notified. Any party may appoint an agent for receipt of notice. Notice shall be deemed as given upon dispatch.

(18) LIEN STATUS: No lien shall arise as a result of this Agreement or any monies deposited hereunder. Buyer agrees that all terms of this Agreement are subject to the lien of any construction mortgage heretofore or hereafter placed on the condominium property by Developer.

(19) NON-ASSIGNABILITY: The Buyer shall not assign this Agreement or the Buyer's rights hereunder without the prior written consent of the Developer. Any attempt to assign the Buyer's rights inconsistent with this paragraph shall be null and void and of no legal effect.

(20) THIS CONTRACT IS FOR THE TRANSFER OF THE UNIT SUBJECT TO A LEASE THAT EXPIRES ON SEPTEMBER 1, 2060, AND THE LESSEE'S (UNIT OWNER'S) INTEREST WILL TERMINATE UPON EXPIRATION OF THE LEASE UNLESS RENEWED.

(21) DOCUMENTS: Developer has delivered or will immediately hereafter deliver to Buyer a prospectus as provided for in Florida Statutes 718.503 and 708.504. Buyer agrees to sign a written acknowledgement that he has received and had the opportunity to read the prospectus. Buyer agrees that his interest in the Unit will be governed by the prospectus and the Declaration of Condominium and all exhibits and amendments thereto, and the acknowledgement shall then be incorporated into this contract.

(22) BUYER'S RIGHT TO CANCEL:

THIS AGREEMENT IS VOIDABLE BY THE BUYER ANYTIME UNTIL SUCH TIME AS THE BUYER HAS RECEIVED ALL ITEMS TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503 OF THE FLORIDA STATUES AND THEREAFTER, THIS AGREEMENT IS VOIDABLE BY BUYER BY GIVING WRITTEN NOTICE OF BUYER'S INTENT TO CANCEL TO THE DEVELOPER WITHIN FIFTEEN (15) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS AS REQUIRED BY CHAPTER 718.503 OF THE FLORIDA STATUTES. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER BUYER HAS RECEIVED ALL OF THE ITEMS THAT ARE REQUIRED. BUYER'S RIGHT TO VOID THIS CONTRACT SHALL TERMINATE AT CLOSING.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _____ day of _____, 19__.

WITNESSES:

THE ISLANDER GROUP, LIMITED

_____

By _____ (SEAL)
Authorized Agent

_____
As to Developer

_____ _____ (SEAL)

_____ _____ (SEAL)
As to Buyer(s) Buyer(s)

RECEIPT OF DEPOSIT upon the terms set forth above is hereby acknowledged this _____ day of _____, 19___.

_____
The Islander Group, Ltd.

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: The Islander, Phase II

Address of Condominium: 502 Gulfshore Drive, Destin, Okaloosa County, Florida 32541

Place a check in the column by each document received or, for the plans and specifications, made available for inspection. If an item does not apply, place "N/A" in the column.

DOCUMENT	RECEIVED
Prospectus Text	
Declaration of Condominium	
Amendment to Declaration of Condominium	
Articles of Incorporation	
By-Laws	
Estimated Operating Budget	
Form of Agreement for Sale or Lease	
Rules and Regulations	
Covenants and Restrictions	
Ground Lease	
Management and Maintenance Contracts for More Than One Year	
Renewable Management Contracts	
Lease of Recreational and Other Facilities to be Used Exclusively by Unit Owners of Subject Condominium	
Form of Unit Lease if a Leasehold	
Declaration of Servitude	
Sales Brochures	
Phase Development Description (See 718.503(2)(k) and 504(14)	
Lease of Recreational and Other Facilities to be Used By Unit Owners with Other Condominiums (See 718.503(2)(h))	N/A
Description of Management for Single Management of Multiple Condominiums (See 718.503(2)(k))	N/A
Conversion Inspection Report	N/A
Conversion Termite Inspection Report	N/A
Plot Plan	
Floor Plan	
Survey of Land and Graphic Description of Improvements	
Executed Escrow Agreement	
	MADE AVAILABLE
Plans and Specifications	

THE 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 THE PURCHASE AGREEMENT BY THE BUYER AND RECEIPT BY THE BUYER OF ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO HIM BY DEVELOPER. 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 _____, 19____.

_____
Purchaser or Lessee

_____
Purchaser or Lessee

ESCROW AGREEMENT

THIS AGREEMENT dated this 22K day of August, 1985, by and between THE ISLANDER GROUP, LIMITED, hereinafter referred to as the "DEVELOPER", and DIVERSIFIED PROPERTY SALES, INC., Realtor; Post Office Box 1248, Destin, Florida 32541; physically located at 502 Gulfshore Drive, Destin, Florida; a Real Estate Broker registered under Chapter 475, Florida Statutes, hereinafter referred to as "ESCROW AGENT".

WHEREAS, DEVELOPER owns certain land situated in Okaloosa County, Florida, and is in the process of developing same by construction thereon of a certain condominium project known as The Islander, Phase II, a condominium, and

WHEREAS, the DEVELOPER desires to establish an escrow account as required by Florida Statutes, Section 718.202 with ESCROW AGENT in which to deposit funds to be received from the various purchasers of units in The Islander, Phase II, and

WHEREAS, the ESCROW AGENT has agreed to deposit all such funds deposited by DEVELOPER with it in a depository account or accounts in an insured institution, and

WHEREAS, ESCROW AGENT has agreed to make no disbursement of such escrowed funds except in accordance with this Agreement, and

WHEREAS, it is intended that such funds be deposited in accounts at one or more banks or trust companies having trust powers and which are located in Florida and which are insured by an agent of the United States; such bank or trust company is hereinafter referred to as "DEPOSITORY

ASSOCIATION" (if more than one, this refers to all of them jointly and severally); and,

WHEREAS, the parties hereto desire to define their mutual rights and obligations in writing,

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises and for good and valuable considerations, the receipt of which are hereby acknowledged by each of the parties, it is agreed as follows:

1. ESCROW ACCOUNT: The escrow account or accounts 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 at The Islander, Phase II, to be forwarded to ESCROW AGENT. ESCROW AGENT agrees to deposit all funds forwarded to it in an escrow account or accounts as follows:

A. All payments up to ten (10%) percent of the sale price received by the DEVELOPER from the Buyer towards the sale price shall be deposited in the account or accounts required by Florida Statutes 718.202(1), said account or accounts to be designated as DIVERSIFIED PROPERTY SALES, INC., ESCROW AGENT.

B. All payments in excess of the ten (10%) percent of the sale price described in the preceding paragraph received prior to completion of construction by the DEVELOPER from the Buyer on a contract for the purchase of an Islander, Phase II unit, shall be held in the special escrow account or accounts by ESCROW AGENT required by Florida Statutes 718.202(2), said accounts to be designated - special escrow account. Such funds may not be used by the DEVELOPER prior to closing the transaction, except as provided in Section 5(b) hereafter, or except for refund to

the Buyer. If the money remains in this special account for more than three months and earns interest, the interest shall be paid as provided in Section 5(a).

C. The accounts referred to herein shall mean any type of account permitted by the Florida Condominium Act for the purposes stated herein. Such accounts may be in the form of certificates of deposit, at the discretion of the ESCROW AGENT. ESCROW AGENT may maintain more than one such account, may utilize more than one DEPOSITORY ASSOCIATION, and may, with a view toward optimizing the interest earned, divide any deposit among more than one account, transfer funds between accounts, and co-mingle funds hereunder with other funds held by ESCROW AGENT as a fiduciary, provided the Florida Condominium Act is not thereby violated. Regardless of any such permitted transactions, all funds initially deposited pursuant to this agreement and all interest earned thereon shall continuously be subject to the terms of this Agreement until final distribution.

2. RECEIPT: All receipts forwarded to ESCROW AGENT shall be deposited by the ESCROW AGENT with the DEPOSITORY ASSOCIATION in the accounts referred to above. The transmittal of all receipts to the ESCROW AGENT shall be accompanied by a copy of the Subscription and Purchase Agreement signed by the Purchaser. All receipts shall be in the form of a check made payable to Diversified Property Sales, Inc.. It is expressly understood that neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be under any duty to enforce the collection of any such receipts. Upon request, the ESCROW AGENT shall give a receipt for deposit to any purchaser depositing funds.

3. ACCOUNTING: The ESCROW AGENT shall account for the receipt and disbursement of all funds forwarded to it pursuant to this agreement and such obligation to account

shall be deemed fully satisfied upon the forwarding, on a monthly basis, to the DEVELOPER, and such sales agent as the DEVELOPER may specify in writing to the ESCROW AGENT, of a complete summary of all money received from purchasers of Units at The Islander, Phase II, and disbursements made from the account referred to above. Said monthly reports shall include specific itemization of the names, dates and amounts of each purchaser's deposit or deposits including the unit number being purchased and when a final disbursement is made, shall include interest earned on purchaser's deposit through date of final disbursement (a final disbursement shall be a disbursement refunding deposits to a purchaser who voids his Subscription and Purchase Agreement or is entitled to a refund because of a default of the DEVELOPER; or a disbursement of the funds as a portion of the purchase price paid at closing from purchaser to DEVELOPER). In addition, the monthly report shall include a specific itemization of the total interest earned on the account to date. Said monthly report shall be prepared and distributed by either the ESCROW AGENT or THE DEPOSITORY ASSOCIATION.

4. INTEREST: ESCROW AGENT shall endeavor to obtain interest from DEPOSITORY ASSOCIATION at the rate established by the Association for other accounts of like nature.

5. DISTRIBUTION OF FUNDS: The ESCROW AGENT shall provide written instructions to the DEPOSITORY ASSOCIATION to distribute escrow funds pursuant to the requirements as follows:

A. With respect to funds held in the accounts established pursuant to Florida Statute 718.202(1) and paragraph 1.A. hereof:

(1) Funds deposited from payments made by a purchaser who properly terminates his Subscription and Purchase Agreement pursuant to its terms or pursuant to the

'lorida Condominium Act, shall be paid to the purchaser free)f all costs of the escrow together with any interest earned thereon within thirty (30) days of termination.

(2) Prior to the closing of the transaction)f purchase and sale, no funds shall be paid to DEVELOPER from the escrowed funds except in case of default by the)urchaser.

(3) If the purchaser defaults in the)erformance of his obligations under the Subscription and Purchase Agreement, the funds shall be paid to DEVELOPER together with any interest earned.

(4) The ESCROW AGENT may disburse the escrowed funds paid or deposited by the purchaser, together with interest earned thereon, at or after the closing of the transaction of the purchase and sale of the subject condominium unit to the DEVELOPER in the absence of written notice of a dispute between DEVELOPER and the purchaser.

(5) Upon receipt of written notice from the purchaser of a dispute between the purchaser and DEVELOPER, ESCROW AGENT shall retain all escrowed funds up to ten (10%) per cent of the sales price until the dispute is resolved. Funds in excess of ten (10%) per cent of the sales price may be disbursed during the pendancy of the dispute, in accordance with paragraph B.(1) of this section.

(6) Interest earned on the funds shall be paid or credited to the DEVELOPER if he is entitled to receive the principal because of a default of the purchaser, or shall be paid to the purchaser if he properly voids the contract and is entitled to return of the principal. Upon the closing of the transaction of purchase and sale, interest earned on the escrowed funds shall be credited to the purchaser.

B. With respect to funds held in the accounts established pursuant to Florida Statute 718.202(2) and Section 1, paragraph B above:

(1) IF THE BUYER'S CONTRACT FOR SALE SO PROVIDES, the DEVELOPER may request and ESCROW AGENT shall direct DEPOSITORY ASSOCIATION to allow DEVELOPER to withdraw escrow funds of a Buyer when the construction of improvements has begun. DEVELOPER may only use such funds in the actual construction and development of the condominium property in which the unit to be sold is located. No part of these funds may be used for salaries, commissions, or expenses of salespersons or for advertising purposes. Any contract which permits use of the escrowed funds for actual construction and development purposes shall be properly executed by Buyer and shall contain the disclosure required by Florida Statute 718.202(3).

(2) Except as provided in subparagraph (1) immediately preceding, escrowed funds shall be disbursed in accordance with the provisions of Section 5, A(1) through (6) above.

6. FEES: No fees or expenses shall be payable to the ESCROW AGENT or to the DEPOSITORY ASSOCIATION except for reasonable attorney's fees and court costs arising out of litigation or threatened litigation relative to this Agreement. If such litigation or threatened litigation results in a judgment or settlement in which the ESCROW AGENT or the DEPOSITORY ASSOCIATION are not determined to be in violation of the terms of this Agreement, then such reasonable attorney's fees and court costs as shall have been incurred in connection therewith shall be reasonable expenses of the escrow and payable to the ESCROW AGENT or the DEPOSITORY ASSOCIATION as the case may be. Except for such attorney's fees and court costs, there shall be no other expenses of this escrow.

7. GENERAL CONDITIONS: The ESCROW AGENT and the DEPOSITORY ASSOCIATION act hereunder merely as depositories

and are not responsible for the sufficiency, correctness, genuineness, or validity of any instrument deposited hereunder or upon which it either does act, or the identity or authority of any person executing or depositing same. In the event of any disagreement, the DEVELOPER, ESCROW AGENT, DEPOSITORY ASSOCIATION or any other person, including purchasers having an interest in, or claiming an interest in, the money deposited pursuant hereto, resulting in adverse claims or demands being made with reference to such money the ESCROW AGENT or the DEPOSITORY ASSOCIATION may, at their option, continue to hold the same without liability until the rights of all adverse claimants have been adjudicated by a court of competent jurisdiction or all differences have been adjusted and settled between the parties and the ESCROW AGENT or DEPOSITORY ASSOCIATION are so advised by all such interested parties. Neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be responsible for any act or omission in connection herewith in the absence of negligence or willful misconduct on their part.

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

THE ISLANDER GROUP, LIMITED

By _____
General Partner
"DEVELOPER"

DIVERSIFIED PROPERTY SALES, INC.

By _____
"ESCROW AGENT"

PARTIAL ASSIGNMENT OF LEASE

THIS PARTIAL ASSIGNMENT OF LEASE made and entered into this _____ day of _____, A.D., 19_____, by and between THE ISLANDER GROUP, LTD., a Florida Partnership hereinafter called Assignor, and _____ whose address is _____

_____

hereinafter called Assignee.

WITNESSETH: THAT, for and in consideration of the sum of Ten ($10.00) Dollars and other good and valuable consideration, paid by the Assignee to The Islander Group, Ltd., the receipt whereof is hereby acknowledged, and in consideration of the other mutual covenants and conditions herein contained, the parties agree as follows;

1.

PROPERTY AND TERM: The Islander Group, Ltd., does hereby lease unto the Assignee the following described condominium unit, lying and being in Okaloosa County, Florida, to-wit: CONDOMINIUM PARCEL:

Unit No. _____ of The Islander, Phase II, condominium, according to the Declaration of Condominium thereof, recorded in Official Records Book 1170, Page 1827, of the Public Records of Okaloosa County, Florida on the 10th day of December, A.D., 1982, as amended by that amendment to said declaration recorded in Official Records Book _____, Page _____, of the Public Records of Okaloosa County, Florida, together with all of its appurtenances according to said Declaration of Condominium and amendments;

For and during the term beginning at 12:01 A.M. on the _____ day of _____ A.D., 19____, and ending at 11:59 P.M. on September 1, 2060, and continuing during any extension or renewal of The Islander Group, Ltd., leasehold estate described in Paragraph V of the Declaration of Condominium cited above.

2.

PARTIAL ASSIGNMENT OF LEASE SUBJECT TO TERMS OF THE ISLANDER GROUP, LTD.'S LEASEHOLD ESTATE: This sublease is subject to the payment by the Assignee of the assessment of Seventy-Five ($75.00) Dollars due Holiday Isle Improvement Association (or its successors in interest) and subject to all other terms of the leasehold estate of The Islander Group, Ltd., described in the lease, amendments and assignments thereof referred to in

Paragraph V of the Declaration of Condominium cited above. Assignee agrees to pay the said $75.00 annual assessment to Holiday Isle Improvement Association or its successors in interest, and further agrees to keep and perform each and every other covenant and condition required of The Islander Group, Ltd., by the terms of its said leasehold insofar as they pertain to the above described condominium unit, and Assignee will hold The Islander Group, Ltd. harmless therefrom.

3.

ASSIGNEE TO ABIDE BY PROTECTIVE COVENANTS AND RESTRICTIONS: Assignee agrees to abide by, keep and perform all of the covenants and restrictions dated December 21, 1961 and recorded in the Public Records of Okaloosa County, Florida, in Official Records Book 256, Page 416, and all recorded amendments thereto insofar as said covenants and restrictions pertain to the above described condominium.

4.

SUBJECT TO CONDOMINIUM DOCUMENTS: This Partial Assignment of Lease is subject to all of the provisions of the Declaration of Condominium, all exhibits thereto, and all other Disclosure Materials which were previously furnished to Assignee, the receipt whereof is hereby acknowledged. Whenever the term "Unit Owner" or "Owner" appears in said Declaration of Condominium, or any of the other condominium documents applicable to said unit, the same shall be construed to mean and include Assignee herein and other Assignees of units in said condominium. Assignee agrees to pay all common expenses, comply with, perform, and be bound by all other obligations, conditions, restrictions, reservations, terms and easements contained in said "Condominium Documents" which apply to a "Unit Owner" or "Owner" to the same extent as though Assignee was, in fact, the fee simple owner of said unit.

5.

ASSIGNEE TO PAY TAXES: Assignee shall pay before they become delinquent all taxes, levies, licenses and other governmental charges of every kind and character, including but without limitation, levies on the condominium unit described above in its present state, as well as any betterment assessments due or to become due in connection with said condominium unit or the use thereof, and will hold The Islander Group, Ltd., harmless therefrom.

6.

UTILITIES PAID BY ASSIGNEE: Assignee shall pay any and all charges for utilities applicable for said unit before they become delinquent, and will hold The Islander Group, Ltd., harmless therefrom.

7.

THE ISLANDER GROUP, LTD.'S INTEREST NOT SUBJECT TO MECHANICS' LIENS: Assignee shall have no authority to subject the interest of The Islander Group, Ltd., in the leased premises to any mechanics' or materialmans' liens of any kind.

8.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR DAMAGE OR INJURY TO PERSON OR PROPERTY ON PREMISES: The Islander Group, Ltd. shall not be liable for, and Assignee hereby, for himself, his family, his invitees, licensees and permitees, releases, discharges and acquits The Islander Group, Ltd. of any and all claims for loss, damage or injury of any nature whatsoever to person or property resulting in any way from or in any fashion arising from, connected with or resulting from occupancy and use of the leased premises, and the adjoining premises, or any part of the premises adjacent to or connected with the leased premises, whether caused by negligent acts of The Islander Group, Ltd., its agents, servants or otherwise; and Assignee shall indemnify and hold The Islander Group, Ltd., harmless from any and all such liability for damage to persons or property.

9.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR ACTS OF OTHERS: Nothing contained herein or elsewhere shall be construed by the parties hereto, or any third party as creating the relationship of principal or agent, or of partnerhip, or of joint venture between the parties hereto, it being understood and agreed that the sole relationship between the parties hereto is that of Assignor and Assignee.

10.

ASSOCIATION MEMBERSHIP: It is agreed that by executing this instrument, Assignee immediately becomes a member of The Islander Owner's Association, Inc., and will abide by the By-Laws and Regulations of the Association, and pay Association assessments as they come due.

11.

MAINTENANCE OF PREMISES: The parties acknowledge that the Declaration of Condominium requires the Assignee to maintain certain portions of the leased premises, while other portions thereof are to be maintained by the unit owners' association. Assignee covenants and agrees to keep and maintain that portion of the leased premises which is the Assignee's responsibility according to the Declaration of Condominium, in good and substantial repair. Further, Assignee shall so vote his interest as a "unit owner", and so act in such other capacity for said Association as Assignee may be privileged to serve, so as to require the said unit owners' association to keep and maintain all other portions of the leased premises in good and substantial repair. The parties acknowledge that The Islander Group, Ltd., has no obligation whatsoever to keep and maintain the leased premises or any improvement thereon. Assignee agrees to permit no waste to said leased premises.

12.

MORTGAGING OR ASSIGNING LEASEHOLD INTEREST: The Assignee shall have the right to freely mortgage and/or assign his leasehold interest acquired herein.

13.

REMEDIES FOR BREACH OF AGREEMENT: If either party shall fail to perform or shall breach any agreement of this lease for thirty (30) days after a written notice specifying the performance required shall have been given to the party failing to perform, the party so giving the notice may institute an action in a court of competent jurisdiction to terminate this lease or to compel performance of the agreement, and the prevailing party in that litigation shall be paid by the losing party all expense of such litigation, including a reasonable attorney's fee.

14.

ACCEPTANCE OF PREMISES: Assignee hereby formally accepts subject premises and acknowledges that The Islander Group, Ltd., has complied with all the requirements imposed upon it under the terms of this lease with respect to the condominium at the time Assignee commences occupancy and use of same.

LEASE BINDING UPON PARTIES AND SUCCESSORS: The Partial Assignment of Lease shall be binding upon and inure to the benefit of the heirs, personal representatives, assigns, and successors in interest of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands, the day and year first above written.

ASSIGNOR: THE ISLANDER GROUP, LTD.

_____ By: _____

Jerome H. LaChapelle
General Partner

_____

Signed, sealed and delivered in the presence of:

ASSIGNEE(S)

_____ _____

_____ _____

STATE OF FLORIDA

COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared JEROME H. LACHAPELLE, General Partner of the Islander Group, Ltd., a Florida Partnership, well known to me to be the party described as Assignor in the foregoing Partial Assignment of Lease, and said individual acknowledged before me that he executed same for and in the name of said Partnership and that he is authorized so to do by the Board of Directors of said Partnership, for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this _____ day of _____ A.D., 19____.

_____
Notary Public
State of Florida at Large
My Commission Expires: _____

STATE OF

COUNTY OF

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared

_____
well known to me to be the individuals referred to as Assignee(s) in the foregoing Partial Assignment of Lease, and each of said individuals acknowledged before me that they executed same for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this _____ day of _____A.D., 19_____.

_____
Notary Public
My Commission Expires:_____

EXHIBIT XII

PROSPECTUS (OFFERING CIRCULAR) OF

THE ISLANDER PHASE I, A CONDOMINIUM
AND EXHIBITS

PROSPECTUS (OFFERING CIRCULAR) OF THE ISLANDER, PHASE I, A CONDOMINIUM

This Prospectus is submitted by The Islander Group, Limited, Developer of The Islander, Phase I, a Condominium, in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, generally referred to as the "Condominium Act".

1. NAME AND LOCATION. The name of the condominium is "The Islander, Phase I, a condominium", hereinafter referred to as the "Condominium", or as "Phase I", and the condominium is located at 502 Gulfshore Drive, Destin, Florida 32541.

2. DESCRIPTION OF CONDOMINIUM. The condominium property consists of a leasehold estate in land together with improvements located thereon (see Paragraph 4 below). The legal description of the land is found at Page 12 of the Declaration of Condominium (Exhibit I hereof). The improvements are described on pages 55 to 63 on the Plot Plan and Floor Plans (Exhibit IV hereof). The Survey is found on page 52 (Exhibit III hereof). The Phase I condominium property includes one (1) building containing sixty-three (63) two bedroom, two bath units and a second building consisting of one (1) model unit to be used as a manager's unit, for a total of sixty-four (64) units. The estimated latest date of completion of construction finishing and equipping the condominium is December 31, 1982.

3. MAXIMUM NUMBER OF UNITS. The second phase of this condominium, to be named The Islander, Phase II, a condominium, may be constructed by the Developer on property located adjacent to the condominium. In the event the Developer, in Developer's sole discretion, determines to construct The Islander, Phase II, then the maximum number of units that will use facilities in common will be sixty-four (64) units in Phase I and no more than sixty-three (63) units in Phase II, for a total of 127 units. If Phase II is not built, the adjoining property may be developed under existing restrictions to include no more than 134 units, for a total of 198 units. The minimum amount of dollars per unit to be spent by the Developer for additional recreational facilities, or enlargement of such facilities in the event the Developer determines to proceed with The Islander, Phase II, is $ 600.00 per unit in Phase II. Based upon the information presently available to the Developer, the addition or enlargement of

cilities will not result in a material increase of a unit ner's maintenance expenses.

4. TRANSFER OF OWNERSHIP. AS STATED IN THE SUB- RIPTION AND PURCHASE AGREEMENT (attached as Exhibit XV , ge 129 hereof), ALL UNITS PURCHASED WILL BE CONVEYED BY SUB- ASE, THE TERM OF WHICH WILL RUN UNTIL SEPTEMBER 1, 2060, WITH I OPTION TO RENEW FOR AN ADDITIONAL NINETY-NINE (99) YEARS. e lease is located at Page 64 , (Exhibit V hereof).

5. COMMONLY USED FACILITIES. The Islander, Phase I, ondominium, is being developed as a condominium known as The slander, Phase I; a second phase, proposed to be located on operty adjacent to Phase I, is generally referred to as The slander, Phase II, condominium. Phase I and Phase II, if built, ill use in common certain recreational and other facilities. he Developer has committed to build Phase I. The Developer has etained the right, in its sole discretion, to build, or not to uild, Phase II, provided construction is commenced on or before anuary 31, 1987.

A. INITIAL COMMONLY USED FACILITIES. There are o initial commonly used facilities which will initially be owned y the unit owners or their association. All such facilities urnished for use by the unit owners will initially be owned by eveloper and made available to the unit owners by the Grant of se Rights and Privileges (Exhibit VI , page 66 hereof) and as urther detailed in paragraph 5(B) below. A description of the acilities thereby furnished is attached and made a part hereof s Schedule A and includes a description of each room and its in- ended purposes, approximate floor area, approximate capacity (in umber of people) that can reasonably expect to be served by each oom at any one time, the minimum amount of expenditure that will e made to purchase the personal property to be used in the room r facility and the estimated date when each room will be avail- ble for use by the unit owners. The approximate location of ach room is set forth on the Floor Plans (Exhibit IV hereof).

B. FACILITIES SUBJECT TO GRANT OF USE RIGHTS. uring the time that the Developer retains the discretion to build hase II, (the "development period"), the Developer will retain wnership of certain recreational and other facilities proposed or common use by Phase I and Phase II (for example, swimming pool nd parking area). During the development period, the Developer's wnership of the recreational and other common facilities will be ubject to the use rights and privileges granted to The Islander wners Association, Inc., a non-profit Florida corporation com- rised of the unit owners of Phase I and Phase II, ("Association")

in trust for unit owners of the condominiums that may be ultimatly included in The Islander Condominium, and upon termination of the development period, the recreational and other facilities will be conveyed to the Association in trust for the unit owners. If the Developer determines to build Phase II, then certain additional recreational and other facilities having a minimum cost of $ 600.00 per additional unit will also be built. These facilities are presently planned to include tennis courts, a second swimming pool and additional parking area. These additional facilities will be used in common by the unit owners of Phase I and Phase II and will be owned by the Developer during the development period subject to the use rights and privileges granted to the Association and will be ultimately conveyed to the Association upon the termination of the development period. The various recreational and other facilities referred to above are discussed in more detail below.

C. COMMONLY USED SWIMMING POOL. There is one (1) swimming pool to initially serve the unit owners of Phase I and which will also serve the unit owners of Phase II. The pool is located outdoors. The pool's approximate size is 800 square feet and the approximate size of the deck serving the pool is 4,000 square feet. The depth of the pool ranges from 9 to 3½ feet. The pool has a capacity of serving 50 persons and the pool deck has a capacity of serving 100 persons. The swimming pool is heated. The swimming pool and pool deck will be available for use by unit owners at the completion of Phase I. The swimming pool will be subject to ownership as set forth in more detail in subparagraph F below.

D. PHASE II COMMONLY USED FACILITIES. If the Developer determines, in its sole discretion, to proceed with the development of Phase II of the condominium, then the Developer will spend a minimum of $ 600.00 per additional unit in Phase II for additional recreational facilities. While the exact nature and extent of said recreational facilities will be ultimately determined by the Developer in its sole discretion, the Developer's present plan for additional recreational and other facilities that will be used in common by the unit owners of Phase I and Phase II is attached and made a part hereof as Schedule B. No additional rooms for common use will be built.

E. CERTAIN RIGHTS TO USE PORTIONS OF THE CONDOMINIUM PROPERTY ARE RESERVED OR CREATED IN FAVOR OF PARTIES OTHER THAN THE ASSOCIATION OR UNIT OWNERS. The Grant of Use Rights and Privileges attached as Exhibit VI (page 66 to 78 hereof) reserves to developers, its assignees and successors, the right to use the facilities in common with the unit owners of Phase I and Phase II, if built; provided that no more than 198 units have access to the facilities, and provided further that persons other than unit

owners pay a reasonable share of the expenses of the facilities.

F. OWNERSHIP OF COMMONLY USED FACILITIES. All of the commonly used recreational and other facilities described in subparagraphs A., B., C., and D. above will be initially owned by the Developer subject to the use rights and privileges granted to the association in trust for unit owners of Phase I, and Phase II during the development period and will ultimately be conveyed to the association in trust for the unit owners. For specific terms, conditions and other information, refer to the GRANT OF USE RIGHTS AND PRIVILEGES attached as Exhibit VI . The GRANT OF USE RIGHTS AND PRIVILEGES shall terminate on the date the Developer has completed and sold all units within The Islander Condominium, Phase I and Phase II, or July 31, 1988, whichever occurs first. The Association covenants to pay the actual costs incurred in operating, maintaining and insuring or improving the above described commonly used facilities including other costs as may in the opinion of the Developer be reasonably related thereto, for the purposes for which said commonly used facilities are intended. Such costs shall be a common expense. Specific types of costs included are set forth in more detail in paragraph A of "Covenants" of the GRANT OF USE RIGHTS AND PRIVILEGES. Estimated costs included within the estimated operating budget of the condominium and the association are attached and made a part hereof as Exhibit XIV (Page 127 hereof). Paragraph III of the GRANT OF USE RIGHTS AND PRIVILEGES requires the Developer to convey the recreational and other commonly used facilities to the association upon the closing of sales of all units of both Islander Condominiums, Phase I and Phase II, or July 31, 1988, whichever occurs first. Paragraph IV of the GRANT OF USE RIGHTS AND PRIVILEGES requires the association to accept the assignment of leasehold to such property and facilities.

G. UNITS OWNERS ARE REQUIRED TO PAY THROUGH ASSOCIATION ASSESSMENTS THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT AND OTHER ACTUAL EXPENSES UNDER THE GRANT OF USE RIGHTS AND PRIVILEGES. The Grant of Use Rights and Privileges is located at Pages 66 through 78 hereof (attached as Exhibit VI).

H. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP, OR REPAIR OF THE RECREATIONAL OR OTHER COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN: the Developer's right to such lien in contained in the Grant of Use Rights and Privileges located at Page 75 .

I. DEVELOPER'S RIGHT TO INCREASE RECREATIONAL FACILITIES. RECREATIONAL FACILITIES MAY BE EXPENDED OR ADDED

WITHOUT THE CONSENT OF UNIT OWNERS OR THE ASSOCIATION. Refer to the GRANT OF USE RIGHTS AND PRIVILEGES attached as Exhibit VI (Page 66 hereof.)

6. LEASE OF UNITS. The Developer has no plan for transferring the Units subject to any lease other than the basic leasehold interest described in Paragraph 4 above.

7. ASSOCIATION MANAGEMENT.

THERE IS A CONTRACT FOR MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH THE ISLANDER MANAGEMENT SERVICES, INC.

A copy of the Management Contract is attached as Exhibit XIII (Pages 121 through 126 hereof). The term of the contract shall begin with the date on which the first closing of a sale of a unit in The Islander, Phase I, takes place through 730 calendar days, provided however, the Manager may, upon 60 days written notice given to the Association, terminate and cancel this contract as of the last day of such month as is specified in the Notice of Cancellation. Thereafter, it shall be automatically renewed for successive two year periods until terminated by the Association members as per the Condominium Act. The nature of the services are the maintenance and operation of the buildings and other facilities including landscaping. An on-site rental service will also be offered. The total monthly management fee is $400.00 and the annual management fee is $4,800.00 for sixty-four units. This management fee is subject to renegotiation during each year of the contract. The unit owner's assessment for common expenses (association or maintenance fee) may increase as the services provided are expanded or increased in price; provided that the amount of such association or maintenance fee shall not exceed $125.00 per unit per month during the time Developer has guaranteed the maximum monthly amount of said fee. While the Developer's guarantee is in force, the Developer shall be excused from the payment of assessments for common expenses on units owned by it and the Developer shall pay any amount of common expenses incurred during the period of guaranty that is not produced by assessments at the guaranteed level receivable from other unit owners. Upon termination of the guarnatee, the Developer will pay assessments for common expenses for units owned by it the same as any other unit owner. For more details, reference should be made to a copy of the management contract which is attached as Exhibit VIII (Page 121 hereof).

8. DEVELOPER CONTROL. THE DEVELOPER HAS THE RIGHT TO :TAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS .VE BEEN SOLD. This right to control is described in detail in tide VIII(B) of the Articles of Incorporation of the Association Exhibit X , Page 95 hereof), and in Section II (2.11) of the /-Laws (Exhibit XI , page 102 hereof). The right to retain ontrol of the Association by the Developer is not greater than nat currently provided to the Developer by Section 718.301 of ne Condominium Act.

9. RESTRICTIONS ON LEASE. THE LEASE OF UNITS IS RE-TRICTED OR CONTROLLED. Said restrictions are set forth in Para-raph XVI(E) of the Declaration of Condominium (Exhibit I , page 36 hereof).

10. PHASE DEVELOPMENT. As stated in Paragraphs 3 and 5 above, the Developer in his sole discretion reserves the right to levelope Phase II of the condominium in the manner set forth in letail in Paragraph VI of the Declaration of Condominium (Exhibit I hereof), located at pages 12 through 47 of these dis-closure materials. Paragraph VII of the Declaration of Condominium reserves to the Developer the right to amend the phase development olan without the consent of any unit owner. Except as specifically otherwise stated in that section of the Declaration, no such amend-nent may alter the description of the contemplated second phase in a manner which is material and adverse to the interests of the unit owners. In the event the second phase is not built, the pro-perty described in the Declaration as the Phase II property may be developed in any lawful manner, and may be subjected to a new and different declaration of condominium.

11. RESTRICTIONS ON USE OF CONDOMINIUM UNITS. Restriction on the use of Condominium Units are set forth in Paragraph XVI of the Declaration of Condominium (Exhibit I , Pages 35 through 36 hereof). These restrictions are summarized as follows:

A. A unit shall be occupied and used only as a re-sidence, either permanent or transient, and for no other perpose.

B. No unit may be used for or in connection with any unlawful purpose or so as to create a nuisance.

C. Only entire units may be leased.

D. Association Regulations, a copy of which is attached as Exhibit VII (page 115 through 120 hereof).

The restrictions set forth above shall not interfere with the Developer's right to complete the contemplated improvements,

sell the units or lease the units. There are no restrictions on children other than those set forth in Regulation number 4. There are restrictions on pets set forth in Regulation number 6-I.

12. CERTAIN LAND NOT OWNED OR LEASED. Certain land offered by the Developer for use by the Unit Owners will neither be owned by them, nor leased to them, the association, or any entity controlled by the Unit Owners. This land is offered for use pursuant to the GRANT OF USE RIGHTS AND PRIVILEGES as fully described in Section 5 preceeding.

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

A. Sanitary Sewage - Destin Water Users, Inc.
B. Water Supply - Destin Water Users, Inc.
C. Refuse Collection - Private Contractor
D. Storm Drainage - No storm drainage except natural flow across common elements to percolation points.
E. Electricity - Gulf Power Company
F. Telephone - Central Telephone Company
G. Cable Television - Warner Cable TV

14. APPORTIONMENT OF COMMON EXPENSES AND OWNERSHIP OF COMMON ELEMENTS.

A. Since each of the units are substantially the same, the common expenses and the percentage ownership of common elements has been apportioned on an equal basis; that is, each unit is responsible for 1/64th of the common expenses and owns 1/64th of the common elements.

B. In the event Phase II is built, the units will also share equally in these matters with the result that each unit will be responsible for 1/127th of the common expenses and own 1/127th of the common elements.

15. ESTIMATED OPERATING BUDGET. The estimated operating budget for the condominium and the association including the estimated monthly and annual expenses of each condominium unit is attached as Exhibit XIV (page 127 hereof). DEVELOPER MAY BE IN CONTROL OF THE BOARD OF DIRECTORS OF THE ASSOCIATION DURING THE PERIOD OF OPERATION FOR WHICH THIS BUDGET HAS BEEN RENDERED.

16. ESTIMATED CLOSING COSTS AND TITLE INSURANCE. A schedule of estimated closing expenses to be paid by a Purchaser (Buyer) is attached hereto as Schedule C. The Developer will

providing an owner's policy of title insurance on or after closing at Purchaser's expense.

17. IDENTITY OF DEVELOPER. The Developer of the Condominium is The Islander Group, Limited, a Florida limited Partnership authorized to do business in Florida, with offices located at 502 Gulfshore Drive, Destin, Florida. The Islander Group, Ltd., was organized in 1980 for the purpose of constructing The Islander, a condominium. The chief operating officer is Jerome H. LaChapelle, General Partner. His previous experience in the field of condominium development includes the development of the Jetty East Condominium and The Gulfshore Condominium on Holiday Isle, Destin, Florida.

18. The following Exhibits and Schedules are made a part of this Prospectus:

		Page #
Schedule A:	Community Property Subject to Grant of Use Rights and Privileges	9
Schedule B:	Phase II Proposed Additional Recreational Facilities	10
Schedule C:	Estimated Closing Costs	11
Exhibit I:	Declaration of Condominium	12
Exhibit II:	Consent and Joinder	48
Exhibit III:	Surveys	52
Exhibit IV:	Plot Plan and Floor Plans	55
Exhibit V:	Ground Lease	64
Exhibit VI:	Grant of Use Rights and Privileges	66
Exhibit VII:	Non-Disturbance Agreement	79
Exhibit VIII:	Grant of Easement	87
Exhibit IX:	Certificate of Incorporation	94
Exhibit X:	Articles of Incorporation	95
Exhibit XI:	By-Laws of the Association	102
Exhibit XII:	Rules and Regulations	115
Exhibit XIII:	Management Contract	121
Exhibit XIV:	Estimated Operating Budgets	127
Exhibit XV:	Purchase Agreement	129
Exhibit XVI:	Receipt of Condominium Documents	136
Exhibit XVII:	Escrow Agreement	137
Exhibit XVIII:	Partial Assignment of Lease	141

SCHEDULE "A"

COMMUNITY PROPERTY SUBJECT TO THE GRANT OF USE RIGHTS

FACILITY	PURPOSE	APPROXIMATE FLOOR AREA	CAPACITY (# PERSONS)
POOL DECK	RECREATION	4000 Sq. Ft.	ONE HUNDRED
MEETING ROOM	MEETINGS	880 Sq. Ft.	SEVENTY
GAME ROOM	RECREATION	400 Sq. Ft.	THIRTY
ADMINISTRATION OFFICES:			ADMINISTRATIVE PERSONNEL ONLY
SALES ROOM		260 Sq. Ft.	
INNKEEPER'S ROOM		150 Sq. Ft.	
COMPUTER ROOM		228 Sq. Ft.	
REGISTRATION/BOOKKEEPING		350 Sq. Ft.	
FRONT DESK AREA		250 Sq. Ft.	
LOBBY	EGRESS	1100 Sq. Ft.	EIGHTY
ELEVATOR(GROUND FLOOR)	EGRESS	144 Sq. Ft.	2,500 POUNDS
ELEVATOR EQUIPMENT	EQUIPMENT	84 Sq. Ft.	OPERATIONS ONLY
PUMP ROOM	EQUIPMENT	120 Sq. Ft.	OPERATIONS ONLY
STAIR TOWERS (2)	EGRESS	each/108 Sq. Ft.	TWENTY
MECHANIC ROOMS (3)	EQUIPMENT	total/120 Sq. Ft.	OPERATIONS ONLY
ELECTRIC ROOM	EQUIPMENT	208 Sq. Ft.	OPERATIONS ONLY
MAINTENANCE ROOM	BLDG. MNT.	480 Sq. Ft.	OPERATIONS ONLY
LAUNDRY ROOM	IN-HOUSE LAUNDRY	450 Sq. Ft.	HOUSEKEEPING ONLY
LAUNDRY ROOMS(6)	LAUNDRY	each/15 Sq. Ft.	TWO
HOUSEKEEPING STORAGE ROOMS (6)	STORAGE	each/30 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
TRASH ROOM	GARBAGE COLLECTION	88 Sq. Ft.	OPERATIONS ONLY
PARKING AREA	PARKING	136 SPACES	
POOL EQUIPMENT	STORAGE	100 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
POOL RESTROOMS	RESTROOMS	each/25 Sq. Ft.	TWO

There will be no additional monies spent by the Developer for personal property in these facilities. The Islander Owners Association will determine the amount to be spent for personal property in the meeting room, the lobby, the administrative offices and the pool deck and will fund these expenses from the reserve set up with funds collected at closing from each unit purchaser. (See Schedule C , Estimated Typical Closing Costs.) The personal property in the game room and the laundry rooms will be installed on a contract with a vendor(s).

The estimated date of availability for all facilities is December 31, 1982.

SCHEDULE "B"

PHASE II PROPOSED ADDITIONAL RECREATIONAL FACILITIES TO BE USED IN COMMON BY UNIT OWNERS OF PHASE I AND PHASE II.

FACILITY	PURPOSE	APPROXIMATE FLOOR AREA	CAPACITY (# PERSONS)
TENNIS COURTS (2)	RECREATION	13,680 Sq. Ft.	EIGHT
PARKING AREA	PARKING	116 SPACES	
POOL (UNHEATED)	RECREATION	1,000 Sq. Ft.	SIXTY
POOL DECK	RECREATION	4,000 Sq. Ft.	ONE HUNDRED
POOL EQUIPMENT STORAGE	STORAGE	100 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
POOL RESTROOMS (2)	RESTROOMS	50 Sq. Ft.	TWO/EACH
STAIR TOWER	EGRESS	108 Sq. Ft.	TWENTY

The only additional dollars for personal property to be spent by the Developer on the above facilities will be to provide the two (2) nets on the tennis courts.

THESE FACILITIES MAY BE AVAILABLE ONLY IF PHASE II IS CONSTRUCTED. DEVELOPER HAS RETAINED THE RIGHT TO COMMENCE CONSTRUCTION UNTIL JANUARY 31, 1987.

SCHEDULE "C"

ESTIMATED TYPICAL CLOSING COSTS

The following closing costs are based upon a unit having a sales price of $108,000 and a mortgage of $86,400. Certain of the closing costs vary according to the amount of the sales price or the mortgage.

Deed Transfer Costs:		
Recording Fees	$ 16.00	
Deed Stamps	432.00	
Documentation preparation, closing fee and attorney	100.00	548.00
Mortgage Costs:		
Recording Fee	10.00	
Documentary Stamps on Note	129.60	
Intangible Tax on Mortgage	172.80	
Title Insurance (Mortgage)	582.00	
*Origination Fee and Loan Discounts (2%)	1,728.00	
Prepaid Interest ($38/day - maximum of 50 days)	1,900.00	4,522.40
TOTAL ESTIMATE		$5,070.40

*Variable - subject to market rate

In addition to the closing costs set forth above, certain escrow accounts must be established at closing to provide funds to be used for payment of next year's real property taxes and the Holiday Isle Leaseholder's Assessment as estimated below:

Real Property Taxes (estimated at 100% assessed value - 2 months X $115.00)	$ 230.00
Holiday Isle Leaseholder Assessment ($6.25/month X three months)	$ 18.75

NOTE: THIS IS NOT A REAL ESTATE SETTLEMENT PROCEDURE STATEMENT. SUCH A STATEMENT WILL BE FURNISHED BY THE LENDER PRIOR TO THE CLOSING OF A MORTGAGE LOAN.

In addition, the Buyer, at closing, subscribes for membership in The Islander Owners Association, Inc., referred to as the Association, a non-profit corporation which shall operate The Islander; and Buyer agrees to pay at closing One Thousand ($1,000.00) Dollars as a non-refundable contribution to the working capital and reserves of the Association.

EXHIBIT I

DECLARATION OF CONDOMINIUM
OF
THE ISLANDER, PHASE I, A CONDOMINIUM
502 Gulfshore Drive
Destin, Florida

THIS DECLARATION DATED THIS 8 DAY OF JUNE, 1981.

The undersigned Islander Group, Ltd., a Florida Partnership, called Developer herein, and those other parties whose signatures appear below hereby submit the following leasehold estate and improvements to condominium ownership as provided for in Section 104 of Chapter 718 in Florida Statutes, known as The Condominium Act.

I. PURPOSE: It is the intent of this declaration that a single condominium, THE ISLANDER, be developed, sold, and operated and that such development proceed in phases, in accordance with Florida Statutes 718.403, and which are hereby submitted to condominium ownership. Such initial phase shall be named THE ISLANDER, PHASE I, a condominium, and subsequent phase shall be named THE ISLANDER, PHASE II, a condominium, and the condominium regime for these phases is established by this declaration.

II. PHASE DEVELOPMENT PLAN: Both anticipated phases; the impact, if any, which the completion of the subsequent phase would have upon the initial phase; and the time period within which each phase must be completed are provided for and described in detail in this declaration.

III. INITIAL PHASE: Both phases of the condominium are created by this declaration as originally filed, and the real property upon which the phases are to be built is hereby submitted to condominium ownership. The initial phase is described in this section; the subsequent phase is described in Section VI hereafter.

A. NAME AND ADDRESS: The initial phase of the condominium shall be identified by the name THE ISLANDER, PHASE I, a condominium, and its address is 502 Gulfshore Drive, Destin, Okaloosa County, Florida 32541.

B. LEGAL DESCRIPTION: The real property upon which Phase I is to be built subject to this declaration is legally described as follows:

1. A leasehold estate in that certain real property located in Okaloosa County, Florida, to-wit:

THIS INSTRUMENT PREPARED BY:
Matthew W. Burns
Attorney at Law
Post Office Box 1226
Destin, Florida 32541

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S-01°16'-E 85 feet, thence N-88°44'-W 201.67 feet thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90 feet to the POB.

said leasehold expires on September 1, 2060, A.D., is renewable for an additional 99 years, and is identified in paragraph IV below. Said leasehold is subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, appended as an Exhibit to this Declaration.

2. LEGAL DESCRIPTION SUBJECT TO RE-SURVEY: It is the intent of this Declaration that the boundary line of the above described property pass through the exact center of the Westernmost wall and a portion of the Northernmost wall of the Phase I building, as graphically described in Exhibits to this Declaration. As a consequence, Developer covenants to re-survey the boundary upon the completion of the foundation of said Phase I building and, if necessitated by the actual location of the building, correct the above legal description by a proper amendment to this Declaration; such amendment shall not require the joinder or consent of any party other than Developer.

3. EASEMENT FOR ENCROACHMENT: Pending the amendment to the legal description expressed in paragraph 2, immediately preceding, Developer grants an easement on the contiguous property for unintended incroachments, and reserves an easement to use vacant land created by any unintended setback, caused by the actual completion, location, or shifting of the Phase I building. Further, Developer declares that the easements granted and reserved hereby, shall continue in the event the subsequent amendment to the legal description contains any good faith error.

4. SUBJECT TO COMMON WALL RESERVATION: The Phase I property and any improvements to be constructed thereon, are subject to Developer's reservation of common wall use rights as described in the Grant of Use Rights and Privileges, appended as Exhibit VI to this Declaration, and incorporated by reference herein.

C. RECREATION USE RIGHTS: The unit owners shall lso have the rights to use certain recreational facilities not art of the property submitted to the condominium; these rights e described in Section VI following, and in Exhibits to this eclaration.

D. DEVELOPMENT PERIOD: THE ISLANDER, PHASE I, condominium, shall be completed and ready for first occupancy o later than December 31, 1982.

IV. IDENTIFICATION OF LEASE: The leasehold estate upon hich the condominium is being created by this declaration has risen out of that certain lease agreement between the Okaloosa sland Authority, a governmental instrumentality of the State of lorida as Lessor, and C.B.S. Development Corporation, as Lessee ated September 9, 1961, and recorded in Okaloosa County Official ecords Book 209, Page 123, as amended by that certain Amendment o Lease dated August 23, 1962, and recorded in Okaloosa County ffici al Records Book 244, Page 348, together with that certain ease Agreement between C.B.S. Development Corporation, as Les- or, and White Sands Investment Corporation, as Lessee dated une 16, 1972, and recorded in Okaloosa County Official Records ook 657, Page 240, as amended by that certain Amendment of Lease greement between C.B.S. Development Corporation and White Sands nvestment Corporation dated November 8, 1972, and recorded in kaloosa County Official Records Book 676, Page 108, as subse- quently assigned by White Sands Investment Corporation to Pointe evelopment Corporation, Inc., by that certain Assignment of ease, dated November 28, 1972, and recorded in Okaloosa County fficial Records Book 677, Page 910, as subsequently assigned y Pointe Development Corporation, Inc., to B.H.L., Inc., by hat certain Assignment of Lease dated December 22, 1972, and ecorded in Okaloosa County Official Records Book 702, Page 594, (insofar as the said leasehold pertains to the above described property only, it being understood that the said leasehold con- tains other property which has already been submitted to condo- minium by Declaration recorded in Official Records Book 826, Page 968-69, dated December 15, 1975), as subsequently made sub- ject to that Non-Disturbance Agreement dated December 23, 1975, and recorded in Okaloosa County OR Book 827, page 519, and that Grant of Easement dated December 23, 1975, and recorded in Oka- loosa County Official Record Book 827, page 527; as subsequently assigned to Frederick W. Berens, Inc., by a Quit Claim Deed ex- ecuted the 4th day of May, 1977, by B.H.L., Inc., and recorded in Okaloosa County Records Book 1044, page 864, and subsequently deeded to LaFair, Inc., by a Quit Claim Deed executed the 27th day of June, 1979, by Frederick W. Berens, Inc., and recorded in Okaloosa County Official Records Book 1044, page 868, and sub- sequently assigned by LaFair, Inc., to The Islander Group, Ltd., by that certain Lease Assignment dated November 29, 1980, and recorded in Okaloosa County Official Records Book 1105, page 1502,

it being understood that said leasehold contains the following:

A. The Phase I parcel described in Section III above and submitted to condominium by this Declaration;

B. The Phase II parcel described in Section VI below and submitted to condominium by this Declaration;

C. The COMMUNITY PROPERTY described in the Grant of Use Rights and Privileges appended as an Exhibit hereto and not submitted to condominium.

V. UNITS TO BE LEASEHOLD INTEREST: The condominium is being created on land held by lease with a remaining term in excess of 50 years. Because of this, the units shall be leasehold interests, which shall expire on September 1, 2060, A.D., unless renewed for 99 years. Each unit shall be conveyed from the Developer to the owner, and to subsequent owners, by means of a good and sufficient sublease or assignment of lease, and no document or instrument which expressly or by operation of law makes reference to this declaration shall be deemed or construed to convey or create any interest in the condominium property or in any unit greater than the interest described in this paragraph.

The terms of the instruments identified in paragraph IV above are hereby incorporated into this Declaration and into the leasehold interest in the units created by this Declaration. Upon Developer's delivery of the sublease or assignment of lease to the first unit owner, said owner, his successors and assigns, shall be bound by the terms of those instruments and shall assume all of the Developer's obligations thereunder. If all of the obligations on the unit owner's part are fully and faithfully performed, the owner shall have the right to renew the lease for an additional 99 years by giving notice to the Board of Commissioners of Okaloosa County, Florida, no less than six months prior to expiration of the original term. Unless otherwise terminated, this Declaration shall be deemed to continue in effect over the condominium property during said renewal and any subsequent renewals.

VI. PHASE II: DESCRIPTION AND IMPACT: In addition to THE ISLANDER, PHASE I, a condominium, as described in this Declaration, the Developer shall construct a subsequent condominium phase, known as THE ISLANDER, PHASE II. The Developer reserves the right to amend this declaration to modify or terminate Phase II prior to substantial completion. Such amendment shall be in accordance with Section VII hereafter. Neither the joinder nor consent of any unit owner, mortgagee, or owner of any record interest in the Phase I or Phase II property, other than the Developer is required for the execution of any subsequent phase filing required with respect to Phase II, and a full description of the impact of the decision to build or not to build Phase II upon the rights of Phase I unit owners is disclosed as follows:

A. THE ISLANDER, PHASE II, which is hereby dedicated to condominium ownership, shall be constructed upon a leasehold estate on the following described real property in Okaloosa County, Florida, to-wit:

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulfshore Drive to the POB; thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8'-E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to the POB.

ubject to easement as in Parcel No. 1, OR 826, Page 927 of said ounty, and subject to that Grant of Easement dated December 23, 975, and recorded at OR Book 827, pages 527-533, Official Records f Okaloosa County, Florida, and including all rights reserved to he grantor thereof, its successors and assigns.
aid property adjoins the Phase I site.

B. THE ISLANDER, PHASE II, shall consist of sixty-hree (63) units of approximately 1,100 square feet each.

C. The following chart reflects each unit's percentage ownership in the common elements, membership vote and wnership in the Association, as each phase is added:

1. Upon completion of Phase I:

ype of Unit	Vote	Percent of Voting Rights	Percent of Association Owners	Common Element Ownership
64 Units, Phase I 2 Bedroom/ 2 Bath	1	1.5625	1.5625	1.5625
otal	64	100%	100%	100%

2. Upon completion of Phase II, if built:

Type of Unit	Vote	Percent of Voting Rights	Percent of Association Owners	Common Element Ownership
64 Units, Phase I 2 Bedroom/ 2 Bath	1	.787402	.787402	.787402
63 Units Phase II 2 Bedroom/ 2 Bath	1	.787402	.787402	.787402
Total	127	100%	100%	100%

Note: If, pursuant to amendment, Phase II is not built, the units of Phase I are entitled to 100% ownership of all common elements which have been built and added to the condominium as part of Phase I.

D. The following is an itemization of the recreational areas and facilities and use rights to be owned as common elements by all unit owners and all personal property to be provided with each phase:

1. Upon completion of Phase I;

(a) Pursuant to the Grant of Use Rights and Privileges appended to this Declaration, each unit shall have, as an appurtenance, a non-exclusive right to use in common the following land and facilities which shall not be a part of the condominium property:

Heated Pool
Meeting Room
Party Room
Administration Office
Elevators
Parking Area

Pursuant to said Grant of Use Rights and Privileges, the Developer shall convey the described land and facilities to the Association no later than July 31, 1988.
The rights and obligations of the Developer, the Association, unit owners, and other parties with regard to the use and the maintenance of the described land and facilities is fully set forth in said Grant of Use Rights and Facilities which is incorporated by reference in this Declaration.

(b) There will be no recreational areas or facilities which are not part of the community property.

2. Upon completion of Phase II, the following additional items shall be added to the list above:

(a) The COMMUNITY PROPERTY subject to the Grant of Use Rights and Privileges appended to this Declaration shall be expanded or enlarged to include:

Tennis Court
Additional Parking
Second Pool (Un-heated)

(b) There will be no recreational areas or facilities which are not part of the community property.
Note: The items in 2(a) will not be built or provided if Phase II is not developed and added as a part of the condominium.

E. "Commencement" defined: As used in this Declaration with respect to Phase II, "Commencement" means the issuance of a building permit or the equivalent authorization issued by the governmental body having jurisdiction, or the recording of the amendment to the Declaration adding the phase, whichever occurs first.

F. Time for Commencement: Phase II shall be commenced no later than January 31, 1987.

G. Completion of Phase II: Phase II shall be completed no later than July 31, 1988.

H. Time Share Estates will not be created in any phase.

I. DEVELOPER OWNERSHIP OF PHASE II SITE: The developer retains ownership of the Phase II site prior to substantial completion of Phase II.

VII. ADDITIONAL PHASES: MODIFICATION OF PHASE II:

A. To the extent allowed by Chapter 718, Florida Statutes, Developer reserves the right to modify Phase II and to add additional phases in the manner described below. In the event of such modification, the rights of Phase I unit owners will be governed by any legally valid subsequent filings or amendments thereto.

B. The Developer reserves the right to add additional phases to the condominium at any time, and regardless of whether or not Phase II is developed. Additional phases need not be on land contiguous to the Phase I or Phase II site. Such additional phases shall be added by amendment to this Declaration in compliance with the Florida Condominium Act in accordance with Florida Statutes 718.403(6) and the rules of the Department of Business Regulation. Any amendment adding a phase or phases to the condominium shall not require the execution of such amendment or consent thereto by unit owners other than the Developer, unless such amendment permits the creation of time-share estates.

C. The Developer reserves the right to amend this Declaration to modify the plans for Phase II, to change the number of anticipated units upward or downward, to vary the size of units, to add to or withdraw from the common areas and facilities to be added, to combine Phase II, its site, or any portion thereof, with plans for subsequent phases, and to terminate Phase II prior to completion. Except where expressly provided otherwise in this Declaration or exhibits appended hereto, such right is to be exercised only by filing appropriate amendments to this Declaration. Any such filings shall comply with Chapter 718, Florida Statutes, and with the Rules of the Department of Business Regulation, Division of Florida Land Sales and Condominiums, Chapter 7D-15. The Developer reserves the further right to file a subsequent amendment deleting any such modification or portion thereof, and thus restore the original plan, at any time prior to conveying units in the subsequent phase. No amendment or filing described in this subparagraph requires the execution or consent of any unit

owner other than the Developer, unless such amendment permits the creation of time-share estates. Withdrawal of property from the condominium by means of such amendment shall not bar the creation of another condominium affecting all or a portion of the same property.

D. With specific reference to Section 7D-17-03(7) of the Rules of the Department of Business Regulation, no amendment described in subparagraphs B and C immediately preceding shall alter the description of Phase I or Phase II in a manner which is material and adverse to the interests of unit owners except as expressly otherwise provided for in the following clauses:

1. Any such amendment providing for less than 63 units subsequent to Phase I, or varying the size or arrangement of individual Phase II units so long as no more than 63 units are built subsequent to Phase I, is permissible, provided the additional facilities and land to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, is not diminished;

2. Any such amendment not changing the number or size of Phase II units, but increasing or expanding the land and facilities to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, is permitted;

3. Any such amendment diminishing the land and facilities to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, or increasing to more than 63 the total number of units subsequent to Phase I, is permitted provided either the right to access and common use of, and the share of maintenance costs of the common elements and Community Property built in connection with any phase (other than easements for roads and utilities and rights shared with the general public) is limited to the owners of units in that phase, or the ownership of such use rights and of such facilities is made an appurtenance only of units in the respective phase;

4. Any amendment adding units subsequent to Phase I which are not a part of Phase II as described in this Declaration, is permitted provided Developer enlarges or expands the Community Property as provided in the Grant of Use Rights and Privileges appended to this Declaration and expends at least the amount per additional unit set forth in the Grant;

5. No such amendment shall change the residential character of the condominium;

6. Any such amendment terminating Phase II prior to substantial completion is permitted.

VIII. ASSOCIATION: The operation of the condominium shall e by The Islander Owners' Association, Inc., a corporation not or profit under the laws of the State of Florida, which shall ulfill its functions pursuant to the following provisions:

A. Articles of Incorporation: A copy of the Articles f Incorporation of the Association is attached as Exhibit X Page 95 hereof).

B. The By-Laws: The By-Laws of the Association hall be the By-Laws of the condominium, a copy of which is attached s Exhibit XI (Page 102 hereof).

C. Voting and Participation: Each unit shall have ne (1) vote in the affairs of the Association. Said vote shall be ast in accordance with the By-Laws.

D. Limitation Upon Liability of Association: Not ithstanding the duty of the Association to maintain and repair arts of the condominium property, the Association shall not be iable to unit owners for injury or ddmage, other than the cost f maintenance and repair, caused by any latent condition of the roperty to be maintained and repaired by the Association, or aused by the elements or other owners or persons.

E. Restraint Upon Assignment of Shares in Assets: he shares of members in the funds and assets of the Association annot be assigned, hypothecated or transferred in any manner ex- ept as an appurtenance to his unit.

F. Approval or Disapproval of Matters: Whenever he decision of a unit owner is required upon any matter, whether r not the subject of an Association meeting, such decision shall e expressed by the same person who would cast the vote of such wner if in an Association meeting, unless the joinder of record wners is specifically required by the Developer.

G. Rights to Purchase, Sell and Lease Units: The ssociation may purchase units, and sell or lease such units as .t owns.

IX. DECLARATION PRECEDES COMPLETION OF PROJECT: As of he date of this Declaration, the construction of the initial phase f the condominium is not substantially complete. Upon completion of each respective phase, this Declaration shall be amended by Developer to include the surveyor's certificate required by the Florida Statutes 718.104(e).

X. PLANS AND SURVEYS: Except where specifically stated otherwise, the provisions of this section apply to both Phase I and Phase II if built. The Islander, Phase I, and Phase II, are to be built in substantial accordance with the following:

A. The Survey of the land showing the improvements on it and attached as Exhibit III (page 52 hereof), and

B. The Graphic Description of the improvements in which units are located and a plot plan thereof attached as Exhibit IV (page 55 hereof), and

C. The Amendment of Plans:

1. Alteration of Phase I Plans. Prior to the issuance of the surveyor's certificate described in Paragraph IX, Developer shall have the right to change the interior design and arrangement of all units and to alter the boundaries between units, so long as Developer owns any unit so altered; during the same period, Developer may, at any unit owner's or purchaser's request so alter any unit, so long as Developer and any owner of any affected unit agree. No such change shall increase the number of units or alter the boundaries of the common elements without amendment of this Declaration by approval of the Association, unit owners, and owners of Mortgages in the manner elsewhere provided. If the Developer shall make any changes in units so authorized, such changes shall be reflected by an amendment of this Declaration. If more than one unit is concerned, the Developer shall apportion between the units the shares in the common elements appurtenant to the units concerned, as well as the shares in the common expenses and common surplus of the units concerned and such apportionment shall be duly noted in the amendment of the Declaration.

2. Amendment of Declaration. An amendment of this Declaration reflecting such authorized alteration of unit plans by Developer need be signed and acknowledged only by the Developer and need not be approved by the Association, Unit Owners, or Lienors or Mortgagees of units of the condominium, whether or not elsewhere required for an amendment.

3. Alteration of Phase II Plans. Phase II plans may be altered in accordance with Section VII preceding.

D. Easements.

1. Nonexclusive Easement for Ingress and Egress. Each unit owner of the condominium shall have a non-exclusive easement for ingress and egress between said unit and the public roads

nd streets serving the condominium, over the halls, corridors, tairs, elevators, walks, driveways, road, parking areas, exterior ccess and other portions of the common elements of the condominium.

2. Utility Easements. Easements are reserved hrough the condominium property as may be required for utility ervice to serve the condominium adequately, provided, however, uch easements to a unit shall be only according to the plans and pecifications for the unit building, or as the building is constructed, unless approved in writing by the unit owner.

3. Cross Easements. Easements are hereby created in favor of all unit owners for pedestrian and vehicular ingress nd egress and for ingress and egress to provide power, electrical ervice, telephone, sewer, water and other utility and lighting acilities, irrigation, television transmission facilities, security service and facilities in connection therewith and other imilar purposes. Developer, for itself, its nominee and the Association, reserves the right to impose upon the common elements enceforth and from time to time such easements and cross easements for any of the foregoing purposes as it deems to be in the est interest of, and necessary and proper for the owners of units.

4. Easements for Encroachments. All the ondominium property shall be subject to the easements for encroachments which now exist or hereafter exist, caused by settlement or movement of a building, or caused by minor inaccuracies n building or rebuilding, which encroachments shall be permitted o remain undistrubed and such shall continue until such encroachments no longer exist.

5. Easements as Appurtenances. The easements nd other rights created herein for a unit owner shall be appurenant to the unit of that owner and all conveyances of title to he unit shall include a conveyance of the easements and rights s are herein provided, even though no specific reference to such asements and rights appears in any such instrument.

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

1. Upper and Lower Boundaries. The upper and ower boundaries of the units shall be the following boundaries xtended to an intersection with the perimetrical boundaries:

(a) Upper Boundary - the horizontal plane of the undercoated finished ceiling.

(b) Lower Boundary - the horizontal plane of the undercoated finished floor.

2. Perimetrical Boundaries. The perimetrical oundaries of the unit shall be the vertical planes of the undercoated finished interior of the walls bounding the unit (including the finished interior of the walls and/or railing encompassing ny terrace or balcony serving such unit) extended to the

intersection with each other and with the upper and lower boundaries.

F. Common Elements. Common elements include the land and all of the parts of the condominium not within the unit.

XI. GENERAL DESCRIPTION OF THE ISLANDER. The Islander, Phase I, a condominium, shall consist of a main building of seven stories, ground story included, with nine (9) units on each floor, for a total of sixty-three (63) units in the main building; and an additional unit which is located away from the main building that will be used as a model unit during construction of Phase I and Phase II.

A. Typical Unit Plans. The units are essentially identical; the typical unit floor plan is described generally below and is described in more detail on the graphic description of the improvements attached as Exhibit IV, (Page 55 hereof):

Unit Description: Two Bedroom/Two Bath
987+ Square Feet Living Space
112 Square Feet Private Balcony

B. Unit Numbers. The unit numbers of each unit is determined by numbering the units from one (1) to nine (9) from East to West and adding the number to the product of the number of the floor times 100. Therefore, for example, the Easternmost first floor unit is identified by number 101 and the Westernmost first floor unit is identified as number 109, the Easternmost seventh floor unit is identified as number 701, and the Westernmost seventh floor unit is identified as number 709.

C. Appurtenance 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 one-sixty-fourth (1/64th) undivided share in the land and other common elements and in the common surplus.

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, including the rights and privileges granted to the Association and its members by the Grant of Use Rights and Privileges.

3. Automobile Parking Spaces. Rights to parking spaces for automobiles of the unit owners are provided on the Community Property by the Grant of Use Rights and Privileges. Paved automobile parking spaces will be made available so that at least one automobile parking space will be available for use by each unit according to such reasonable rules and regulations as may from time to time be promulgated by the Association; provided, that at all times, each unit shall be entitled to the use of at least one automobile parking space without charge. No space shall

e reserved except that a reasonable number of spaces shall be et aside and marked for use by handicapped persons and by management personnel only. It is contemplated under current plans hat the Community Property will contain in excess of two parking paces for each unit in Phase I.

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

D. Liability for Common Expense. Each unit owner hall be liable for a proportionate share of the common expense; uch share being the same as the one-sixty-fourth (1/64th) undivided share in the common elements appurtenant to his unit.

E. Maintenance, Alteration and Improvement. Resonsibility for the maintenance for the condominium property, and estrictions upon its alterations and improvements shall be as ollows:

1. Units.

(a) By the Association. The Association hall maintain, repair and replace at the Association's expense he following:

(i) All portions of a unit (except he interior surfaces of them) contributing to the support of the ain building, all outside walls of the main building and all fixures on its exterior boundary walls of the units, floor and ceilng slabs, load bearing columns and load bearing walls.

(ii) All screens, windows, glass alls, unit entrance doors, doors to outside balconies or terraces, ogether with the walls and railings encompassing the balconies r terraces included within each unit shall be maintained by the ssociation at the expense of the unit owner requiring the repairs.

(iii) All conduits, ducts, plumbing, iring, and other facilities contained within a unit that serve as art or parts of the condominium other than the unit within which ontained; and

(iv) All incidental damage caused o a unit by such work shall be repaired promptly at the expense f the Association.

(b) By the Unit Owner. The responsibiity of the Unit Owner shall be as follows:

(i) To maintain, repair and replace t his expense all portions of his unit except the portion to be aintained, repaired and replaced by the Association. Such shall e done without disturbing the rights of other unit owners.

(ii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of is unit, or the main building in any manner whatsoever including

the installation of television antennas.

(iii) 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 unit owner nor the Association shall make any alteration in the portions of the main building that are to be maintained by the Association, or remove any portion of such, or make any additions to or paint them, or hang or display any apparel or other items in or around the unit balconies, or do anything that would jeopardize the safety or soundness or appearance of the main 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. 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 the work.

2. Common Elements.

(a) By the Association. The maintenance and operation of the common elements shall be the responsibility of the Association and the cost thereof shall be a common expense.

(b) Alteration and Improvements. After the completion of the improvements included in the common elements contemplated by this Developer, there shall be no alteration nor further improvement of the real property constituting the common elements without prior approval in writing by the owners of not less than seventy-five (75%) per cent of the common elements, except as provided by the By-Laws. Any such alteration or improvement shall not interfere with the rights of any unit owner without their consent. The costs of such work shall not be assessed against a bank, life insurance company or savings and loan association that acquires its title as a result of owning a mortgage upon the unit owner, unless such owner shall approve the alteration or improvement, and this shall be so whether title is acquired by deed from mortgagor or through foreclosure proceedings. The share of any cost not so assessed shall be assessed to the other unit owners in the share that their shares in the common elements bear to each other. There shall be no change in the shares or rights of a unit owner in the common elements altered or further improved, whether or not the unit owner contributes to the cost of such alteration or improvement.

3. Owner's Responsibility. The owner shall be responsible for maintaining his unit and the personal property contained in the unit, preventing conditions within the unit which cause damage to other units or common elements. After casualty,

he owner shall not alter his unit except in accordance with he Declaration or By-Laws. The Association shall have the ower to bring court action to compel compliance or restrain iolations of this paragraph. The owner shall have sole res- onsibility for carrying any hazard insurance required by the nit's mortgagee.

XII. ADDITION TO COMMON ELEMENTS. The Association may dd new or additional common elements to the condominium upon a ote of the owners of eighty (80%) per cent of the units, pro- ided that written approval is obtained from the owner of each nit which shall be assessed any common expense attributable o such new or additional common element. If the new or addi- ional common element is to be a limited common element, only hose units which have use privileges may be assessed any ex- ense of the limited common element, and no such limited common lement may be added which impairs any easement appurtenant to ny unit, or any unit's access to public roads or the beach, or ny unit's view of the beach. No limited common element may be reated on the Phase I condominium property as described in this eclaration as originally recorded.

A. The unanimous approval of unit first lienholders s also required, pursuant to Section XVIII, paragraph K(2) below, his requirement is merely restated here to avoid confusion.

B. This section does not impose the requirement f an amendment in connection with the Association's accepting he conveyance of the Community Property pursuant to the Grant f Use Rights and Privileges appended to this Declaration.

XIII. ASSESSMENTS. The making and collection of assess- ents against unit owners for common expenses shall be pursuant o the By-Laws and subject to the following provisions:

A. Share of Common Expense. Each unit owner shall e liable for a proportional share of the common expenses and hall own one-sixty-fourth (1/64th) share in common surplus; such share being the same as the undivided share in the common lements appurtenant to his unit, provided, however, when the ortgagee of a mortgage of record, or other purchaser of a con- dominium unit obtains title to a condominium parcel as a result f foreclosure of the mortgage, or, as a result of a deed given in lieu of foreclosure, such acquirer of title and his successors and assigns shall not be liable for the share of common expenses or assessments by the Association pertaining to such condominium parcel or chargeable to the former unit owner of such parcel which became due prior to acquisition ot title as a result of the fore- closure, unless such share is secured by a claim of lien for as- sessments that is recorded prior to the recording of the fore-

closed mortgage. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the unit owners including such acquirer, his successors and assigns. After acquiring title to a condominium parcel as a result of foreclosure, or deed in lieu of foreclosure, such acquirer shall be liable to the same extent as all other unit owners for the pro rata share of common expenses coming due during the period of ownership whether or not such parcel is unoccupied.

B. Collection Costs. The expenses, costs, and the reasonable attorney fees incurred in collecting deliquent assessments from any unit owner shall be a further assessment against the unit and shall become a common expense only in the event the Allociation's lien for deliquent assessment becomes enforceable against the unit mortgagee by virtue of foreclosure or delivery of a deed in lieu of foreclosure.

C. Liability of Developer. The Developer shall not be liable for and shall be excused from the payment of its share of the common expense in respect of those units owned by the Developer during the period beginning with the first closing of the purchase of any unit in the condominium and terminating not later than the first day of the fourth calendar month thereafter or at the end of any period during which the Developer guarantees that the assessment for common expenses of the condominium imposed on the unit owners other than the Developer shall not increase over the dollar amount stated below, and the Developer shall pay any amount of common expenses incurred during the period and not produced by assessments at the guaranteed level receivable from other unit owners. The guaranteed levels during this period are as follows:

No increase over the Estimated Management and Maintenance Budget (attached as Exhibit XIV) (Page 127 hereof).

The Developer reserves the right to terminate this guarantee at any time, upon which termination, the Developer shall pay assessments for common expenses for units owner by the Developer in the same manner and to the same extent as all other unit owners. In addition, Developer shall be entitled to reimbursement from the operating funds and reserves of the Association for any prepaid insurance or other assets assigned to the Association. Such reimbursement shall be a common expense.

D. Interest; Application of Payment. Assessments and installments on such assessments paid on or before

en (10) days after the date when due shall not bear interest, ut all sums not paid on or before ten (10) days after the ate when due shall bear interest at the maximum interest ate allowable by law, from the date when due unitl paid. ll payment upon accounts shall be first applied to interest nd then to the assessment payment first due.

E. Lien for Assessments. The Association shall ave a lien on each condominium parcel for any unpaid assessments nd such lien for unpaid assessments shall also secure reasonble attorney's fees incurred by the Association incident to he collection of such assessment or enforcement of such lien.

F. Rental During Foreclosure. If the unit owner emains in possession of the unit and the claim of lien is foreloseď, the court, in its discretion, may require the unit owner o pay a reasonable rental for the unit, and the association is ntitled to the appointment of a receiver to collect the rent. n the event that at such time the unit is occupied by a tenant ther than the unit owner in possession under a valid sublease, he Association shall have the right to satisfy its lien by ataching the rent due under the sublease.

G. Purchase by Association. The Association may id on and purchase any unit sold as a result of foreclosure on lien for unpaid assessments.

XIV. INSURANCE. The insurance other than title insurnce that shall be carried on the condominium property and the roperty of the unit owners shall be governed by the following rovisions:

A. Authority to Purchase; Named Insured. All nsurance policies upon the condominium property shall be purhased by the Association. The named insured shall be the Asociation individually and as agent for the unit owners, without naming them, and as agent for their mortgagees. Provision hall be made for the issuance of mortgagee endorsements and emoranda of insurance to the mortgagees of unit owners. Such olicies shall provide that payments by the insurer for losses hall be made to the insurance trustee designated below, and ll policies and their endorsements shall be deposited with he insurance trustee. Unit owners may obtain coverage at their wn 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, excluding foundation and

excavation costs, 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.

(b) Insurance policies providing casualty coverages pursuant to above shall state whether the following property is included within the coverage in order that unit owners may insure themselves if said property is not insured by the Association: Air handling equipment for space cooling and heating, service equipment such as dishwasher, refrigerator, oven, stove, hot water heater, whether or not built-in; interior fixtures such as electrical and plumbing fixtures; floor coverings; and inside paint and other inside wall finishes. Further, such policies, when appropriate and possible shall waive the insurer's right to (a) subrogation against the Association and against the unit owners individually and as a group (b) benefit of the pro rata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurers have issued coverage on the same risk and (c) 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, including but not limited to hired automobile and non-owner automobile coverages, and with cross liability endorsement to cover liabilities of unit owners as a group to a unit owner.

3. Workmen's Compensation. Workmen's compensation policy to meet the requirements of law.

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

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense of this condominium; however, that any unit owner who shall use or maintain his unit in such manner as to cause a greater insurance premium to be assessed than would have been assessed if he had used his unit as other unit owners, then said unit owner shall be liable for and pay a special assessment in an amount equal to the increased premium cost caused by his maintenance or use of his unit.

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 and in the case of the COMMUNITY PROPERTY for the benefit of Developer, its assigns, those individuals sharing common use rights with Association members, and the mortgagees thereof, as their interest may appear, and shall provide that all proceeds covering property losses shall be paid 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; prior to the conveyance of the COMMUNITY PROPERTY to the Association, Developer shall designate the insurance trustee for all funds relating to the COMMUNITY PROPERTY. The insurance trustee shall not be liable for payment of the premiums for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the proceeds in trust for the purposes elsewhere stated in this instrument and for the benefit of the beneficiaries and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

1. Common Elements.

(a) NON-COMMUNITY PROPERTY. Proceeds on account of damage to common elements - an undivided share for each unit owner; such share being the same as the undivided share in the common elements appurtenant to his unit.

(b) COMMUNITY PROPERTY. Prior to the conveyance of the Community Property to the Association, trust funds shall be held in a single share for Developer; after the conveyance, the funds shall be held as in (a) immediately preceeding.

2. Units. Proceeds on account of damage to units shall be held in the following undivided shares:

(a) When the building is to be restored - for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

(b) When the building is not to be restored - an undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to each unit.

3. Mortgagees. 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, that no mortgagee

shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds, except distributions of such proceeds made to the unit owner(s) and mortgagee pursuant to the provisions of this Declaration.

E. Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

1. Expense of the Trust. All expense(s) of the insurance trustee shall be paid first or provisions made for such payment.

2. Reconstruction or Repair. If the damage for which the proceeds are paid, is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittance to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

3. Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which proceeds are paid shall not be reconstructed or repaired the remaining proceeds shall be distributed to the beneficial owners, remittance to unit owners and their mortgagee being payable jointly to them. This is a covenant for the benefit of any mortgagee of any unit and may be enforced by such mortgagee.

4. Certificate. In making distribution to unit owners and their mortgagees, the insurance trustee may rely upon a certificate of the Association made by its president and secretary as to the names of the unit owners and their respective shares of distribution.

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 release(s) upon the payment of claims.

G. Community Property. Provisions for collection, impressment, and disbursement of funds concerning COMMUNITY PROPERTY contained in Sections XIV and XV of this Declaration shall expire upon Developer's conveyance of the COMMUNITY PROPERTY to the Association pursuant to that Grant of Use Rights and Privileges; thereafter such property shall be governed by the provisions pertaining to common elements.

XV. 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. COMMUNITY PROPERTY. If the damaged improvement is part of the COMMUNITY PROPERTY, the determination shall be provided in the Grant of Use Rights and Privileges.

2. Common Elements. If the damaged improvement is a common element, other than COMMUNITY PROPERTY, the damaged property shall in all cases be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

3. Main Building.

(a) Lesser damage. If the damaged improvement is the main building of either phase and if units to which fifty (50%) per cent of the common elements are appurtenant are found by the Board of Directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired unless 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 the main building of either phase and if units to which more than fifty (50%) per cent of the common elements are urtenant are found by the Board of Directors of the Association e not tenantable, then the damaged property will not be reconcted or repaired and the condominium will be terminated with ard to that phase without agreement as elsewhere provided, unless within sixty (60) days after the casualty the owners of seventy-ive (75%) per cent of the common elements agree in writing to such econstruction or repair.

4. Certificate. The insurance trustee may on a certificate of the Association made by its president etary, and, in the case of the COMMUNITY PROPERTY, also by Developer, 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 and improvements, portions of which are attached as exhibits; or according to plans and specifications approved by:

1. The Board of Directors of the Association, and

2. If the damaged property is the main building, by the owners of not less than seventy-five (75%) per cent

of the common elements, including the owners of all damaged units, which approval shall not be unreasonably withheld, or

3. If the damaged property is part of the COMMUNITY PROPERTY, by Developer.

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 are insufficient, assessment shall be made against the unit owners who own the damaged units, and against all unit owners in the case of damage to common elements or to the COMMUNITY PROPERTY, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair to their respective units. Such assessments on account of damage to common elements shall be in proportion to the owner's share in the common elements. Such assessments on account of damage to the COMMUNITY PROPERTY shall be in an equal share per unit of the total assessment.

F. Construction Funds. For all property, including COMMUNITY PROPEETY, the funds for payment of the costs of reconstruction and repair after casualty, which shall consist of the proceeds of insurance held by the insurance trustee and the funds collected by the Association from assessments against unit owners shall be disbursed in payment of such costs in the following manner:

1. Association. If any part of the assessment made by the Association in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Association pertains to the COMMUNITY PROPERTY, or if the total assessments made to provide funds for reconstruction and repair that is the responsibility of the Association exceeds

FIFTEEN THOUSAND DOLLARS, then the sums paid upon such assessments shall be deposited by the Association with the insurance trustee. In all other cases the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of the reconstruction and repair.

2. Insurance Trustee. The proceeds of insurance collected on account of a casualty, and the sums deposited with the insurance trustee by the Association 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) COMMUNITY PROPERTY. Construction funds for repair or reconstruction of the COMMUNITY PROPERTY shall be disbursed (i) upon the order of the Association with approval of Developer, if the Association is performing such repair or reconstruction, or (ii) upon the order of Developer if the Developer has, upon written notice to the Association, undertaken to perform such repair or reconstruction pursuant to provisions of the Grant of Use Rights and Privileges appended to this Declaration.

(b) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than $15,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request of the insurance trustee by 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.

(c) Association - Major Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is more than $15,000.00, 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 of an architect qualified to practice in Florida and employed by the Association to supervise the work.

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

(e) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction

and repair shall be from insurance proceeds. If there is a balance in the 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.

(f) 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 to 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 required, the approval of an architect named by the Association upon disbursements in payment of costs of reconstruction and repair shall be obtained.

XVI. USE RESTRICTIONS. The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the main building in useful condition exists on the land. There are no timeshare estates in The Islander.

A. Units. Each unit shall be occupied by an owner, his servants and guests, as a residence, either permanent or transient, and for no other purpose. Except as reserved to Developer, no unit may be divided or subdivided into a smaller unit nor any portion sold or otherwise transferred without first amending this Declaration to show the changes in the unit to be affected.

B. Common Elements. The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the units.

C. Nuisances. No nuisances shall be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All

parts of the condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No unit owner shall permit any use of his unit or make any use of the common elements that will increase the cost of insurance upon the condominium property unless provisions have been made for a special assessment pursuant to paragraph XIV.C. hereof.

D. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification, or repair of the condominium property shall be the same as the responsibility for maintenance and repair of the property concerned.

E. Leasing. Entire units may be rented or leased only as pursuant to this Declaration, The Articles of Incorporation of the Islander Owners' Association, Inc., and the By-Laws of the Association. No room may be rented except as part of the unit.

F. Regulations. Reasonable regunations 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.

G. Proviso. Provided, however, that unit Developer has completed all of the contemplated improvements and closed the sales of all the units of the condominium, neither the unit owners nor the Association nor the use of the condominium property shall interfere with the completion of the contemplated improvements and the sale of the units. Developer may make use of the unsold units and common areas as may facilitate such completion and sale, including but not limited to maintenance of a sales office, the showing of the property, and the display of signs. The sales office, the furniture and the 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 units without regard to any restrictions or limitations, provided that the Developer, as owner of said unsold condominium units, shall contribute to the common expenses in the same manner as other unit owners.

XVII. 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, 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 regulation shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Act:

A. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guest, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. A unit owner shall pay the Association the amount of any increase in its insurance premiums occassioned by use, misuse, occupancy, or abandonment of a unit or its appurtenances, or of the common elements, by the unit owner.

B. Costs and Attorneys' Fees. In any proceeding arising because of an alledged failure of a unit owner or the Association to comply with the terms of the Declaration, The 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 attorneys' fees as may be awarded by the court.

C. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction or other provisions 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.

XVIII. 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. To be furnished upon request with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and report to be furnishedwithin ninety (90) days following the end of each calendar year.

B. To be given written notice by the Association of the call of a meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration of Condominium, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

C. To be given notice of default by any member wning any unit encumbered by a mortgage held by such institutional mortgagee or to the place which it or they may designate n writing to the Association.

D. To be given an endorsement to the policies overing the common elements requiring that such institutional ıortgagee be given any notice of cancellation provided for in ıuch policy.

E. Should the Association fail to pay such preıiums when due, or should the Association fail to comply with ›ther insurance requirements of the mortgagee(s), said institıtional mortgagee(s) shall have the right, at its option, to ›rder insurance policies and to advance such sums as are reıuired to maintain or procure such insurance, and to the extent ›f the money so advanced, said mortgagee shall be subrogated to the assessment and lien rights of the Association as against the individual unit owners for the payment of such item or common expense.

F. An institutional first mortgagee shall always ›e entitled to receive, in reduction of its mortgage debt, that portion of insurance proceeds apportioned to its mortgage unit in the same share as the share in the common elements appurtenant to such unit, in the event:

1. Its mortgage is not in good standing and is in default; or

2. Either insurance proceeds are not sufficient to complete restoration, reconstruction or repair, and the Association has not made additional funds available for such purpose; or

3. It is determined to restore, repair, or reconstruct the improvements in a manner or condition substantially different from that existing prior to the casualty and such mortgagee has not consented in writing to such change or alteration.

G. The institutional mortgagee shall be entitled to a written notification from the Association thirty (30) days prior to the effective date of any change in the Condominium Documents.

H. Such institutional mortgagee shall be entitled to written notification from the Association of any default by the mortgagor of such unit in the performance of the mortgagor's obligations under all Condominium Documents which is not cured within thirty (30) days.

I. Any institutional mortgagee which comes into possession of the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed in lieu of

foreclosure shall be exempt from any right of first refusal or other restriction on the sale or rental of the mortgaged unit.

J. As provided in Articles XIII, paragraph A above, any mortgagee (whether or not an institutional mortgagee) which acquires title to a unit through foreclosure or deed in lieu of foreclosure, shall take the property free and clear of any claim for unpaid assessments or charges against the mortgaged unit which became due prior to acquisition of title as a result of said foreclosure or deed in lieu of foreclosure, except for claims secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage.

K. Unless all holders of first mortgage liens on individual units have given their prior written approval, the Association of owners of the condominium shall not:

1. Change the pro rata interest or obligations of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the condominium.

2. Partition or subdivide any unit or the common elements of the project, or annex additional land; however, the approval of holders of such liens shall not be required for the Association to accept the conveyance of the Community Property pursuant to the Grant of Use Rights and Privileges appended to this Declaration.

3. By act or omission seek to abandon the condominium status of this condominium except as provided by Statute in case of substantial loss to the units and common elements of the condominium.

XIX. 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. 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. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approval must be either by:

1. Not less than sixty-six (66%) per cent of the entire membership of the Board of Directors, and by not less than sixty-six (66%) per cent of the votes of the entire membership of the Association; or

2. Not less than eighty (80%) per ent of the votes of the entire membership of the Association; or

3. Until the first election of Directors, ly by all of the Directors, provided the amendment does not ncrease the number of units nor alter the boundaries of the ommon elements.

C. Proviso. Provided, however, that no amendment hall discriminate against any unit owner nor against any unit or lass or group of units unless the unit owner so affected shall onsent; and no amendment shall change any unit nor the share in he common elements appurtenant to it, nor increase the owner's hare of the common expenses, unless the record owner of the unit oncerned and all record owners of mortgages on such unit shall oin in the execution of the amendment. Neither shall an amendent make any change in the section entitled "Insurance", nor n the section entitled "Reconstruction or Repair after Casualty", nless the record owners of all mortgages upon the condominium hall join in the execution of the amendment. Nothing contained erein shall affect the Developer's right to expand or modify the roject in the manner and according to the conditions elsewhere erein provided without the joinder or consent of unit owners or ien holders.

D. Execution and Recording. A copy of each amendent shall be attached to a certificate certifying that the amendent was adopted, which certificate shall be executed by the oficers of the Association with the formalities of a deed. The mendment shall be effective when such certificate and a copy of he amendment are recorded in the public records of Okaloosa ounty, Florida.

XX. TERMINATION. The condominium may be terminated in he following manner in addition to the manner provided by the ondominium Act:

A. Destruction. It if is determined in the manner lsewhere provided that the main building shall not be reconstruced because of major damage, the condominium plan or ownership will e terminated without agreement.

B. Agreement. The Condominium may be terminated t any time by the approval in writing of all record owners of units nd all record owners of mortgages on units. If the proposed termnation is submitted to a meeting of the members of the Association, he notice of the meeting giving notice of the proposed termination, nd if the approval of the owners of not less than eighty 80%) per cent of the common elements, and of the record owners of ll mortgages upon the units are obtained in writing not later han thirty (30) days from the date of such meeting, then the aproving owners shall have an option to buy all of the units of the

other owners for a period ending on the sixtieth (60th) day from the day of such meeting. Such approvals shall be irrevocable until the expiration of the option, and if the option is exercised, the approvals shall be irrevocable. The option shall be on the following terms:

1. Exercise of Option. The option shall be exercised by delivery or mailing by registered mail to each of the record owners of the units who will participate in the purchase. Such agreement shall indicate which units will be purchased by each participating owner and shall require the purchase of all units owned by owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.

2. Price. The sale price of each unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of such agreement, and in the absence of agreement as to price it shall be determined by arbitration in accordance with the then existing rules of the Florida Arbitration Code, with the Association and the unit owner each selecting a licensed Real Estate Broker or Appraiser doing business in Okaloosa County Florida, as arbitrator, and they, failing to agree, selecting a competent and disinterest Real Estate Broker or Appraiser doing business in Okaloosa County as umpire. The decision of any two of said arbitrators and umpire shall be final and binding upon the parties. Either party receiving notice of appointment of an arbitrator by the other party shall, within ten (10) days thereafter, appoint an appraiser; and they failing to agree as to the fair market value of said unit within fifteen (15) days after appointment of the last arbitrator shall select the umpire. If the umpire and appraisers have not reached a decision within thirty (30) days after appointment of the second arbitrator, either party shall have the right to have three (3) new appraisers appointed by the local Okaloosa County Circuit Court, First Judicial Circuit, State of Florida, according to the Florida Arbitration Code. A Judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be divided equally between the Association and the purchaser.

3. Payment. The purchase price shall be paid in cash.

4. Closing. The sale shall be closed within ten (10) days following the determination of the sale price.

final adjustment of the loss.

I. The Insurance Trustee shall be subject to the prior written approval of the Mortgagee.

J. The Mortgagee shall be given notice of any action, suit, or claim or lien against the condominium, the Board, the owners, or the Developer and will have the right, but not the obligation, to take part in the defense of any such action, suit, or claim or lien.

K. The Board will forward a copy of the Annual Report and the Financial Statements of the Condominium and/or the Association to the Mortgagee at the time the Board distributes such documents to "owners".

L. The Mortgagee shall have the right to inspect the books and records of the Board and the manager of the Condominium under the Management Contract, provided that such inspection shall be conducted during normal business hours of the Board or the Manager as the case may be.

M. Notwithstanding anything in the Declaration or the By-Laws to the contrary, the Mortgagee shall not be responsible for any actions or omissions of the Developer in connection with the construction of the condominium or with the Declaration or By-Laws.

XXII. EQUITABLE SERVITUDES. All provisions of this Declaration are enforceable equitable servitudes, run with the land, and are effective until the condominium is terminated.

XXIII. SEVERABILITY. The invalidity in whole or in part of any covenants or restrictions, or any section, subsection, sentence, clause, phrase, or work, or other provision in this Declaration of Condominium and the Articles of Incorporation, By-Laws, and Regulations of the Association shall not affect the validity of the remaining portions.

XXIV. ROADS AND CANALS ON HOLIDAY ISLE. Each unit is assessed $75.00 per year by the Holiday Isle Improvement Association, a non-profit corporate which is not an affiliate of the Developer, for maintenance of roads, and canals on Holiday Isle. Each unit owner is responsible for paying the assessment to the Holiday Isle Improvement Association as it becomes due. The Holiday Isle Improvement Association has a lien on each unit for unpaid assessments of the unit. By virtue of that Non-Disturbance Agreement dated December 23, 1975, recorded at OR Book 827, pages 519-526, Official Records of Okaloosa County, Florida, a copy of which is appended as an Exhibit hereto, the rights of any unit owner shall not be affected by any other Unit Owner's default in payment of this assessment.

XXV. USE OF TERMS. Unless the context indicates to the contrary, words used in this Declaration have the same meaning as when used in the Condominium Act, provided that the following definitions are governing:

A. Unit. "Unit" means condominium parcel as defined in the Condominium Act.

B. Owner or Purchaser. "Owner" or "Purchaser" when used in connection with a unit, means the sublessee or assignee of the leasehold interest in the unit expiring on September 1, 2060, A.D., such owner or purchaser is the Unit Owner as referred to in the Condominium Act.

C. Sell. "Sell" a unit means to convey a sublease or assignment of a leasehold interest expiring on September 1, 2060.

D. Association means the Islander Owners Association, Inc., a non-profit Florida corporation, and its successors.

E. Common Elements shall include the tangible personal property required for the maintenance and operation of the condominium, and any land or other property acquired by the Association for the condominium, even though owned by the Association, as well as the items stated in the Condominium Act; and shall include the use rights in recreation facilities granted by the Grant of Use Rights and Privileges appended to this Declaration.

F. Common Expenses shall include expenses of administration, expenses of insurance, expenses of maintenance, operation, repair, replacement and betterment of the common elements and the portions of the unit to be maintained by the Association; expenditures or amounts of assessments by the Association for payment of costs that are the responsibility of a unit owner, including but not limited to costs or repair of damage to a unit in excess of insurance proceeds, and the costs of insurance upon a unit, expenses declared common by provisions of this Declaration, the Association's By-Laws and the Grant of Use Rights and Privileges; and any valid charge against the condominium as a whole.

G. Community Property means that property described in and being the subject of the Grant of Use Rights and Privileges.

H. Condominium means all the condominium property as a whole when the context so permits as well as the meaning stated in the Condominium Act.

I. Grant of Use Rights and Privileges means the instrument attached hereto as Exhibit VI which grants certain

se rights and privileges in the Community Property to the Association and its members pursuant to the terms and conditions set forth therein.

J. Institutional Mortgagee means a bank, savings and loan association, an insurance company, a pension fund, a real estate investment trust, a mortgage banker or other like business entity holding a mortgage on a unit.

K. Number and Gender are used herein so that, where 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.

L. 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 electrical power, hot and cold water, heating, refrigeration, air conditioning, cable television, garbage and sewage disposal.

XXVI. MANAGEMENT CONTRACT. The Islander Owners Association, Inc., has provided for the maintenance and operation of the condominium by contract attached as Exhibit XIII, page 121 hereto.

XXVII. RESERVED RIGHTS. By filing this Declaration of Condominium, Developer, as successor in interest to B.H.L., Inc., a Florida Corporation, hereby elects to exercise its rights reserved to grantor in that certain Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida; and covenants to assign to each unit owner in The Islander, Phase I, and Phase II, if build, at the time each unit is first conveyed, the right to use the subject property described in said Grant of Easement, provided however, that Developer does not warrant the right to use the existing Jetty East beach pavilion.

XXVIII. GRANT OF USE RIGHTS AND PRIVILEGES. The Association has entered into an agreement with the Developer, said agreement being entitled "Grant of Use Rights and Privileges" and a copy being attached and made a part hereof as Exhibit VI. Pursuant to the Condominium Act, this agreement is intended to provide for the enjoyment, recreation and other use or benefit of the unit owners and the expenses of operation, replacements and other undertakings in connection therewith, as set forth in more detail therein, are hereby declared to be common expenses of the condominium. Developer, its assignees and successors in interest shall have a lien on each unit for the unit's unpaid share of those expenses; this lien is fully described in the GRANT OF USE RIGHTS AND PRIVILEGES. Additionally, this agreement includes covenants

and restrictions concerning use by unit owners as well as other provisions, all of which are set forth in more detail therein.

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

Signed, sealed and delivered in the presence of:

Madeline Carroll Harris

Bonita B. Barkley

Doris D. Brumley

Virgil J. Dews

THE ISLANDER GROUP, LIMITED

By Jerome H. LaChapelle
Jerome H. LaChapelle
General Partner

Attest: Cecil W. Barrett
Cecil W. Barrett
General Partner

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H. LaChapelle and Cecil W. Barrett, General Partners of The Islander Group, Ltd., a Florida Partnership, and each of said individuals acknowledged before me that they executed the foregoing Declaration of Condominium for and in the name of said Partnership and that they are authorized so to do by the Board of Directors of said Partnership for the purpose therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 15 day of JUNE, A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 5/19/84

EXHIBIT II (A)

CONSENT TO FILING OF DECLARATION OF CONDOMINIUM

WHEREAS, The First National Bank of Birmingham, having its principal office at Post Office Box 11007 Birmingham, Alabama 35288, hereafter referred to as MORTGAGEE, is the owner and holder of the mortgage lien created by that certain open-end mortgage deed dated the 16th day of February, 1982, by THE ISLANDER GROUP, LTD., 502 Gulfshore Drive, Destin, Florida, to MORTGAGEE recorded among the public records of Okaloosa County on 2/18/82, in Official Records Book 1142, Page 0545; and

WHEREAS, MORTGAGEE is in conjunction therewith the owner and holder of certain security interests as evidenced by UCC-1 form executed by the aforementioned parties and filed among the public records of Okaloosa County, Florida, and/or with the Secretary of the State of Florida; and

WHEREAS, a part of the real property in which THE ISLANDER GROUP, LTD. has a leasehold estate subject to the aforementioned mortgage lien and security interests has been improved by the construction thereon of a certain condominium building and related improvements which are being submitted to the condominium form of ownership, and THE ISLANDER GROUP, LTD. will be creating a condominium known as "The Islander, Phase I, a Condominium" by the Declaration of Condominium heretofore recorded among the Public Records of Okaloosa County, Florida, in Official Records Book 1170, Page 1827, in accordance with Chapter 718 of Florida Statutes; and

WHEREAS, MORTGAGEE is desirous of evidencing its consent to the filing of said Declaration of Condominium.

NOW, THEREFORE, in consideration of the premises, as well as the sum of TEN ($10.00) DOLLARS and other good and valuable considerations in hand paid to the said MORTGAGEE, said MORTGAGEE does hereby consent to the execution of said Declaration of Condominium of The Islander, Phase I, a Condominium, and its recording among the public records of Okaloosa County, Florida, and does likewise consent to the establishment of a condominium form of ownership for the condominium property described therein under the aforementioned Declaration of Condominium, and in accordance with the laws of the State of Florida, it being the intention of MORTGAGEE to consent thereto fully and in all respects required

by Section 718.104(2) of the Florida Statutes in force and effect on the date of the execution of these presents.

The Mortgagee is not the Developer, and the execution hereof shall not impose on Mortgagee any obligation whatsoever under the terms, covenants and conditions of the foregoing Declaration of Condominium.

IN WITNESS WHEREOF, MORTGAGEE has caused these presents to be executed by its duly authorized officers this 22 day of November, 1982.

Robert O. West

Raymond D. Hamilton

MORTGAGEE:
The First National Bank of Birmingham

By: William E. Coleman Sr. Vice Pr

Attest: Pamela J. Rea

REAL ESTATE OPERATIONS OFFICER

STATE OF Alabama

COUNTY OF Jefferson

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared William E. Coleman, Senior Vice President of The First National Bank of Birmingham, Birmingham, Alabama, and he acknowledged before me that he executed the foregoing Consent to Filing of Declaration of Condominium for and in the name of said Bank and that he is authorized so to do by the Board of Directors of said Bank for the purpose therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 22nd day of November, A.D., 1982.

Connie Jane Kiser

Notary Public

My Commission Expires:

NOTARY PUBLIC CONNIE JANE KISER ALABAMA AT LARGE

Notary Public, Alabama State at Large
My Commission Expires December 1, 1985
Bonded by St. Paul Fire & Marine Insurance Co.

EXHIBIT II (B)

STATE OF FLORIDA
COUNTY OF OKALOOSA

JOINDER IN EXECUTION OF
DECLARATION OF
CONDOMINIUM

THIS JOINDER IN EXECUTION entered into by Okaloosa County, Florida, Lessor, in addition to the foregoing execution by The Islander Group, Ltd., a Florida Partnership, Lessee.

WITNESSETH:

WHEREAS, The Islander Group, Ltd., by Lease Assignment dated November 29, 1990, recorded at Book 1105, page 1502, Official Records of Okaloosa County, Florida, did acquire a complete assignment of the leasehold of the parcel described below; and

WHEREAS, Okaloosa County, Florida, as assignee of and successor to the Okaloosa Island Authority, is the lessor of the leasehold and record owner of the underlying fee to said parcel; and

WHEREAS, The Islander Group, Ltd., desires to submit the parcel to condominium ownership under the name "The Islander", in accordance with the foregoing Declaration of Condominium to which this Joinder is attached; and

WHEREAS, Florida Statute 718.104(2), The Condominium Act, requires that all persons having record title to the interest in the land being submitted to condominium ownership, or their lawfully authorized agents, must join in the execution of the Declaration;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That Okaloosa County, Florida, by and through its duly authorized agents hereunder subscribed, joins in the execution of the foregoing Declaration of Condominium thereby submitting the following described real property to condominium ownership, to-wit:

Commencing at the Northwest corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida; Proceed S 88° 44'-W 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N 75° 53'17"-W 480.03 feet to the Point of Beginning;

thence 19.61 feet along said radius with a chord of N 59°52.2'-W 19.61 feet; thence N 59°16'-W 391.40 feet; thence S 38°33.7'-W 196.1 feet; thence S 23°41'-W 281.60 feet; thence S 63°02.8'-E 478.35 feet; thence N 88°44'-E 156.95 feet; thence S 01°16'-E 128.59 feet; thence S 61°38'-W 137.96 feet; thence S 74°52'-W 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S 68°11'22.28"-W 43 feet, thence along said circle 260.15 feet (the central angle being 346°38' 44.56" and the chord being S 15°12'30"-E 9.89 feet), thence N 74°52'-E 142.97 feet, thence N 61°38'-E 21.69 feet; thence S 01°16'-E 194.14 feet to the waters edge of the Gulf of Mexico; thence meander the Gulf N 85°09'-E 115.22 feet; thence N 01°16'-W 793.20 feet to the Point of Beginning, containing 282,802.25' square feet.

IN WITNESS WHEREOF, this instrument is executed on this 23rd day of June, 1961.

WITNESSES:

Deputy Clerk of Circuit Court

OKALOOSA COUNTY COMMISSIONERS

Shirley R. Ransom

STATE OF FLORIDA
COUNTY OF OKALOOSA

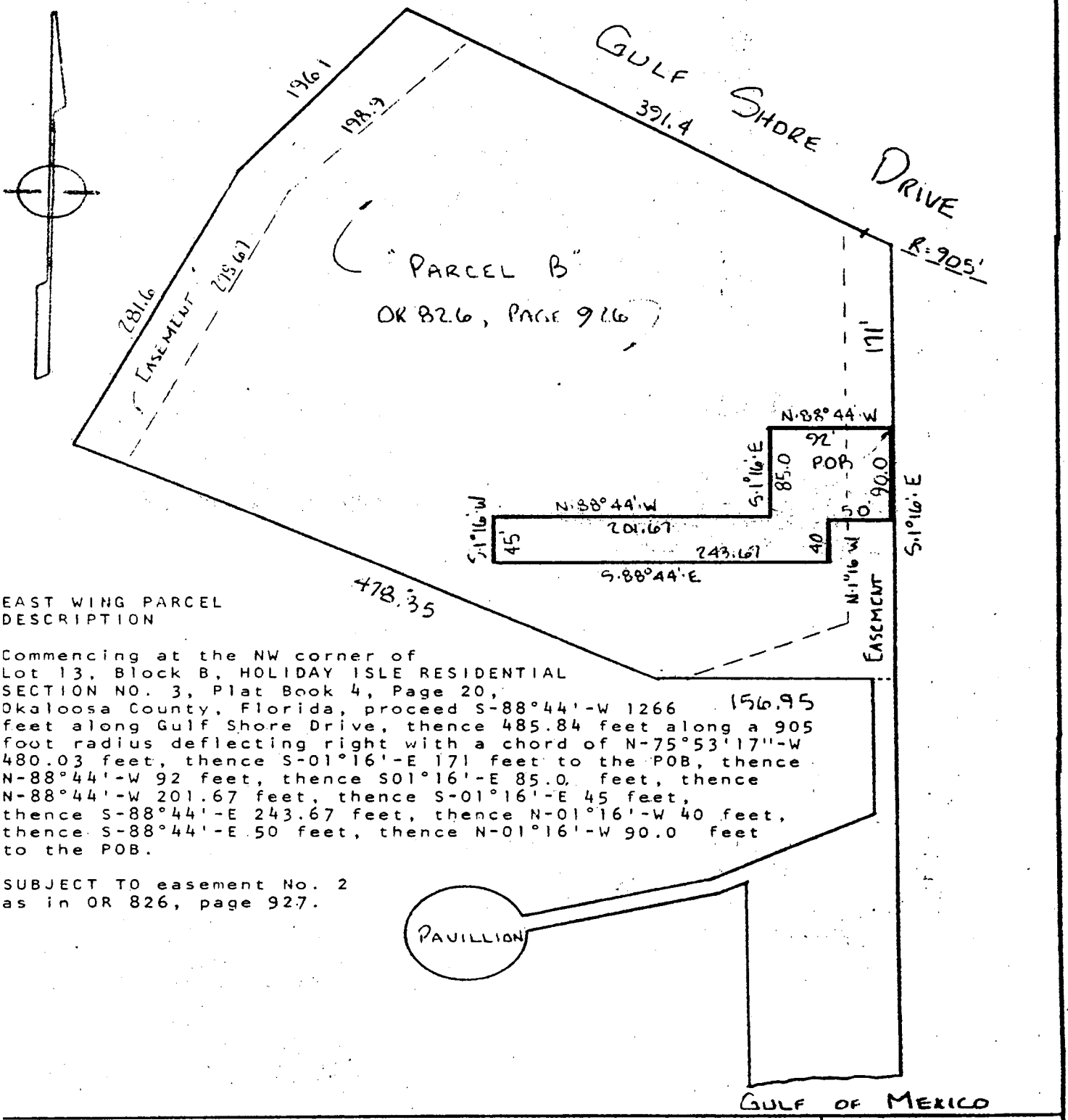
BEFORE me personally appeared Shirley R. Ransom Chairman of the Board of County Commissioners, Okaloosa County, Florida, to me well known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he executed said instrument for the purposes therein expressed.

WITNESS my hand and official seal, this 23rd day of June, 1961.

Notary Public
State of Florida
My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES OCT. 21 1982
BONDED THRU GENERAL INS. UNDERWRITERS

EXHIBIT III (A)



EAST WING PARCEL
DESCRIPTION

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S01°16'-E 85.0 feet, thence N-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90.0 feet to the POB.

SUBJECT TO easement No. 2 as in OR 826, page 927.

CRIPTION ABOVE

BOOK , PAGE , OKALOOSA COUNTY, FLORIDA

ROACHMENTS NOT SURVEYED

LE 1" 100' DATE 21 MAY 1981 W.O. #

LD
OK

DERED BY THE ISLANDER GROUP

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

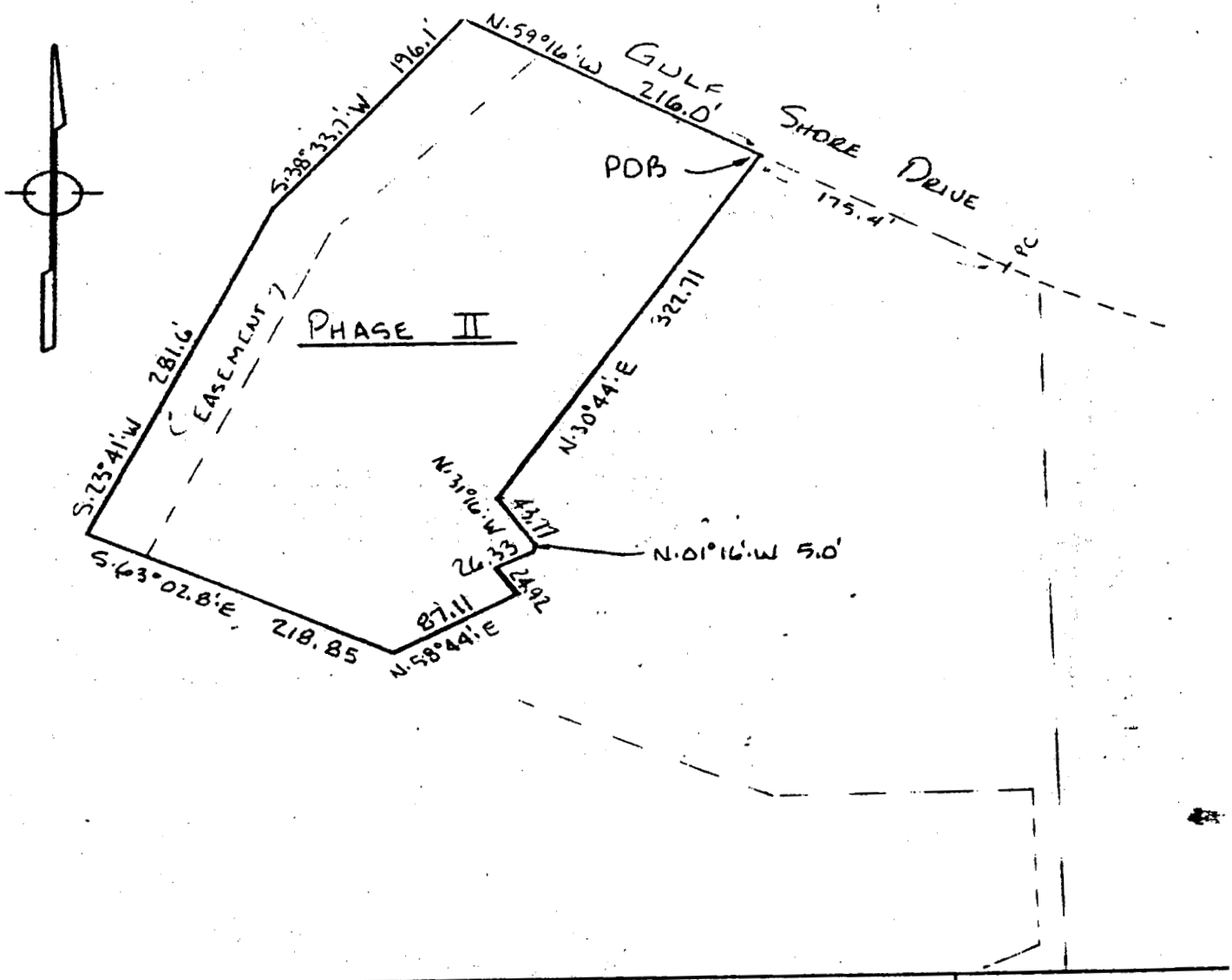
ENGINEER W. E. OVERSTREET SURVEYOR

EXHIBIT III (B)

DESCRIPTION PHASE II

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulf Shore Drive to the POB; thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8'-E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to POB.

SUBJECT TO easement as in Parcel No, 1, OR 826, Page 927 of said County.



DESCRIPTION ABOVE

BOOK ____, PAGE ____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SURVEYED

SCALE 1" = 100' DATE 21 May 1981 W.O. # 1922

FIELD BOOK ____

ORDERED BY ISLANDER GROUP, LTD.

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

ENGINEER W E OVERSTREET SURVEYOR

EXHIBIT III (C)

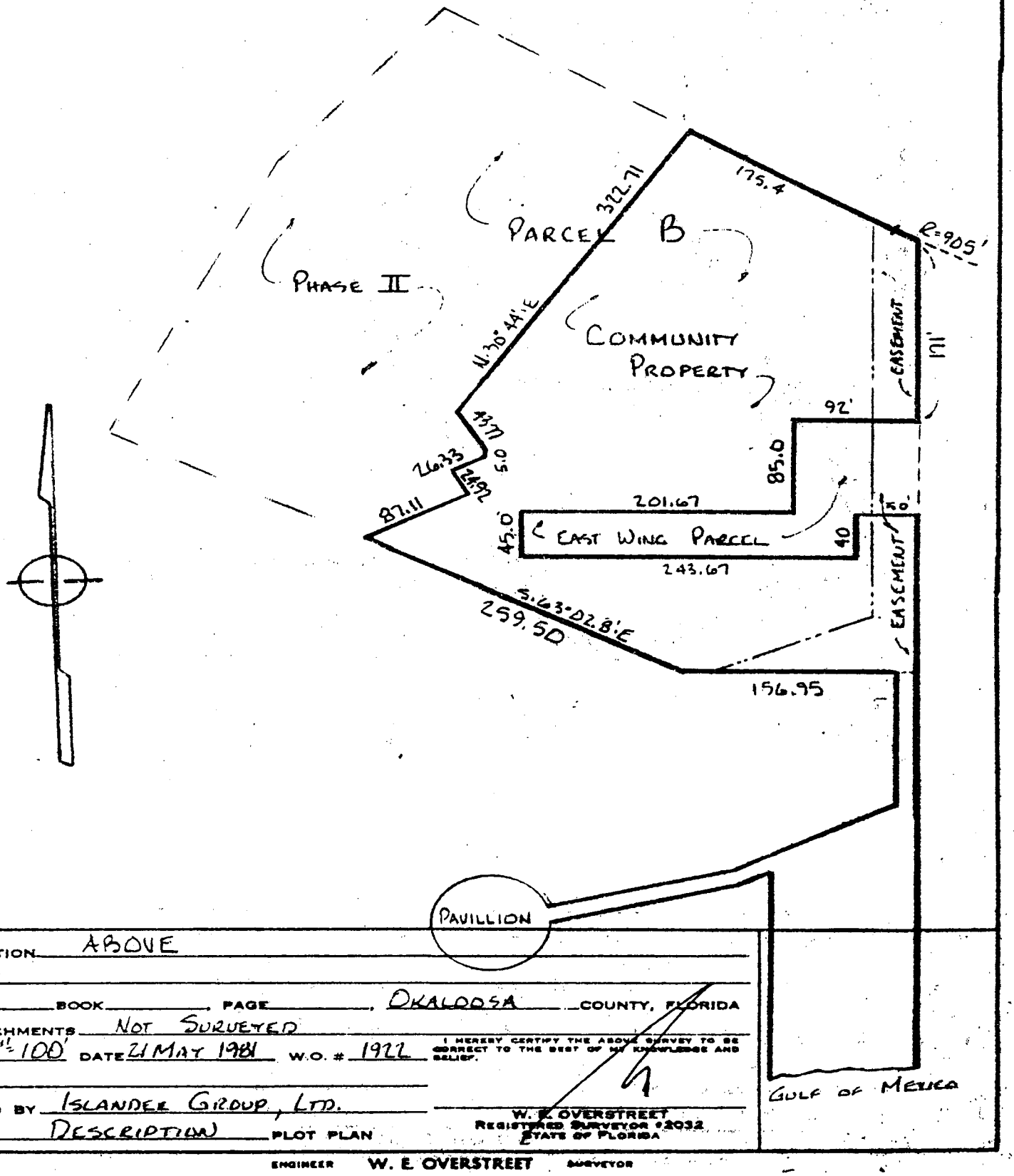
DESCRIPTION " COMMUNITY PROPERTY "

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida;

LESS AND EXCEPT: Phase II

AND LESS AND EXCEPT: East Wing Parcel

AND SUBJECT TO: Easement No. 2 as in OR 826, Page 927 of said County.



CRIPTION ABOVE

BOOK ____ PAGE ____, OKALOOSA COUNTY, FLORIDA

ROACHMENTS NOT SURVEYED

LE 1" = 100' DATE 21 MAY 1981 W.O. # 1922

LD

OK

ERED BY ISLANDER GROUP, LTD.

DESCRIPTION PLOT PLAN

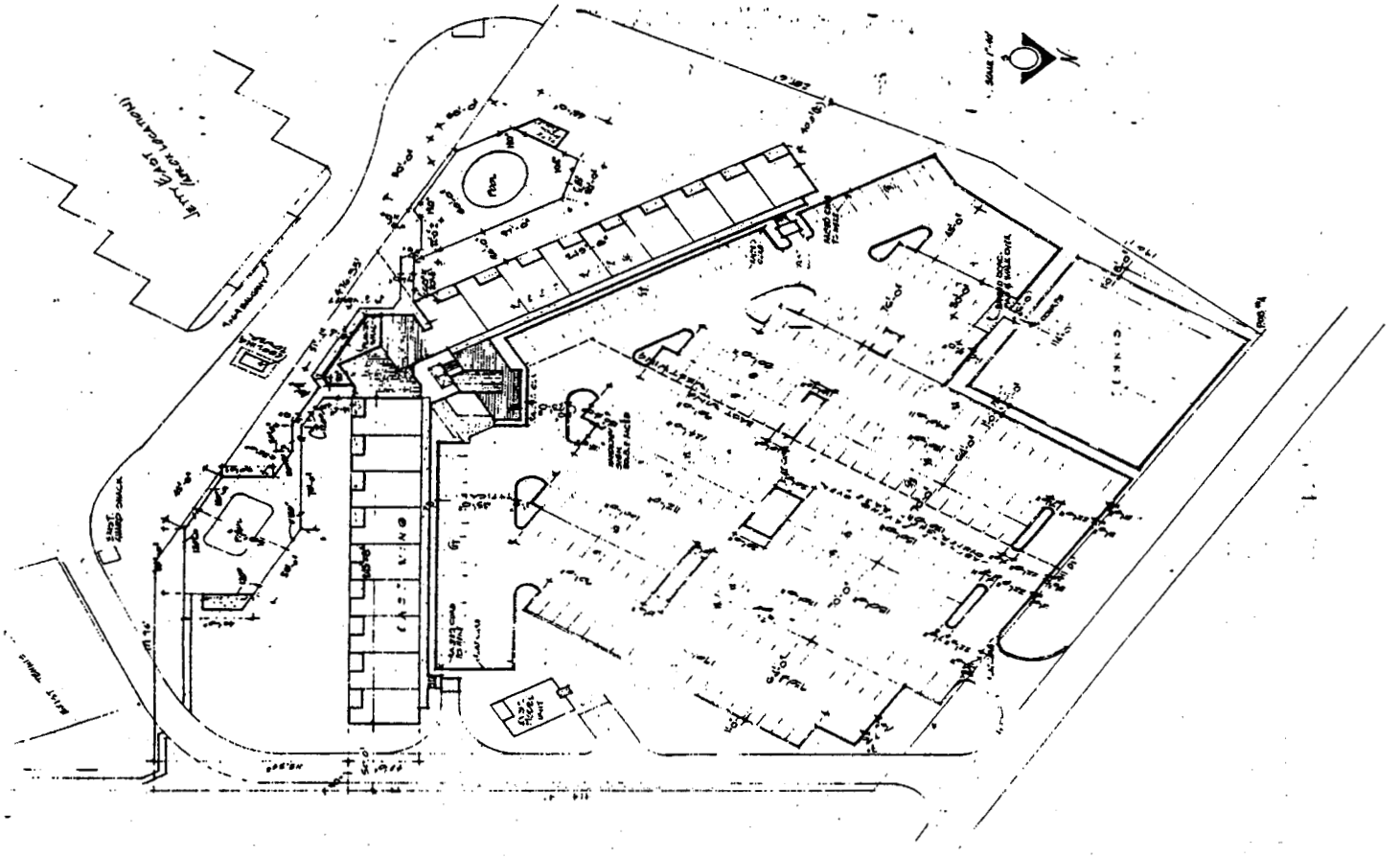
I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

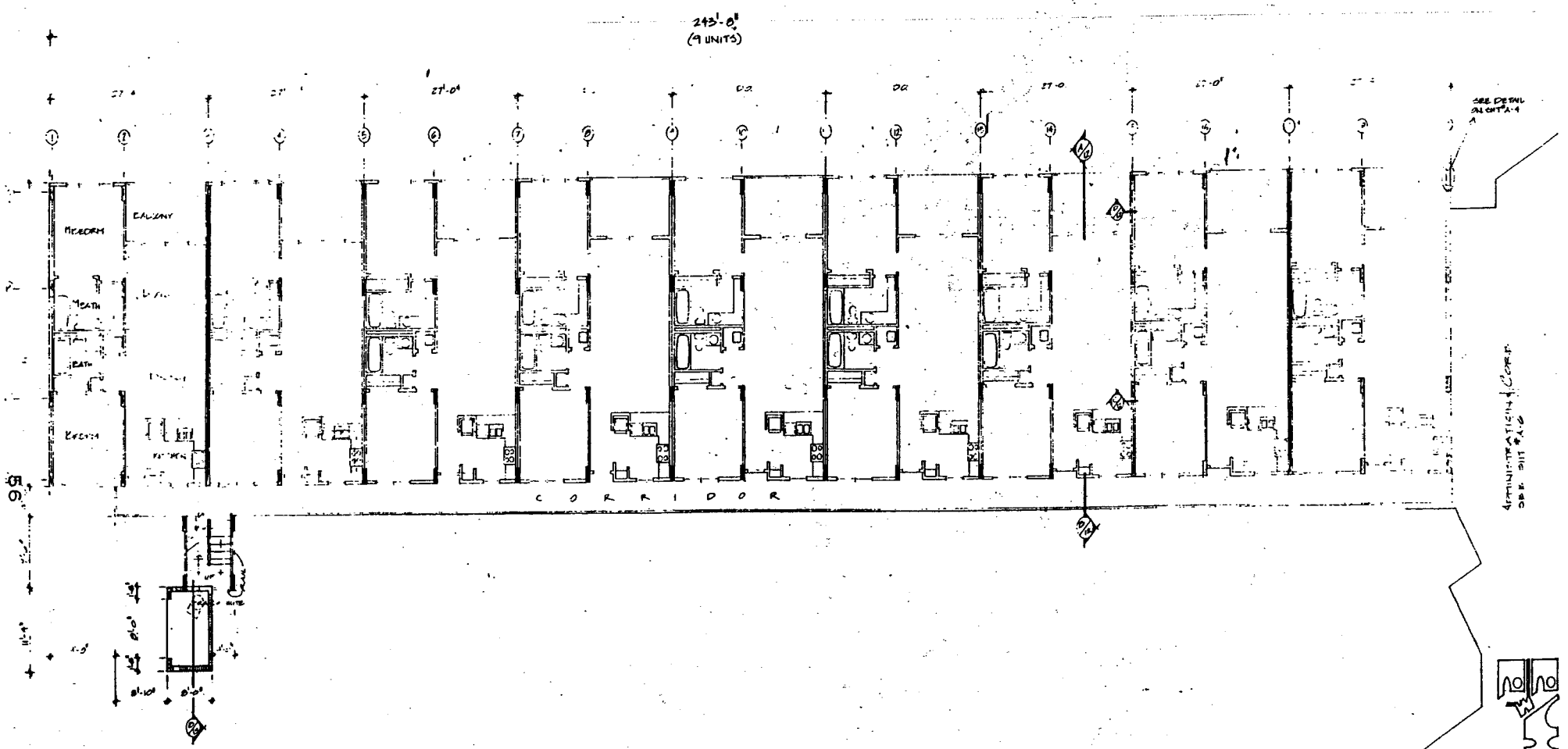
W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

ENGINEER W. E. OVERSTREET SURVEYOR

EXHIBIT IV

PLOT PLAN & FLOOR PLANS





1/8" OVERALL FLOOR PLAN - GROUND FLOOR

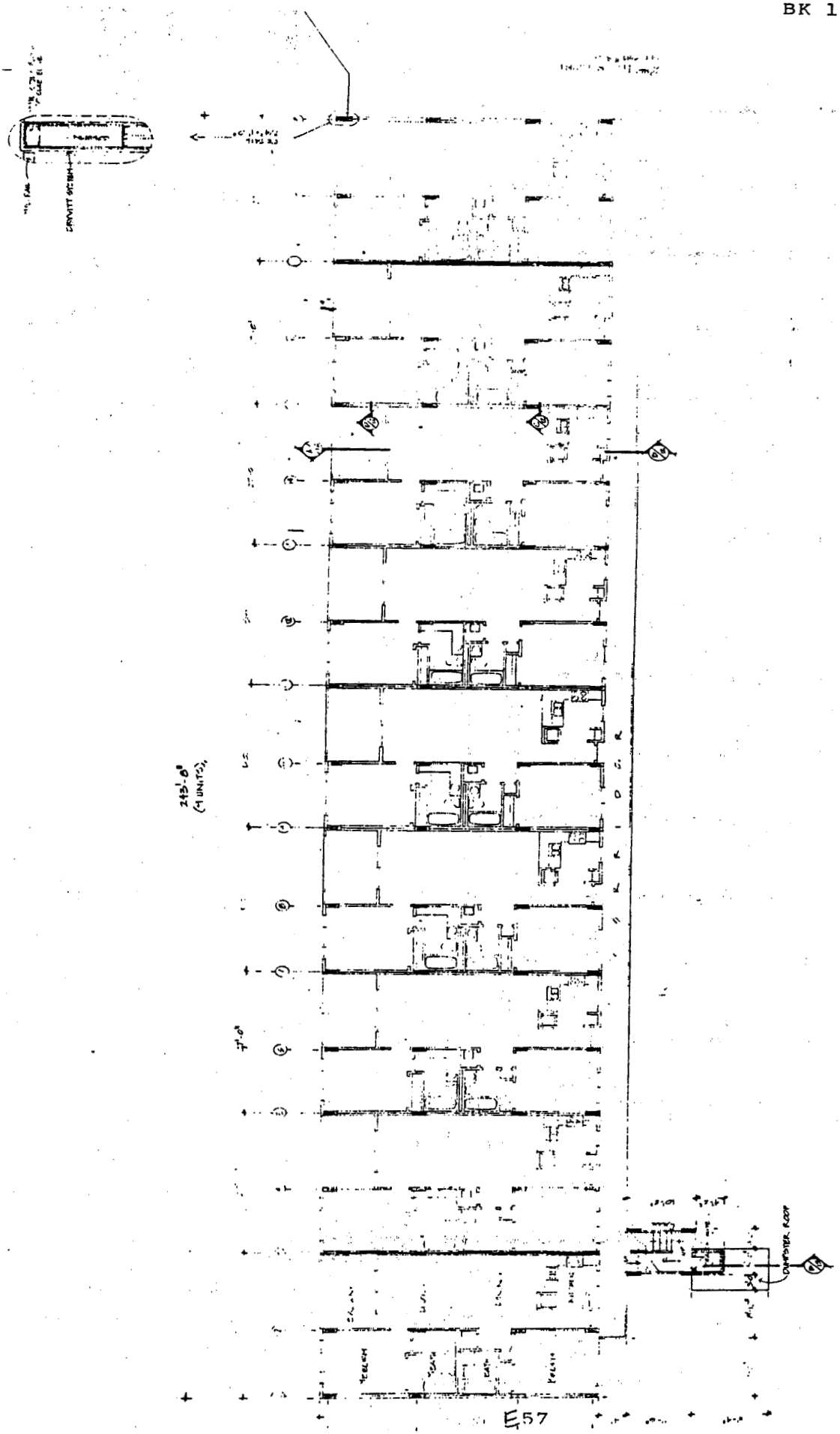
THE 'ISLANDER' CONDO FOR THE ISLANDER GROUP, LTD

REV 5/07/01
REV. 5/30/01
4/26/01

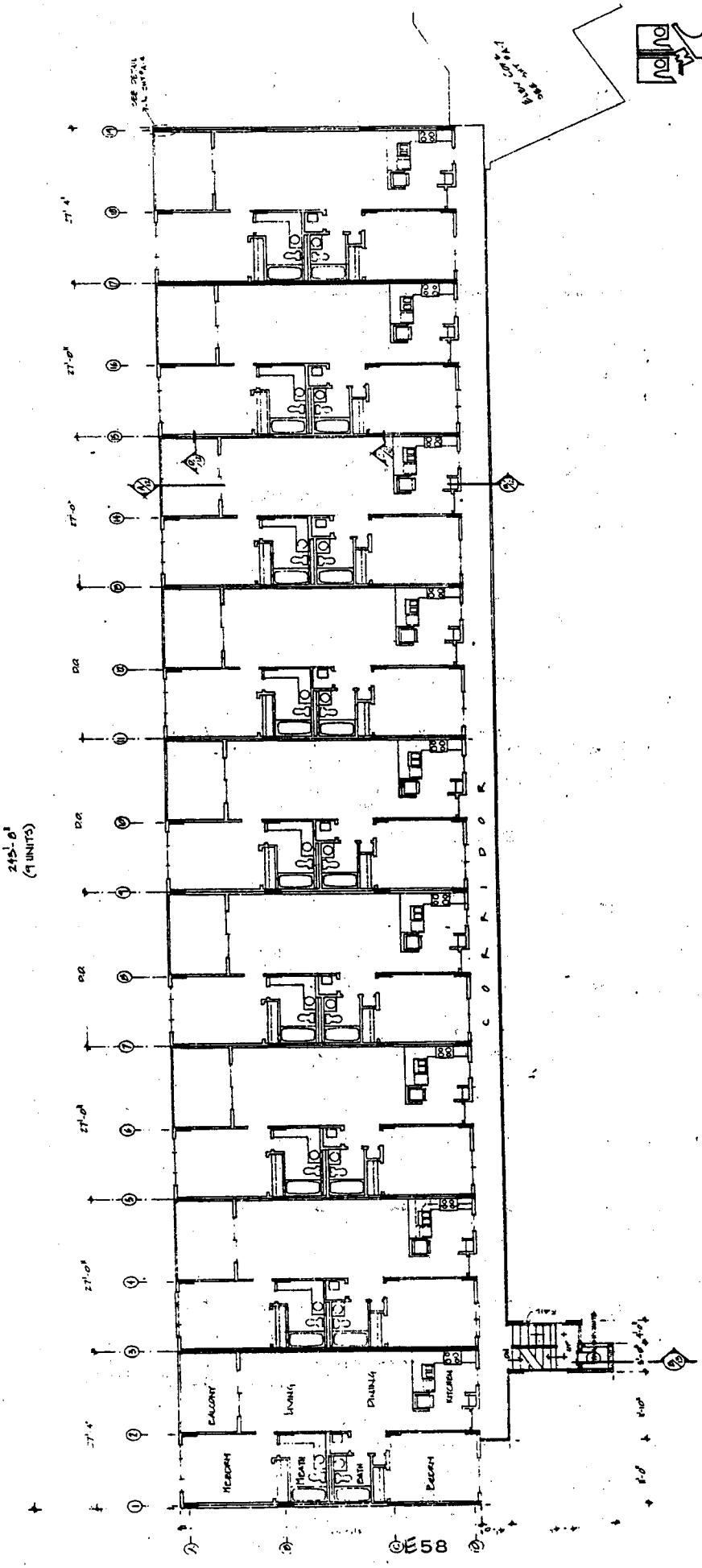
A3

BCC59

** OFFICIAL RECORDS **


215'-8"
(4 UNITS)
DUMPSTER ROOF

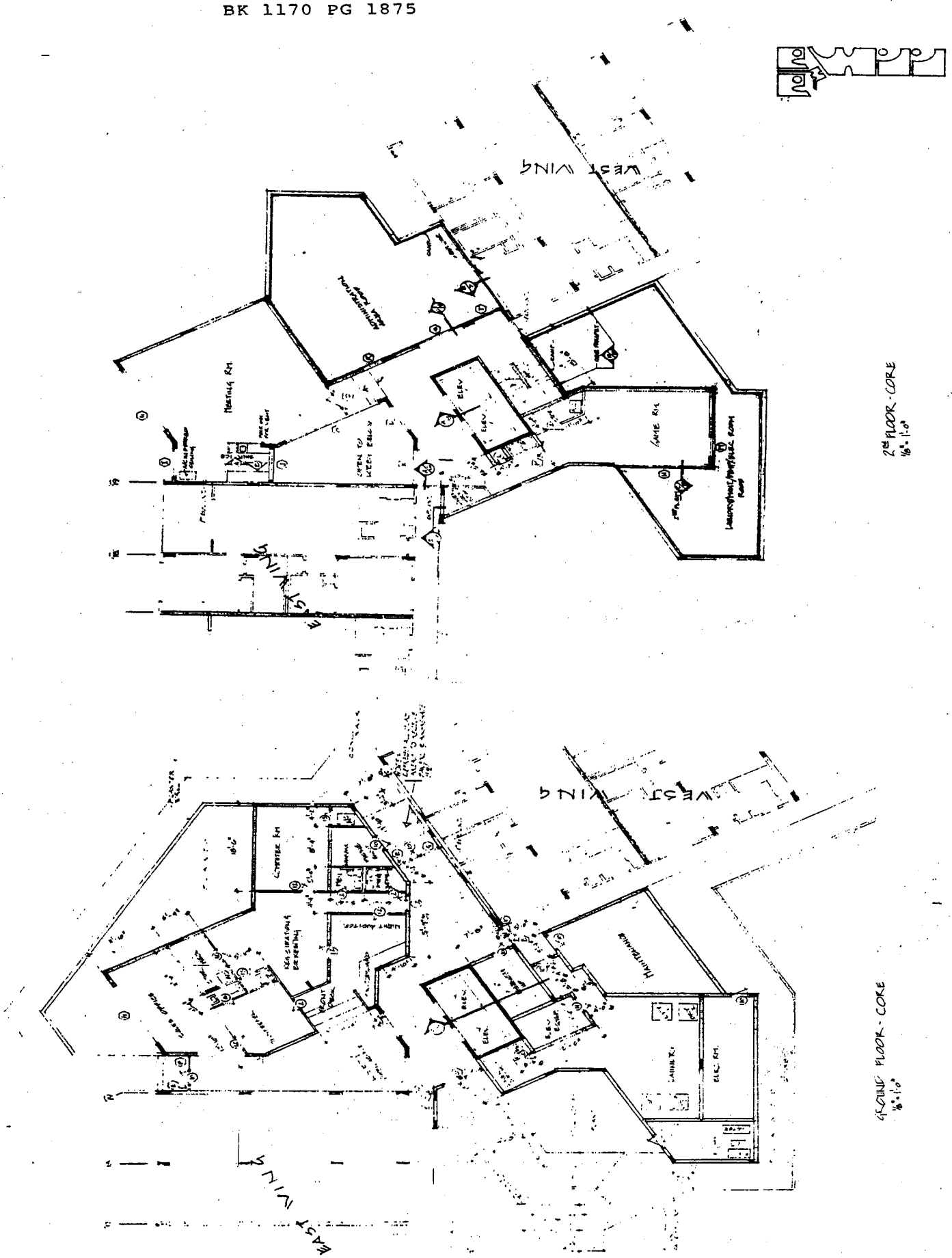
** OFFICIAL RECORDS **
BK 1170 PG 1874



A5

1/8' OVERALL FLOOR PLAN 3RD THRU 17TH FLOORS
THE "ISLANDER CONDO" FOR "ISLANDER GROUP LTD"

** OFFICIAL RECORDS **
BK 1170 PG 1875

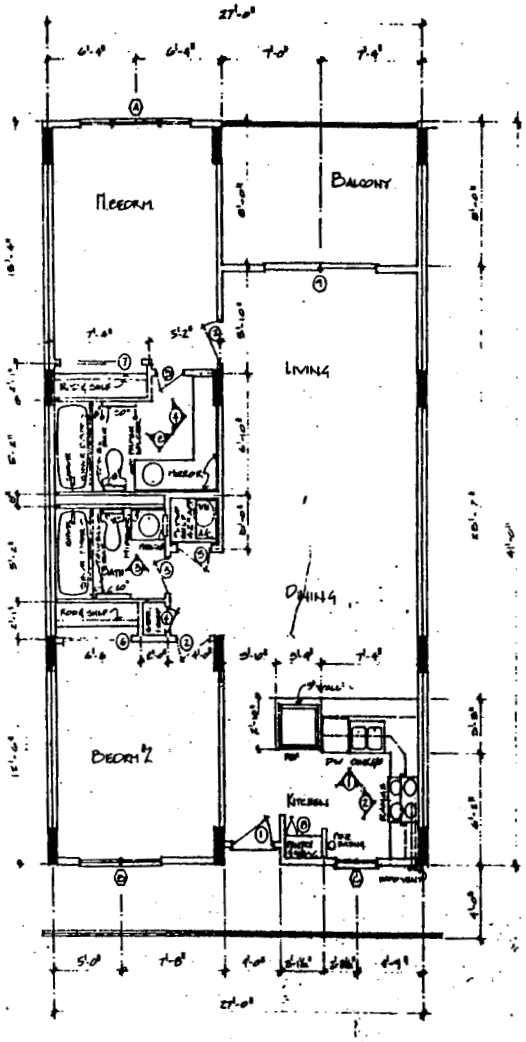


3/8" OVERALL GROUND & 2ND FLOOR CORE PLAN
"THE ISLANDER CONDO" FOR "ISLANDER GROUP LTD"
A6
80069

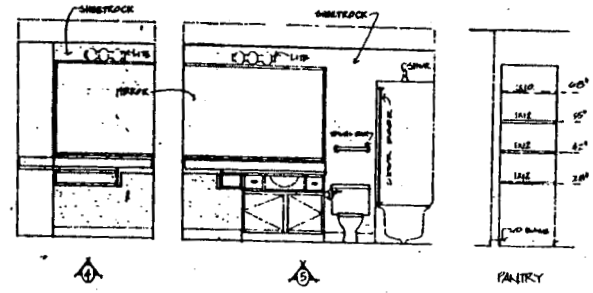
WEST WING
EAST WING
4TH thru 7TH FLOOR - CORE
1/8"=1'-0"
WEST WING
EAST WING
E 60
2ND FLOOR - CORE
1/8"=1'-0"

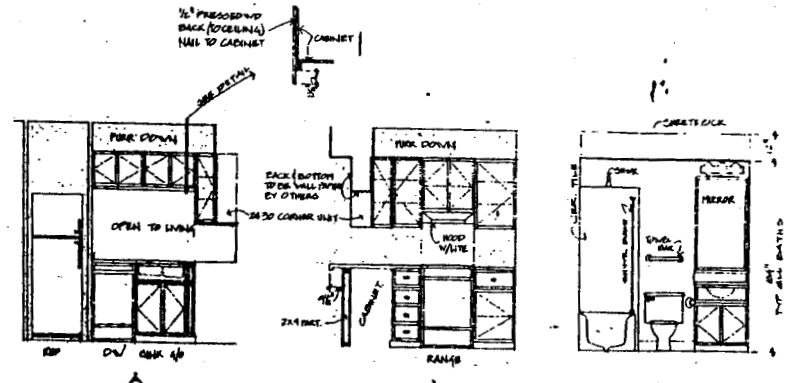
** OFFICIAL RECORDS **
BK 1170 PG 1877

Notes
- ALL TOWEL RACKS TO BE 42" AFF TYP.
- 40" TOWEL RACKS TO BE MOUNTED W/ W.C.
- 24" TOWEL RACKS TO BE MOUNTED AS NOTED



FLOOR PLAN 1/4"=1'-0"





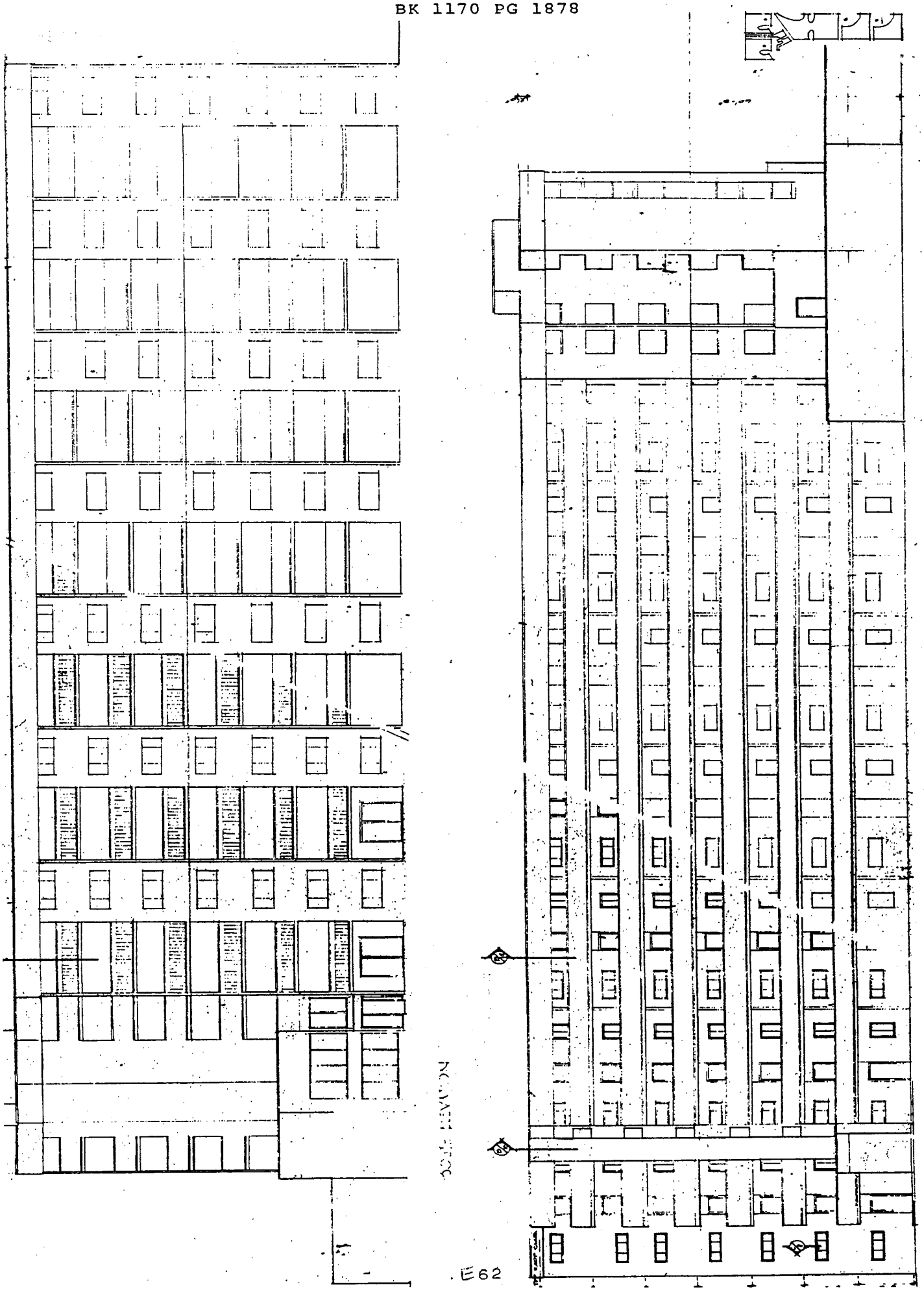
CABINET ELEVATIONS 3/8"=1'-0"

1/4" FLOOR PLAN & CABINET ELEVATIONS
THE "ISLANDER CONDO" FOR THE ISLANDER GROUP LTD

REVISED 5/16/01
REV 5/1/01
4/26/01

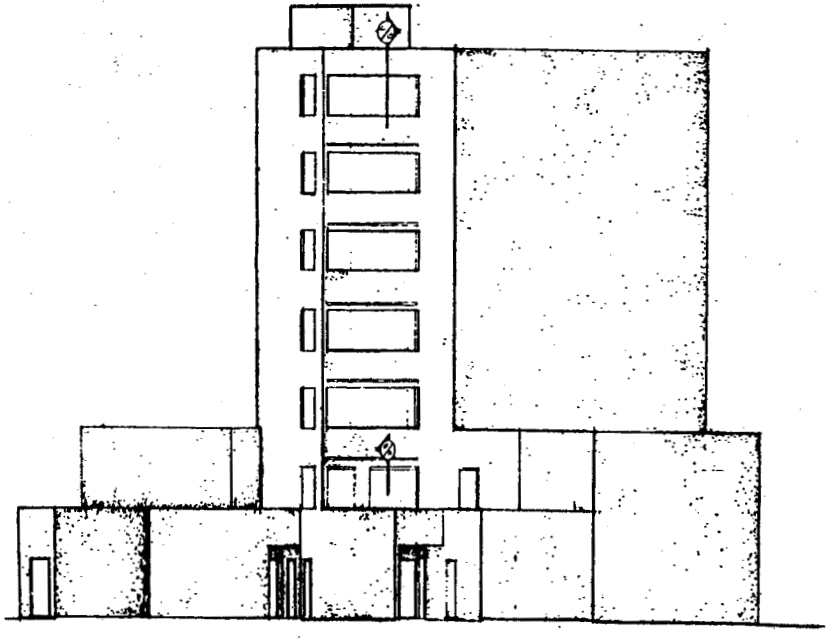
AB

B0069

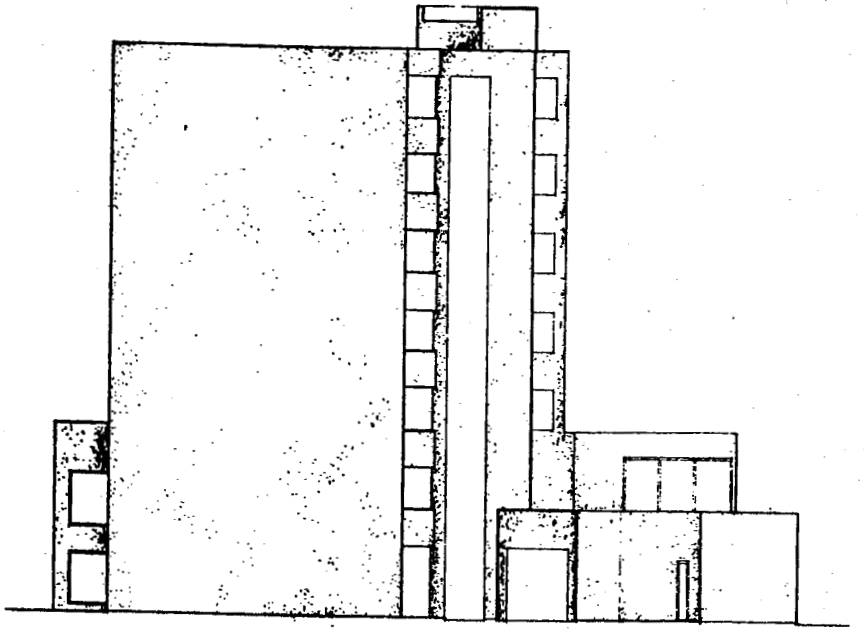


SOUTH ELEVATION

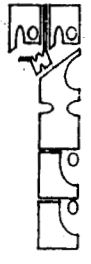
EAST ELEVATION



WEST ELEVATION 1/8"-1'-0"



EAST ELEVATION 1/8"-1'-0"



** OFFICIAL RECORDS **
BK 1170 PG 1879

revised per 4/16/01

THE SCHNEIDER CONCEPT for SCHNEIDER GROUP, INC

A11

SHEET

EXHIBIT V
LEASE ASSIGNMENT

BK 1105 PG 1502

THIS LEASE ASSIGNMENT is made and entered into by and between LAFAIR, INC., a Florida Corporation herein called ASSIGNOR, and who, in consideration of $10.00 and other valuable considerations received from ISLANDER GROUP LTD., a Florida Limited Partnership whose post office address is P.O. Box 1237, Destin, Florida 32541

hereinafter called ASSSIGNEE, assigns to the Assignee their leasehold interest in and to the following described property situate, lying and being on Holiday Isle in Okaloosa County, Florida, described as follows: COMMENCING at the Northwest Corner of Lot 13, Block "B", HOLIDAY ISLE RESIDENTIAL SECTION NO. THREE, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88 degrees 44' W, 1266 feet along Gulfshore Drive; 485.84 feet along a 905' radius deflecting right with a cord of N75 degrees 53'17"W, 480.03 feet to the POINT OF BEGINNING; thence 19.61 feet along said radius with a cord of N59 degrees 52.2'W, 19.61 feet; thence N 59 degrees 16'W, 391.40 feet; thence S38 degrees 33.7' W, 196.1 feet; thence S23 degrees 41' W, 281.60 feet; thence S 63 degrees 02.8'E, 478.35 feet; thence N 88 degrees 44'E, 156.95 feet; thence S 01 degrees 16' E, 128.59 feet; thence S61 degrees 38'W, 137.98 feet; thence S74 degrees 52'W, 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S68 degrees 11'22.28"W, 43 feet; thence along said circle, 260.15 feet (the central angle being 346 degrees 38'44.56" and the chord being S15 degrees 12' 30"E, 9.89 feet); thence N74 degrees 52' E, 142.97 feet; thence N61 degrees 38' E, 21.69 feet; thence S01 degrees 16' E, 194.14 feet to the waters edge of the Gulf of Mexico; thence meander the Gulf N 85 degrees 09'E, 115.22 feet; thence N01 degrees 16'W, 793.20 feet to the POINT OF BEGINNING, Containing 282,802.25.

WHEREAS, C. B. S. Development Corporation was the Lessee under certain Ground Master Lease dated September 9, 1961, recorded in Official Records Book 209, at Page 123, of the Records of Okaloosa County, Florida, as amended by Amendment heretofore recorded in Official Records Book 244, at Page 348, of the Public Records of said County, in which Master Ground Lease Okaloosa Island Authority is the Lessor; and

WHEREAS, said C. B.S. Development Corporation did heretofore effect a legal dissolution and in accomplishing the liquidation of its properties, said C. B. S. Development Corporation assigned and transferred all of its right, title and interest in and to the above described Master Ground Lease, as amended, insofar as it included or affected the real estate herein described and other real estate, to the Assignor herein, by instruments heretofore recorded in the Public Records of Okaloosa County, Florida, so that Assignor has succeeded to all of the right, title, and interest of said C. B. S. Development Corporation in and to said Master Ground Lease, as amended, insofar as same related to the real estate described herein, and Assignor has succeeded to all of the right, title and interest of said C. B. S. Development Corporation in and to the real estate described herein, and

WHEREAS, said C. B. S. Development Corporation was the Lessor and WHITE SANDS INVESTMENTS CORPORATION. was the Lessee under said Lease Assignment dated June 19, 1972 recorded in Official Records Book 657, at Page 240, of the Public Records of Okaloosa County, Florida.

Assignor warrants that they have good right to assign said Lease and that it is free and clear of all claims of any person/s.

WITNESSES:
Sharon K. Cray
Sandra Jo LaChapelle

LAFAIR, INC., a Florida Corp.
By: Jerome H. LaChapelle
Jerome H. LaChapelle Assignor
Cecil W. Barrett Assignor

WITNESSES:
Sharon K. Cray
Sandra Jo LaChapelle

ISLANDER GROUP LTD., a Florida Limited Partnership
By: Jerome H. LaChapelle
Jerome H. LaChapelle Assignee
Cecil W. Barrett Assignee

with the issuance of title insurance.

** OFFICIAL RECORDS **
BK 1170 PG 1881

OFF. REC. 1105 PG 1503

STATE OF FLORIDA
COUNTY OF OKALOOSA

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

JEROME H. LaCHAPELLE and CECIL W. BARRETT Officers of LAFAIR, INC.

to me known to be the person/s described in and who executed the foregoing instrument and acknowledged before me that they executed the same for the uses and purposes therein set forth.

WITNESS my hand and official seal this 29 day of November, 1980.

SHARON KAY CRAY NOTARY PUBLIC STATE OF FLORIDA AT LARGE (seal)

Sharon Kay Cray
NOTARY PUBLIC
My Commission Expires: 2/1984

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, personally appeared

JEROME H. LaCHAPELLE and CECIL W. BARRETT Officer of ISLANDER GROUP LTD.

to me known to be the person/s described in and who executed the foregoing instrument and acknowledged before me that they executed the same for the uses and purposes therein set forth.

WITNESS my hand and official seal this 29 day of November, 1980.

SHARON KAY CRAY NOTARY PUBLIC STATE OF FLORIDA AT LARGE (seal)

Sharon Kay Cray
NOTARY PUBLIC
My Commission Expires: 2/1984

[redacted]

HOLIDAY ISLE IMPROVEMENT ASSOCIATION DOES HEREBY APPROVE THE FOREGOING INSTRUMENT.

[redacted]

CLERK CIRCUIT COURT SUUM CUIQUE OKALOOSA COUNTY FLORIDA

EXHIBIT VI

GRANT OF USE RIGHTS AND PRIVILEGES

THIS AGREEMENT entered into this 8 day of June, 1981, by and between:

The Islander Group, Ltd., a Florida limited partnership, hereinafter referred to as GRANTOR, and

The Islander Owners' Association, Inc., a Florida non-profit corporation, hereinafter referred to as GRANTEE,

WITNESSETH:

WHEREAS it is specifically recognized that the Islander, Phase I, and The Islander, Phase II, if built, constitute a single multi-phase condominium and that upon completion of Phase II, owners of units in either phase shall equally be members of the Association, and

WHEREAS it is intended that the Unit Owners of The Islander, Phase I, a condominium, have the use and enjoyment of certain lands, structures, and facilities during that time in which GRANTOR must retain ownership and control thereof to effectuate the development of all phases; and

WHEREAS, the purposes for which the COMMUNITY PROPERTY is intended is to provide ingress and egress, administrative support, recreational facilities and parking facilities, for the use, benefit and enjoyment of the owners of units in any condominium submitted to the jurisdiction of and operated by The Islander Owners Association, Inc.

THEREFORE, TAKE NOTICE BY THESE PRESENTS THAT:

I. COMMUNITY PROPERTY: As used in this Grant, the COMMUNITY PROPERTY includes the following:

A. REAL PROPERTY, LEGAL DESCRIPTION:

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida; Less and Except:

Description of Phase II -

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S 88°44' W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulfshore Drive to the Point of Beginning, thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8' E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to POB.

Description of East Wing Parcel -

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44' W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord

THIS INSTRUMENT PREPARED BY:

Matthew W. Burns
Attorney at Law
Post Office Box 1226
Destin, Florida 32541

of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the Point of Beginning, thence N-88° 44'-W 92 feet, thence S-01°16'-E 85 feet, thence S-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01° 16'-W 90.0 feet to the POB.

Subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, appended as an Exhibit to the Declaration, and subject to Easement No. 2 as in OR Book 826, page 927, of said County. This is a Leasehold interest expiring September 1, 2060, and renewable for 99 years.

B. IMPROVEMENTS: The COMMUNITY PROPERTY also includes, upon completion of their construction, the following improvements located on the above described land:

(1) EXISTING: The existing improvements on the real property are:

(a) Model Unit

(b) Paved roads, etc.

(2) PROPOSED: The improvements proposed to be built on the real property are:

(a) Swimming Pool, heated

(b) Elevators

(c) Parking Spaces

(d) Meeting Room

(e) Party Room

(f) Administration Offices

GRANTOR covenants to commence and complete the above described improvements at the time of commencement and completion of The Islander, Phase I, a condominium.

(3) OPTIONAL: GRANTOR'S reservation of the right in his sole discretion to build The Islander, Phase II, to enlarge the improvements and to otherwise construct optional improvements are stated elsewhere in this instrument.

C. COMMON WALL RIGHTS AND EASEMENTS: The COMMUNITY PROPERTY also includes, and is subject to, certain rights and obligations with regards to common or party walls, and certain cross-easements for encroachments, and set backs, and for ingress and egress as set forth elsewhere in this instrument.

D. OTHER NONEXCLUSIVE EASEMENTS: The COMMUNITY PROPERTY is subject to the nonexclusive easements for the benefit of the Jetty East Condominium Association, Inc., created by that Grant of Easement dated December 23, 1975, recorded at OR Book 827, pages 527-533, official records of Okaloosa County, Florida, the terms and provisions of which are fully adopted and incorporated by reference herein. Grantee's rights, and those of the Unit Owners, as created by this instrument are subject thereto.

II. GRANT: In consideration of Ten Dollars and in further consideration of GRANTEE'S covenants to perform as hereafter provided, GRANTOR hereby grants unto GRANTEE, as trustee for the Unit Owners of The Islander, Phase I, a condominium, and for such other beneficiaries as are hereafter described, the non-exclusive right and privilege of using the COMMUNITY PROPERTY for the purposes for which it is intended, this grant being subject to the reservations, restrictions, and covenants of this instrument, and to the provisions of the Declaration of Condominium of The Islander, Phase I, a condominium; and Grantor, to effectuate the terms of this instrument hereby extends to the Unit Owners of said Islander, Phase I, and Islander, Phase II, if built, an easement for ingress and egress over streets, walks and other rights of way within the Community Property, said easement to be held in common with other Unit Owners and with Grantor, its successors and assigns, and to be exercised subject to the reservations, covenants and restrictions contained herein.

III. AGREEMENT TO CONVEY: In further consideration of the mutual covenants and undertakings set forth herein, GRANTOR hereby agrees and covenants to convey to GRANTEE, at any time of GRANTOR'S choosing but no later than July 31, 1988, a leasehold interest in the COMMUNITY PROPERTY, expiring September 1, 2060, A.D., and renewable for an additional 99 years, free and clear of all encumbrances, but subject to all easements, restrictions, and conditions contained in or incorporated in this instrument.

IV. ACCEPTANCE: GRANTEE hereby accepts this grant and agreement to convey on behalf of and for the benefit of all beneficiaries described herein, and by so accepting agrees to the provisions of this instrument and such other provisions as are incorporated by reference herein.

V. COMMON WALLS: GRANTOR AND GRANTEE hereby mutually agree, grant, and reserve, each to and from the other, the following common or party wall rights:

A. Prior to the date GRANTOR conveys the COMMUNITY PROPERTY to GRANTEE, the Westernmost and Northernmost walls of The Islander, Phase I, building and any connecting walls, corners or facings, shall be a common or party wall shared by The Islander, Phase I, and those portions of the COMMUNITY PROPERTY, (including but not limited to elevator tower and administrative offices), which in fact share said walls as graphically represented in Exhibits to the Declaration of Condominium;

(1) GRANTOR and GRANTEE hereby mutually grant easements for encroachments or projections caused by the construction, mislocation, shifting or subsidence of any part of the Phase I building or COMMUNITY PROPERTY sharing such walls;

(2) Both parties mutually warrant the other's right to lateral support of and by said walls;

(3) Both parties grant easements for ingress and egress through doors and passageways, if any, placed in said walls;

(4) GRANTOR covenants to construct the walls; GRANTEE covenants to insure the walls and pay all the costs of maintenance, repair and replacement, on like terms as regards the COMMUNITY PROPERTY.

B. GRANTOR reserves the right to utilize any walls of the elevator lobby tower and administration building included in the COMMUNITY PROPERTY, not shared with The Islander, Phase I building, as a common or party wall for the Islander, Phase II building or other multi-level residential building, provided construction of such building is commenced by the Developer, its successors or assigns, prior to the date the COMMUNITY PROPERTY is conveyed toGRANTEE; and further reserves the right to convey the COMMUNITY PROPERTY to GRANTEE subject to any party wall agreement or grant of party wall rights entered into by GRANTOR, its successors, or assigns, as a means of effectuating such party wall plan.

C. GRANTEE hereby agrees to accept the conveyance of the COMMUNITY PROPERTY subject to the aforesaid party wall agreements; GRANTEE agrees to pay the entire cost of insuring, maintaining, repairing, and replacing the entire elevator tower and administration offices and lobby including all shared and unshared walls, provided however, that, if the walls are shared by a building other than The Islander, Phase I or Phase II, then the owners of units in such other building shall share a proportionate cost of such insurance, maintenance, repair, and replacement; the cost to the GRANTEE hereunder shall be a common expense.

VI. RESERVATIONS:

A. GRANTOR reserves unto itself ownership of the COMMUNITY PROPERTY, subject to the agreement to convey at a future date contained elsewhere in this instrument.

B. GRANTOR reserves unto itself and its successors the right to use the COMMUNITY PROPERTY in common with GRANTEE and The Islander Owners Association members. Users other than members of the Association, if any, shall pay a fair and reasonable share of the maintenance and repair obligations and other exactions due

for the use of the COMMUNITY PROPERTY.

C. GRANTOR reserves unto itself and its successors all rights and privileges appurtenant to the COMMUNITY PROPERTY, or interest therein, which are not granted herein to GRANTEE, including, but not necessarily limited to, the following:

(1) The right and privilege of granting similar use rights and privileges to persons who may, from time to time become members of the Association and who may own units in condominiums other than those presently operated by GRANTEE, provided that,

(a) The maximum number of units included within all of the condominiums that will use the COMMUNITY PROPERTY in common will be 198 units and;

(b) If The Islander, Phase II, is built as described in the Declaration of Condominium of The Islander, Phase I, to which this instrument is appended, the GRANTOR will build and furnish the additional land and facilities as stated in the declaration;

(i) This Grant of Use Rights shall automatically apply to such additional facilities, and

(ii) GRANTOR will convey these additional facilities to GRANTEE for the benefit of the Association members no later than July 31, 1988, and GRANTOR shall have no further obligation under this instrument regarding The Islander, Phase II; and

(c) For any project other than The Islander, Phase II, the minimum amount of dollars per unit to be spent by the GRANTOR for the enlargement of existing recreational or other facilities or for additional recreational or other facilities, which may be located on additional lands submitted pursuant to the subparagraph (2), is $600.00 per additional unit.

GRANTOR or its successor may discharge this obligation by furnishing land or improvements with market value of actual cost in the stated amount, or by making a cash payment to GRANTEE, or a combination of both.

(2) The right and privilege of expanding, altering or improving the COMMUNITY PROPERTY including the right and privilege of submitting additional lands and improvements located thereon to the restrictions, reservations and covenants set forth herein, said additional lands and improvements to be subject to and governed by this Agreement and deemed to be COMMUNITY PROPERTY as fully and completely as if described in this Agreement at the time of its initial execution; provided that, such expansion, alteration or improvement shall not result in a material increase of a unit owners maintenance expenses.

(3) The right and privilege of using the COMMUNITY PROPERTY in any manner which, in the opinion of the GRANTOR, may assist the construction or sales effort of the GRANTOR, including but not limited to, maintenance of a sales office, the showing of the property and the display of signs.

(4) If GRANTEE fails to promulgate or enforce regulations pursuant to paragraph E of RESTRICTIONS which, in the opinion of the GRANTOR, are sufficient to assure compliance as required by said paragraph E, then the GRANTOR shall have the right and privilege, until such time as GRANTEE shall comply with said paragraph E, of promulgating and enforcing such regulations.

(5) The automobile parking spaces provided on the COMMUNITY PROPERTY are for the use and benefit of the members of the Association and will be available for use by each unit owner according to such reasonable rules and regulations as may from time to time be promulgated by GRANTEE; provided, that at all times, each unit owner shall be entitled to the use of at least one automobile parking space without charge.

(6) All rights and privileges reserved to the GRANTOR shall be freely assignable, entirely or severably, by GRANTOR.

VII. COVENANTS:

A. In consideration for this grant of use rights and privileges, GRANTEE covenants to pay, in advance or as accrued, the actual costs of operating, maintaining, replacing, repairing or improving the COMMUNITY PROPERTY, including other costs as may be reasonably related thereto, for the purposes for which it is intended; and further including those costs reasonably related to providing GRANTOR with full enjoyment of the reserved rights; in further consideration for this Grant, GRANTEE hereby holds GRANTOR, its successors and assigns, harmless for the payment of said costs, except for a proportionate share of the actual cost of exercising any rights in common with Association members. The costs GRANTEE agrees to pay shall include, but are not necessarily limited to the following:

(1) TAXES. Any and all taxes levied or assessed at any and all times by any and all tax authorities including all taxes, charges, assessments, impositions, liens for public improvements, special charges and in general, all taxes or tax liens which may be assessed against the COMMUNITY PROPERTY which is now or hereafter placed thereon, including all interest, penalties and other charges which may accrue thereon.

(2) UTILITY CHARGES. All charges levied for utilities on the COMMUNITY PROPERTY whether they are supplied by

a public or private firm, including all charges for water, gas, electricity, telephone, sewer and any other type of utility, or any other type of service charge.

(3) LIABILITY INSURANCE. All premiums for a policy or policies of insurance in the form generally known as public liability or owners landlord and tenant policies insuring against any and all claims and demands made by any person or persons whomsoever of injuries received in connection with the operation and maintenance of the COMMUNITY PROPERTY and of the improvements and buildings, which may, from time to time, be located thereon or for any other risk insured against by such policies with limits of liability in amounts not less than those required by Paragraph XIV entitled INSURANCE of the Declaration of Condominium of The Islander, Phase I. All such policies will name the GRANTEE, its members, and the GRANTOR as named insured under such policies.

(4) WORKMEN'S COMPENSATION. A policy of Workmen's Compensation Insurance which meets the requirements of law shall be maintained and kept in force and GRANTEE shall pay all costs of such policy.

(5) FIRE, WINDSTORM, AND OTHER CASUALTY INSURANCE. The premiums for a policy or policies of insurance to keep insured any and all buildings or improvements now located or which may hereafter be located upon the COMMUNITY PROPERTY for protection against loss or damage caused by or resulting from fire, windstorm or other causalty in an amount equal to the maximum insurable replacement value, excluding foundation and excavation cost, and all personal property included as a part of the COMMUNITY PROPERTY shall be insured for its value, as determined by the GRANTOR. All policies issued and renewals thereof shall be payable in the event of loss jointly to GRANTEE, its members, mortgagees holding mortgages on individual condominium units in any condominium operated by GRANTEE, and the GRANTOR as their interest may appear. GRANTOR may require issuance of an endorsement making its mortgagee the loss payee of such policy. In the event of the destruction of any insured buildings, improvements or personal property by fire, windstorm, or other casualty for which insurance monies may be payable, such insurance monies shall be paid into an account with a banking institution doing business in the State of Florida, for the purpose of providing a trust fund for the repair and reconstruction of the damage. Immediately after such damage is sustained, GRANTEE shall have the responsibility for reconstruction and repair and GRANTEE shall immediately obtain reliable and detailed estimates of the cost to rebuild or repair. If the proceeds of insurance

are not sufficient to defray the estimated cost or reconstruction and repair by the GRANTEE, or if at any time during reconstruction or repair, the funds for the payment of the cost of reconstruction and repair are insufficient, assessment shall be made against the members of the Association in sufficient amounts to provide funds for the payments of such costs. Such assessments shall be in proportion to the members proportionate share of the cost as set forth in paragraph C of the COVENANTS. The GRANTOR shall not be required to provide any additional sums of money should such sums be necessary in order to provide sufficient amounts to repair or reconstruct damaged building, improvements or personal property.

The proceeds of insurance and the assessments described herein shall be paid to the insurance trustee appointed in the Declaration of Condominium and shall be subject to the terms and uses of the trust described therein.

(a) The estimates of cost or repair shall be reviewed by GRANTOR, who may direct GRANTEE to refuse to utilize services or materials pursuant to any estimate GRANTOR deems unreasonably high or unrealistically low.

(b) In the event GRANTEE fails to make the required assessments or fails to act promptly to commence repairs under this section, GRANTOR may on ten days written notice declare breach of this agreement and (i) pursue all remedies at law or equity, and for purposes of measuring GRANTOR'S damages for breach, GRANTOR'S expectations of sales in Phase II or other condominiums with common use rights in the COMMUNITY PROPERTY improvements shall be taken into account; (ii) or may in the alternative commence reconstruction and submit all bills for costs to the insurance trustee appointed under the Declaration of Condominium, and obtain reimbursement from the trust.

(c) In the event the improvements on the COMMUNITY PROPERTY are more than 40% destroyed, GRANTEE may apply to GRANTOR for consent to waive repair or reconstruction, and if GRANTOR so consents in writing, repair or reconstruction shall be waived.

(6) MAINTENANCE AND REPAIR. All expenses incurred in keeping and maintaining buildings or portions of buildings, swimming pools, patio areas, walkways, gardens, roads, parking areas, fixtures and improvements which may at any time be situated upon the COMMUNITY PROPERTY and all appurtenance thereto in good and substantial repair and a clean and sanitary condition in conformity with all requirements imposed by law.

(7) EMPLOYEES AND MATERIALS. The expenses of hiring such employees and purchasing such equipment and materials as may be needed to provide for the management and the

supervision of the COMMUNITY PROPERTY and improvements located thereon.

THESE COSTS SHALL NOT INCLUDE THE EXPENSE PAID OR INCURRED BY THE GRANTOR IN ORIGINALLY ACQUIRING THE COMMUNITY PROPERTY OR INITIALLY CONSTRUCTING THE IMPROVEMENTS LOCATED THEREON. THE FOREGOING EXPENSE SHALL BE PAID BY AND SHALL BE THE SOLE RESPONSIBILITY OF THE GRANTOR AND NO COSTS SHALL BE INCURRED BY GRANTEE FOR ANY INDIVIDUAL FACILITY UNTIL SUCH FACILITY IS IN THE OPINION OF GRANTOR COMPLETED AND AVAILABLE FOR USE.

B. The GRANTEE covenants that the portion of the consideration payable pursuant to paragraph A of the COVENANTS allocated to each condominium operated by GRANTEE shall be a common expense of such condominium, as provided by the Condominium Act, Florida Statutes Chapter 718, 1978, including Section 718.114 thereof.

C. GRANTEE covenants that the above mentioned consideration will be allocated among the condominiums operated by GRANTEE as follows: the amount borne by each condominium operated by GRANTEE shall be equal to the ratio of the total number of units in the condominium divided by the total number of units in all of the condominiums operated by GRANTEE. The number of units included within any condominium shall be the same as included on the building plans, or parts thereof, attached to the Declaration of Condominium covering the unit regardless of any changes subsequently occuring. The unit owners in each condominium will pay their proportionate share of the amount allocated to the condominium containing their unit as determined by their respective percentage share of the common expense of their condominium.

D. Subject to the provisions of paragraph A of the COVENANTS, GRANTEE covenants to operate, maintain, insure, improve and provide other services which may be in the opinion of the GRANTOR, reasonably related thereto, for the benefit of the use of the COMMUNITY PROPERTY for the purpose for which it was intended and which are consistent with the rights reserved by the GRANTOR.

E. The initial costs required by paragraph A of the COVENANTS to be paid by GRANTEE have been included in the budget incorporated in the Management Contract.

F. The GRANTOR covenants to convey a leasehold interest expiring September 1, 2060, A.D., and renewable for 99 years, to the COMMUNITY PROPERTY to GRANTEE subject to restrictions similar to all restrictions set forth under RESTRICTIONS

except for those restrictions set forth in paragraph C and F of RESTRICTIONS. Such leasehold shall not be subject to any lien or mortgage made by or payable by the GRANTOR for the improvement of said COMMUNITY PROPERTY by the GRANTOR. Said conveyance shall be executed and delivered by GRANTOR to GRANTEE no later than July 31, 1988.

G. The GRANTEE covenants to accept the lease assignment to the COMMUNITY PROPERTY pursuant to paragraph F of the COVENANTS and to cause said assignment to be recorded in the public records of Okaloosa County at the expense of the GRANTEE.

H. Beginning at such time as the GRANTEE acquires title to the COMMUNITY PROPERTY, the GRANTEE covenants to continue to keep in force insurance on the COMMUNITY PROPERTY and make decisions on the repair and reconstruction of the COMMUNITY PROPERTY after casualty pursuant to the provisions of paragraph XIV entitled "INSURANCE" and paragraph XV entitled "RECONSTRUCTION OR REPAIR AFTER CASUALTY" of the Declaration of Condominium of The Islander, Phase I. In complying with the provisions of said paragraphs of said Declaration of Condominium, the phrases, "COMMON ELEMENTS" and "condominium property" shall be read to include the "COMMUNITY PROPERTY".

I. The GRANTEE covenants that the GRANTOR shall have a lien upon the COMMUNITY PROPERTY and upon each unit in any condominium submitted to the jurisdiction of the GRANTEE in order to secure performance of the payment of the cost referred to in paragraph A of COVENANTS, which liens shall secure the full amount of the unit's unpaid share of these costs, interest at the highest lawful rate, and attorney's fees and cost of collection. Said lien shall be and the same is hereby subordinated to the lien of any institutional mortgagee (as same is defined in paragraph XXV(J) of the Declaration of Condominium of The Islander, Phase I), heretofore or hereinafter perfected upon the COMMUNITY PROPERTY or upon any unit in any condominium submitted to the jurisdiction of the GRANTEE.

J. The GRANTEE covenants that no amendment shall be made to the Articles of Incorporation or By-Laws of the Association, nor any other act performed or failed to be performed, that would abridge, limit or alter the rights reserved by or granted to GRANTOR, its successors or assigns, or any successor developer, by this Agreement, the Declaration of Condominium of any condominium operated by GRANTEE, or the Articles of Incorporation or By-Laws, including, but not limited to, the right to submit additional condominiums to the jurisdiction of the GRANTEE and to add additional lands and improvements to the COMMUNITY PROPERTY, without the prior written consent of GRANTOR, its successors or assigns, or a successor developer.

K. The GRANTEE covenants to abide by and perform the terms of the Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida, and to make and enforce reasonable regulations to carry out this covenant.

L. The GRANTEE covenants to indemnify and save harmless the GRANTOR from any and all claims, suits, damages or causes of action arising during the term of this Agreement for any personal injury, loss of life, damage to property or impairment of property rights sustained in or about the COMMUNITY PROPERTY, or the improvements which may from time to time be located thereon, and all costs, attorney's fees, expenses and liabilities incurred in relation to the same, unless the same shall result solely from the negligence of the GRANTOR.

M. All of the reservations, restrictions and covenants contained herein shall run with the COMMUNITY PROPERTY and shall inure to the benefit of the GRANTOR and GRANTEE and its members.

VIII. RESTRICTIONS:

A. The above described use rights and privileges granted herein shall be held in trust by GRANTEE for the use, benefit and enjoyment of all members of the Association, regardless of which phase of the condominium operated by the GRANTEE the member may own a unit.

B. The GRANTEE shall not allow any exercise of the above described use rights and privileges for purposes other than that for which they are intended.

C. The GRANTEE shall not make nor cause or allow any person to make any alterations or improvements to the COMMUNITY PROPERTY without written consent of GRANTOR.

D. The GRANTEE shall not allow any person to damage, injure or destroy any of the COMMUNITY PROPERTY.

E. The GRANTEE shall promulgate and enforce such regulations governing the exercise of the above described use rights and privileges as may be necessary or desirable to assure compliance with this Agreement.

F. The GRANTEE shall not allow any exercise of the above described use rights and privileges which, in the opinion of the GRANTOR, interferes with the construction or sales efforts of the GRANTOR.

G. The GRANTEE shall not assign, transfer, hypothecate or otherwise encumber the use rights or privileges granted herein.

IX. RESERVED RIGHTS. By executing this Grant of Use Rights, GRANTOR, as successor in interest to B.H.L., Inc., a Florida Corporation, hereby elects to exercise the reserved rights in that certain Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida; and covenants to assign to each Unit Owner in the Islander, Phase I, and Phase II, if built, at the time each unit is first conveyed, the right to use the subject property described in said Grant of Easement, provided, however, that Developer does not warrant the right to use the existing Jetty East Condominium beach pavillion.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 8 day of June, 1981.

Signed, sealed and delivered in the presence of:

Doris D. Bailey

Virgil J. Warren

As to "Grantor"

THE ISLANDER GROUP, LIMITED
a Florida Partnership

By _____
General Partner

"GRANTOR"

Madeline Carroll Strickland

Bonita B. Barkley

As to "Grantee"

THE ISLANDER OWNERS ASSN., INC.

By _____
President

"GRANTEE"

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE me personally appeared CECIL W. BARRETT to me well known, and known to me to be the individual described in and who executed the foregoing instrument as General Partner of the above named Islander Group, Ltd., a Florida Partnership, and who acknowledged to and before me that he executed such instrument as such General Partner of said partnership, and that said instrument is the free act and deed of said Partnership.

WITNESS my hand and official seal this 15 day of June A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission expires: 3/9/84

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME personally appeared JEROME H. LACHAPELLE to me well known, and known to me to be the individual described in and who executed the foregoing instrument as President of the above named ISLANDER OWNERS ASSOCIATION, INC., an Association, and severally acknowledged to and before me that he executed such instrument as such President of said Association and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal this 8 day of June, A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

EXHIBIT VII

BOOK 827 PAGE 510
OFFICIAL RECORDS

NON-DISTURBANCE AGREEMENT

This Agreement, made and entered this ___ day of _____, A.D., 1975, by and between C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, by and through the Trustees of said dissolved corporation, hereinafter referred to as CBS; HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC., a non-profit Florida corporation, hereinafter referred to as the Association; WHITE SANDS INVESTMENT CORP., a Florida corporation, hereinafter referred to as White Sands; and BHL, INC., a Florida corporation, hereinafter called BHL,

WITNESSETH: THAT, WHEREAS, BHL, Inc., is the owner and holder of that certain Leasehold Estate in the following described real property, in Okaloosa County, Florida, to-wit:

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'W 1266 feet along Gulf Shore Drive, thence 505.45 feet along 905' radius deflecting right with chord N-75°16'W 498.91 feet, thence N-59°16'W 95.19 feet to POB, thence S-1°16'E 859.00 feet to a point marking the Gulf of Mexico, thence meander the Gulf S-85°09'W 150.29 feet, thence N-1°16'W, 962.12 feet to R/W, thence S-59°16'E 176.88 feet to POB.

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44' W 1266 feet along Gulf Shore Drive, thence 505.45 feet along a 905' radius deflecting right with chord N-75°16'W 498.91 feet, thence N-59°16'W 272.07 feet to the POB, thence continue N-59°16'W 119.33 feet, thence S-38°33.7'W 196.1 feet to Corps of Engineers Monument 101-E2-D, thence S23°41'W 112.6 feet to Corps of Engineers monument 101-E2-D1, thence continue S23°41'W 897.4 feet to a point marking the Gulf of Mexico, thence meander the Gulf N-85°09'E 654.13 feet, thence N-1°16'W 962.12 feet to POB.

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'W 1266 feet along Gulf Shore Drive, thence 494.49 feet along a curve of 905' radius deflecting right with chord N-75°36.8'W 488.37 feet to the POB, thence S-1°16'E 792.25 feet to a point marking the Gulf of Mexico, thence meander the Gulf S-85°09'W 97.65 feet, thence N-1°16'W 859.00 feet to R/W, thence S-59°16'E 95.19 feet, thence 19.61 feet along 905' radius deflecting left with chord S-59°52.2'E 19.61 feet to POB.

Said leasehold estate having arisen out of that ertain lease agreement between Okaloosa Island Authority, as essor, and C.B.S. Development Corporation, as Lessee, dated eptember 9, 1961, and recorded in Okaloosa County Official ecords Book 209, Page 123, as amended by that certain Amendment o Lease, dated August 23, 1962, and recorded in Okaloosa County fficial Records Book 244, Page 348, together with that certain ease Agreement between C.B.S. Development Corporation, as Lessor, nd White Sands Investment Corp., as Lessee, dated June 16, 1972, nd recorded in Okaloosa County Official Records Book 657, Page 40, as amended by that certain Amendment of Lease Agreement be- ween C.B.S. Development Corporation and White Sands Investment orp. dated November 8, 1972, and recorded in Okaloosa County fficial Records Book 676, Page 108, as subsequently assigned y White Sands Investment Corp. to Pointe Development Corpora- ion, Inc., by that certain Assignment of Lease, dated November 8, 1972, and recorded in Okaloosa County Official Records Book 77, Page 910, as subsequently assigned by Pointe Development orporation, Inc., to BHL, Inc., by that certain Assignment of ease dated December 22, 1972, and recorded in Okaloosa County fficial Records Book 702, Page 594; and

WHEREAS, C.B.S. and White Sands have previously pproved the plans for and consent to the construction on a portion f subject property of Jetty East, Unit I, a Condominium, consisting f 198 condominium units and appropriate appurtenances and common lements, which condominium construction has been substantially com- leted in accordance with the approval of C.B.S. and White Sands, nd the buildings and other improvements now so constructed fully comply with all applicable restrictions, as recorded in Official Records Book 256, Page 416, of the public records of Okaloosa County, Florida, as well as the terms and conditions of the said leasehold; and

WHEREAS, the following described portion of subject property (upon which the said condominium has been constructed) is being submitted to condominium by BHL, Inc., to-wit:

COMMENCING at the Northwest Corner of Lot 13, Block "B", Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38"33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet to the Point of Beginning; thence S63°02.8'E, 478.35 feet; thence N88°44'E, 156.95 feet; thence S01°16'E, 128.59 feet; thence S61°38'W, 137.98 feet; thence S74°52'W, 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S68°11'22.28"W, 43 feet; thence along said circle, 260.15 feet (the central angle being 346°38'44.56" and the chord being S15°12'30"E, 9.89 feet); thence N74°52'E, 142.97 feet; thence N61°38'E, 21.69 feet; thence S01°16'E, 194.14 feet to the waters' edge of the Gulf of Mexico; thence meander the Gulf S85°09'W, 787.29 feet; thence N23°41'E, 728.40 feet to the Point of Beginning, containing 346,700.23 square feet;

and

WHEREAS, as a part of the condominium documents, BHL has executed and intends to record that certain "Grant of Easement", copy of which is attached hereto as Exhibit A, by which Grant of Easement, BHL extends to the owners of said condominium units a non-exclusive right to use the "Beach Pavilion and Entrance Roadways" as described in said Grant of Easement (the property involved in said Grant of Easement being a part of the overall leasehold of BHL first described above, but not inlcuded within the property actually being submitted to condominium, except for the right of use as contained within said Grant of Easement); and

WHEREAS, the 1974 Florida Legisiature, in its wisdom, passed Florida Statute 711.08(1), (f), 711.63, and other Amendments to the Florida Condominium Law, which require this "non-disturbance agreement" by the parties hereto,

NOW, THEREFORE, for and in consideration of Ten ($10.00) Dollars, and other valuable consideration, paid by BHL to the other parties hereto, the receipt and sufficiency whereof is hereby acknowledged, the parties agree as follows:

(1) The Buildings and other improvements of Jetty East, Unit I, a Condominium, as they have been constructed, and as they might be reasonably modified, or reconstructed after a

casualty loss or otherwise, fully comply with the above referenced restrictions recorded in Okaloosa County Official Records Book 256, Page 416, and the terms of the said leasehold.

(2) The parties acknowledge that neither CBS nor White Sands has any right to receive any rent or assessment of any kind or nature from the above described leasehold, such right having been assigned to the Association, and according to the terms of said leasehold, as modified, and the right of the Association is limited to the payment of rent or assessment of Seventy-five ($75.00) Dollars per condominium unit per year.

(3) The parties agree that the rights of each condominium unit owner of the condominium buildings and improvements presently existing or hereinafter added on the said leasehold are severable, and that the rights of any condominium owner shall not be affected by any default of any other condominium unit owner, or anyone else, including but without limitation default in the payment of their required $75 per year annual assessment or rent, and no party hereto or their successors in interest shall disturb the rights of any condominium unit owner for any default of any kind by any other unit owner or default of any other person. This non-disturbance agreement shall be applicable to and shall protect that portion of the leasehold being submitted to condominium, as well as the privileges accruing to each condominium unit owner by virtue of the "Grant of Easement" referred to above, a copy of which is attached hereto as Exhibit "A", and any rights accruing to any such unit owner as a result of any amendment to the said Condominium Documents. Further, this Non-disturbance Agreement shall be applicable to and shall protect the rights of any unit owner of any other condominium which may be hereafter established on subject leasehold.

(4) Other than $75 per unit for each condominium unit existing or hereinafter created on the above described leasehold, no rent or assessment of any kind, nature or amount is or shall be required to be paid to White Sands, or CBS, or their

successors in interest by virtue of the terms of said leasehold estate, as modified.

IN WITNESS WHEREOF, we have hereunto set our hands and seals, the day and year first above written.

Signed, sealed and delivered in the presence of:

Sharon K. Cray
Norman W Moore

As to Cox

As to Trawick

As to Brackin

HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC.

By _____ President

WHITE SANDS INVESTMENT CORP.

By _____ President

BHL, INC.

By _____ President

C.B.S. DEVELOPMENT CORPORATION
a dissolved Florida corporation

By _____
Ben H. Cox or Robert L. F. Sikes

By _____
George Trawick

By _____
Newman C. Brackin, Jr.

A MAJORITY OF TRUSTEES OF SAID DISSOLVED FLORIDA CORPORATION.

This Document Prepared by:
L. Charles Hilton, Jr.
Attorney at Law
P. O. Box 70

BOOK 827 PAGE 524
OFFICIAL RECORDS

STATE OF FLORIDA,

COUNTY OF Okaloosa.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H LaChapelle as President of HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for an in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 10th day of December, A.D., 1975.

Norman W Moore
Notary Public, My commission expires: 12/26/76

(Notary Seal)
NORMAN W. MOORE
NOTARY PUBLIC
FLORIDA STATE AT LARGE

STATE OF FLORIDA,

COUNTY OF Okaloosa.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared [illegible] as President of WHITE SANDS INVESTMENT CORP., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for an in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 11th day of December, A.D., 1975.

Norman W Moore
Notary Public, My commission expires: 12/26/76

(Notary Seal)
NORMAN W. MOORE
NOTARY PUBLIC
FLORIDA STATE AT LARGE

BOOK 827 PAGE 525
OFFICIAL RECORDS

STATE OF FLORIDA,

COUNTY OF Okaloosa

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H. LaChapelle as President of BHL, INC., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for and in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 10th day of December, A.D., 1975.

NORMAN V. MOORE Notary Seal NOTARY PUBLIC FLORIDA STATE AT LARGE

Notary Public, My commission expires: [illegible]

STATE OF [illegible],

COUNTY OF [illegible].

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Robert F. L. Sikes as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23rd day of [illegible], A.D., 1975.

NORMAN V. MOORE (Notary Seal) NOTARY PUBLIC FLORIDA STATE AT LARGE

Notary Public, My commission expires: [illegible]

BOOK 827 PAGE 526
OFFICIAL RECORDS

STATE OF Florida,

COUNTY OF Franklin.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared GEORGE TRAWICK as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 12th day of December, A.D., 1975.

Notary Public, My commission expires: 6-1-78

(Notary Seal)

STATE OF Florida,

COUNTY OF Okaloosa

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared NEWMAN C. BRACKIN, JR., as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 12th day of December, A.D., 1975.

Notary Public, My commission expires:

(Notary Seal)

EXHIBIT VIII

GRANT OF EASEMENT

THIS AGREEMENT made and entered this 23 day of December, A.D., 1975, by and between BHL, INC., a Florida corporation, hereinafter referred to as "Grantor", and JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, hereinafter referred to as "Grantee",

W I T N E S S E T H: THAT, WHEREAS, the Grantor is the owner and holder of that certain leasehold estate arising out of that certain Lease Agreement between Okaloosa Island Authority as Lessor, and C.B.S. Development Corporation, as Lessee, dated September 9, 1961, and recorded in Okaloosa County Official Records Book 209, Page 123, as amended by that certain Amendment to Lease, dated August 23, 1962, and recorded in Okaloosa County Official Records Book 244, Page 348, together with that certain Lease Agreement between C.B.S. Development Corporation, as Lessor, and White Sands Investment Corp., as Lessee, dated June 16, 1972, and recorded in Okaloosa County Official Records Book 657, Page 240, as subsequently assigned by White Sands Investment Corp. to Pointe Development Corporation, Inc., by that certain Assignment of Lease, dated November 28, 1972, and recorded in Okaloosa County Official Records Book 677, Page 910, as subsequently assigned by Pointe Development Corporation, Inc., to BHL, Inc., by that certain Assignment of Lease dated December 22, 1972, and recorded in Okaloosa County Official Records Book 702, Page 594; and

WHEREAS, Grantor is simultaneously herewith submitting a portion of that leasehold estate to the condominium form of ownership, as more particularly described in the Declaration of Condominium executed simultaneously herewith; and

WHEREAS, the land described as Parcel B on the Survey attached to the Declaration as Exhibit "A" is not included in the land being submitted to condominium, and said Parcel B includes, among other property, the Beach Pavilion and Entrance Roadways

which are to be used by the unit owners, but Grantor desires to grant the Grantee on behalf of the unit owners of said condominium, the right to freely use the said Entrance Roadways and Beach Pavilion in common with the present and future owners of the adjacent property presently held by Grantor, subject to the terms of this agreement,

NOW, THEREFORE, for and in consideration of One ($1.00) Dollar and other good and valuable consideration, the receipt from the Grantee and the adequacy whereof, is hereby acknowledged by the Grantor, and in consideration of the purchase of each unit in said condominium which will be made in reliance upon this and other instruments, the parties agree as follows:

I. PROPERTY AND TERM: Grantor does hereby grant, bargain and convey unto Grantee a non-exclusive easement to use the real property in Okaloosa County, Florida, described as:

PARCEL NO. 1:
COMMENCING at the Northwest Corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S88°44'W, 1266 feet along Gulfshore Drive thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet, thence N59°16'W, 391.40 feet, thence S38°33.7'W, 196.1 feet, thence S23°41'W, 281.60 feet to Point of Beginning, thence proceed N23°41'E, 281.60 feet, thence N38° 33.7'E, 196.1 feet to Gulfshore Drive, thence S59° 16'E, 55 feet along R/W, thence S42°44.3'W, 198.9 feet, thence S23°41'W 278.67 feet, thence N63°02.8'W, 40.07 feet to Point of Beginning; containing 20,477.48 square feet. (Shown on Survey as Easement No. One.)

PARCEL NO. 2:
COMMENCING at the Northwest Corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38°33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet; proceed S63°02.8'E, 478.35 feet; thence N88°44'E, 21.95 feet to the Point of Beginning; thence continue N88°44'E, 150 feet; thence N01°16'W, 414.34 feet to Gulfshore Drive; thence 19.61 feet along R/W being a 905' radius curve deflecting right with chord 19.61 feet bearing N59°52.2'W; thence N59°16'W, 20 feet along R/W; thence S01°16'E, 385 feet; thence S65°24.3'W, 126.65 feet to the Point of Beginning; containing 17,229.71 square feet. (Shown on Survey as Easement No. Two.)

PARCEL No. 3:
COMMENCING at the Northwest Corner of Lot 13, Block "B", Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive;

thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38°33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet; thence S63°02.8'E, 478.35 feet; thence N88°44'E, 156.95 feet; thence S01°16'E, 128.59 feet; thence S61°38'W, 137.98 feet; thence S74°52'W, 141.81 feet to the intersection with a 43' radius circle and the Point of Beginning, the radius point of said circle being located S68°11' 22.28"W, 43 feet; thence along said circle 270.18 feet (the central angle being 360°00') to the Point of Beginning, containing 5,811.14 square feet. (Shown on Survey as Pavilion Parcel.)

For and during the term beginning at 12:01 A.M. on the 5 day of December, 1979, and ending at 11:59 P.M. on September 1, 2060.

II. USE OF PREMISES: Parcels 1 and 2 shall be used by the members of the Grantee's Association, their heirs, assigns and successors in interest and their invitees, licensees and guests, only for ingress and egress between Gulfshore Drive and the above described Jetty East Unit I Condominium; and also for the purpose of installing and maintaining appropriate utility lines from the said Gulfshore Drive to the said Condominium. Parcel 3 shall be used by the members of the Grantee's Association their heirs, assigns and successors in interest and their invitees licensees and guests, only for the purpose of maintaining and using the Beach Pavilion located thereon, and for related recreational activities.

III. ALL CHARGES TO BE PAID BY GRANTEE, AND GRANT SUBJECT TO TERMS OF LEASEHOLD ESTATE:

All consideration for this easement has been paid in full; provided, however, Grantee covenants and agrees to pay befor they become delinquent all taxes, levies, licenses, and other gove mental charges of every kind or character, including but without limitation, levies on the property in its present state and better ment assessments, together with any and all charges, assessments, rents or penalties due or to become due in connection with the premises described in Paragraph I above, as a result of the terms of Grantor's leasehold estate (described in the above mentioned lease, amendments and assignments thereto) during the term of this lease. This grant is given subject to any such charges which may be made and subject to the terms of Grantor's said leasehold estat

the above described lease, amendments thereto and assignments thereof, being made a part of this Agreement by reference, and the Grantee herein agrees to keep and perform any and all covenants required of BHL, Inc., by said lease insofar as the premises described in Paragraph I above is concerned.

This is not to suggest that there will be any separate assessment for tax purposes of the subject land, or that there will be any separate rental paid for subject land according to the terms of said leasehold estate, since the said land is appurtenant to each of the said condominium units, but in the event of any charge by any one of any nature whatsoever in connection with the said property described in Paragraph I above, the Grantee shall pay the same and hold the Grantor harmless therefrom.

IV. MAINTENANCE OF PREMISES: Grantee shall at its expense keep and maintain the subject property, and all improvements thereon, in good and substantial condition during the term of this grant. Grantor shall have no obligation whatsoever to maintain the said property or any of the improvements thereon.

V. COVENANT TO HOLD HARMLESS AND INDEMNIFY: Grantee shall indemnify and hold Grantor harmless from any and all liability of whatever nature and kind for damages to person or property in or upon the subject premises and improvements.

VI. GRANTOR'S INTEREST NOT SUBJECT TO MECHANIC'S LIENS: Grantee shall have no authority to subject the interest reserved by the Grantor in subject premises, (for the benefit of itself or others) to any mechanic's or materialmen's lien of any kind.

VII. RESERVATION OF RIGHT FOR USE OF LEASED PREMISES BY OTHERS: THIS GRANT OF EASEMENT AND THE RIGHTS GRANTED TO THE GRANTEE HEREBY FOR THE USE AND BENEFIT OF THE GRANTEE'S MEMBERS SHALL BE SUBJECT TO THE RIGHT WHICH IS HEREBY RESERVED IN THE GRANTOR FOR THE USE AND BENEFIT OF THE GRANTOR, ITS FUTURE SUBLESSEES, LICENSEES, ASSIGNS AND SUCCESSORS IN INTEREST TO USE THE SUBJECT PROPERTY DESCRIBED IN PARAGRAPH I ABOVE IN COMMON WITH

THE GRANTEE AND ITS MEMBERS FOR THE SAME PURPOSES STATED IN THIS GRANT OR EASEMENT, PROVIDED THAT SUCH USE BY PERSONS OTHER THAN THE GRANTEE OR ITS MEMBERS SHALL BE SUBJECT TO THE FOLLOWING LIMITATIONS:

(a) Such use shall be limited to the use and benefit of the present and future owners of Grantor's adjacent property (which is not now being submitted to condominium), their heirs, assigns, successors in interest, licensees, invitees, and guests, and such additional persons using the leased premises shall not exceed the owners, Grantees, and their licensees, invitees and guests, of more than One Hundred Ninety-eight (198) residential condominium units, motel rooms, and/or apartment units, or any combination thereof totaling 198 units.

(b) In the event the Grantor's said adjacent property (not now being submitted to condominium) is subsequently improved and the Grantor elects to exercise its rights reserved hereby, the Grantor (or its successors in interest) shall so notify the Grantee in writing, specifying the time when such use will commence, and including with such notice an agreement by the then owners of the said adjacent property, to pay one-half (1/2) of any taxes, or any charges by any governmental authority, and one-half (1/2) of the cost of maintenance, repair and upkeep of the subject premises and improvements which Grantee herein is obligated to pay hereby as and when the same becomes due from time to time.

(c) In the event of such use by such additional persons, the Grantee shall be the party in charge of administering the subject property and shall from time to time render appropriate accounting along with appropriate bills for the portion of the expenses which are to be paid by the owners of said adjacent property for such additional use of said property.

(d) In the event Grantor or its successors in interest have not elected to improve the said adjacent property and make use of the rights reserved hereby and filed for record an additional grant of easement, assignment of sublease, or other

document, on the public records of Okaloosa County, Florida, evidencing such election on or before ten (10) years from the date hereof, then in that event the rights so reserved shall be automatically extinguished and shall vest in the Grantee herein without further action on the part of either party.

VIII. RIGHTS AND REMEDIES FOR DEFAULT: This agreement may be enforced by the parties hereto, their successors and assigns, as well as any other person for whose use and benefit this agreement is made. In addition to the right of consequential damages and other remedies at law, the parties hereto, their assigns and successors in interest, shall have the right of specific performance, and all other equitable remedies which may be applicable to the circumstances then prevailing, it being acknowledged by the parties that remedies at law for breach will be inadequate. Further, to insure continuance of the right to use subject property and the improvements thereon, as contemplated hereby, any interested party shall have the right to the appointment by a court of competent jurisdiction of a trustee to administer the property subject to the terms hereof in the event the same is necessary to preserve the intent of this agreement.

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

WITNESSES:

BHL, INC.

By _____
President

Attest _____
Secretary

JETTY EAST CONDOMINIUM ASSOCIATION, INC.

By _____
President

Attest _____
Secretary

** OFFICIAL RECORDS **
BK 1170 PG 1909

BOOK 827 PAGE 533

OFFICIAL RECORDS

STATE OF FLORIDA,

COUNTY OF OKALOOSA.

I DO HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE and RICHARD R. BENNETT, as President and Secretary, respectively, of BHL, INC., a Florida corporation, and each of said individuals acknowledged before me that they executed the foregoing GRANT OF EASEMENT for and in the name of said corporation, affixing its corporate seal thereto, and that they are authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23 day of _____, A.D., 1975.

_____
Notary Public

My Commission Expires Dec. 26, 1976

NOTARY PUBLIC · NORMAN Y. MOORE · STATE AT LARGE · FLORIDA

STATE OF FLORIDA,

COUNTY OF OKALOOSA.

I DO HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE and RICHARD R. BENNETT, as President and Secretary, respectively, of JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, and each of said individuals acknowledged before me that they executed the foregoing GRANT OF EASEMENT for and in the name of said corporation, affixing its corporate seal thereto, and that they are authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23 day of _____, A.D., 1975.

_____
Notary Public

My Commission Expires Dec. 26, 1976

NOTARY PUBLIC · NORMAN Y. MOORE · STATE AT LARGE · FLORIDA

15 DEC 2? AM 11 13

CIRCUIT COURT

44751

EXHIBIT IX

CERTIFICATE OF INCORPORATION

State of Florida

Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of

THE ISLANDER OWNERS ASSOCIATION, INC.

filed on May 22, 1981.

The Charter Number for this corporation is 758490.

Given under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the 22nd day of May, 1981.

George Firestone
Secretary of State

CORP 104 Rev. 5-79

EXHIBIT X

ARTICLES OF INCORPORATION
OF
THE ISLANDER OWNERS ASSOCIATION, INC.

FILED
MAY 22 1 39 PM '81
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

These Articles establish a corporation not for profit under the laws of Florida.

758490

Article I - NAME

The name of the corporation shall be THE ISLANDER OWNERS ASSOCIATION, INC., hereafter called the Association.

Article II - DURATION

This corporation shall exist perpetually, commencing with the date of filing.

Article III - MEMBERSHIP

The membership of the Association shall consist of the subscribers to these Articles and the record owners of every condominium unit in The Islander, Phase I, a condominium, and, when and if completed, the record owners of every condominium unit in The Islander, Phase II. Upon transfer of control of this Association to unit owners by Developer, pursuant to Florida Statue 718.301, only record owners of units in condominiums subject to the jurisdiction of the Association shall be members. All such record owners shall automatically be members; membership shall automatically terminate whenever any such record owner ceases to be a record owner.

Article IV - PURPOSE

A. The corporate purpose is to operate, as described in Section 718.11, Florida Statutes, THE ISLANDER, Phase I, a condominium on Holiday Isle, Destin, Florida, and any other Phase constructed in accordance with Phase Development provisions of THE ISLANDER, Phase I, Declaration of Condominium.

B. In the event THE ISLANDER, Phase II, is developed in accordance with the Phase Development provisions of the Declaration of Condominium of THE ISLANDER, Phase I, the operation of said Phase II shall be by this Association, and the unit owners of said Phase II shall automatically become members of this Association on an equal basis with the owners of units in THE ISLANDER, Phase I, condominium.

Article V

The Association shall have the authority to maintain or defend a class action as representative of the class constituted by the unit owners, or any substantial subclass of them, with reference to litigation and disputes involving the matters for which the Association can bring a class action.

** OFFICIAL RECORDS BK 1170 PG 1912

Article VI - POWERS

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

A. The Association shall have all the powers described in Florida Statutes Chapter 617, and such other common law powers of a corporation not for profit not in conflict with the terms of these Articles or the Declaration of Condominium of any condominium operated by the Association.

B. The Association shall further have all the powers and duties set forth in the Florida Condominium Act, as amended, except as limited by these Articles, the By-Laws, or the Declaration, and all of the powers and duties reasonably necessary to operate condominiums pursuant to the declarations of any condominium operated by the Association and as it may be amended from time to time. Notwithstanding these permitted limitations, the act shall at all times be superior to and take precedence over the provisions of any Declarations, Articles or By-Laws.

C. The Association shall further have the power to:

1. Renew the terms of the ground lease of the condominium on behalf of all the Unit Owners;

2. Reconstruct improvements after casualty and to further improve the property of any condominium operated by the Association or the property of the Association;

3. Approve or disapprove the transfer, mortgage and ownership of the units as may be provided by the Declaration of Condominium of any condominium operated by the Association and by the By-Laws;

4. Contract with The Islander Group, Limited, a Florida partnership, its successors and assigns, its officers and its directors and any corporation in which any of them may have any financial interest;

5. Acquire fee simple title to, to lease, acquire memberships or acquire other possessory or use interest in and to operate lands and facilities, including but not limited to the lands of any condominium operated by the Association intended but not limited to recreational facilities or other common elements, whether or not contiguous to the lands of any condominium operated by the Association 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;

6. Enter into, perform the obligations of, and accept the benefits of:

(a) The Grant of Use Rights and Privileges appended to the Declaration of Condominium of The Islander, Phase I; and accept the conveyance of the COMMUNITY PROPERTY as described therein;

(b) a contract for the management of the condominium and its property and any related property which may be used by the members, which contract may, by its terms, be exclusive or non-exclusive;

(c) a contract to provide a rental program and administration thereof for unit owners who desire to participate in a program of rental of their units; such contract may, by its terms, be exclusive or non-exclusive and may be combined with the management contract described above;

And to do any and all of these on behalf of, and as trustee for, the members.

D. 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 any condominium operated by the Association and by the By-Laws of the Association.

E. The powers of the Association shall be subject to and be exercised in accordance with the provisions of the Declaration of Condominium of any condominium operated by the Association and by the By-Laws of the Association.

Article VII - INCORPORATORS

The names and addresses of the persons signing these articles are:

Jerome H. LaChapelle
Post Office Box 1237
Destin, Florida 32541

Mr. Cecil Barrett
Post Office Box 310
Monticello, Florida 32344

Mr. Matthew Burns
Post Office Box 1226
Destin, Florida 32541

Article VIII - INITIAL BOARD OF DIRECTORS

A. The initial Board of Directors shall consist of:

Jerome H. LaChapelle
Cecil W. Barrett
Matthew W. Burns

B. Powers and duties of Initial Board of Directors:

The Initial Board of Directors shall adopt the By-Laws by majority vote and shall thereafter serve as directors until the time for the first election of directors as set forth in those By-Laws. Election of Directors shall occur in the manner prescribed in Section 718.301 of the Condominium Act and no earlier than required therein except by consent of Developer.

Article IX - OFFICERS AND REGISTERED AGENT

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

President:	Jerome H. LaChapelle Post Office Box 1237 Destin, FL 32541
Vice President and Assistant Secretary:	Cecil W. Barrett Post Office Box 310 Monticello, FL 32344
Secretary and Treasurer:	Matthew W. Burns Post Office Box 1226 Destin, FL 32541

The name and address of the corporation's agent for service of process is:

Jerome H. LaChapelle
514 Gulfshore Drive
Destin, FL 32541

Article X - ADMINISTRATION AND BY-LAWS

A. The administration of the Association and the operation of the condominium property shall be prescribed by the By-Laws, which shall provide for:

1. The Board of Administration, its powers, tenure, and manner of election;
2. Officers, other than those named herein;
3. The constitution of a quorum;
4. Proxies;
5. The time and manner for holding elections;
6. Any other essential or desirable matters.

B. The By-Laws shall initially be adopted by the first Board of Directors, and prior to the first election of Directors, may be amended by majority vote of the first Board of Directors. After the first election of Directors, the By-Laws may be amended, altered, supplemented or modified by the membership at the Annual Meeting, or at a duly convened special meeting of the membership attended by a majority of the membership, by vote, as follows:

1. If the proposed change has been approved by the unanimous approval of the Board of Directors, then it shall require only a majority vote of the total membership to be adopted.

2. If the proposed change has not been approved by the unanimous vote of the Board of Directors, then the proposed change must be approved by three-fourths (3/4ths) of the total vote of the membership.

No amendment shall change the rights and privileges of the Developer referred to in the Declaration of Condominium without the Developer's written approval, nor the rights and privileges of the Management Firm referred to in said Declaration or its Exhibits without the Management Firm's written approval.

Article XI - INDEMNIFICATION

The corporation shall indemnify any officer or director or any former officer or director to the full extent permitted by law.

Article XII - AMENDMENT

Amendments to the Articles of Incorporation may be proposed by any member or director and shall be adopted in the same manner as is provided for the amendment of the By-Laws as set forth in Article X above. Said amendment(s) shall be effective when a copy thereof, together with an attached certificate of its approval by the membership, sealed with the Corporate Seal, signed by the Secretary or an Assistant Secretary, and executed and acknowledged by the President or Vice President, has been filed with the Secretary of State, and all filing fees paid.

Article XIII - ADMINISTRATION OF PHASE II

If THE ISLANDER, Phase II, is built as described in the Declaration, it shall be a part of the condominium operated by the Association, not an independent condominium. Single records and accounts shall be maintained. The powers and duties of the Association shall extend to each Phase II unit at the time such unit is first conveyed to an owner other than the Developer. Until such time, Developer and the unit shall be exempt from the jurisdiction and affairs of the Association with regard to Phase II.

A. Automatic Membership: Each owner of a Phase II unit, other than Developer, shall automatically become a member of the Association, and the unit with all appurtenances shall be submitted to the jurisdiction of the Association at the time the unit is conveyed.

B. Within 60 days of the earliest date upon which the majority of the units in Phase II are owned by owners other than Developer, a new election of Association directors and officers shall be held in the manner specified for the conduct of elections in the By-Laws. At this election, only, the owners of Phase II, other than Developer, shall be entitled to elect at least one (1) member of the Board of Direcrors.

C. No By-Law or regulation may exclude any member from access to the common elements except for misconduct or non-payment of assessment. All members of the Association may use all the common elements and shall have equal use rights with regard to recreational and other facilities regardless of which phase their unit belongs to.

Article XIV - NON-PROFIT STATUS

This corporation is a non-profit corporation under Florida Statutes Chapter 617. No shares of stock shall be issued. No dividend shall be paid, and, prior to the termination of the condominium regime, no part of the income of the corporation shall be distributed to its members, officers, or directors. The corporation may pay reasonable compensation to its members, directors and officers for services actually rendered.

A. Upon dissolution or final liquidation, the corporation shall make distributions to the members as permitted by the court having jurisdiction hereof, and no such distribution shall be deemed a dividend or distribution of income.

B. The corporation shall confer benefits upon its members in conformity with its purposes, and such benefits shall not be deemed a dividend or distribution of income.

Article XV - SEAL

The corporate seal shall bear the name of the Association, the word "Florida", the year of incorporation, and, regardless of subsequent alteration, shall always contain the words "Corporation not for profit".

IN WITNESS WHEREOF, the subscribers have hereto affixed their signatures, this 20th day of April, 1981.

Madeline Cassle Hinds

Jerome H. LaChapelle

Benita B. Bartley

Cecil W. Barrett

Cynthia M. Conradt

Matthew W. Burns

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE, CECIL W. BARRETT and MATTHEW W. BURNS well known to me to be the individuals described in the foregoing Articles of Incorporation as the Directors and Subscribers to said Articles of Incorporation, and each of said individuals after being duly deposed and sworn, stated that they are all of the Directors and One Hundred (100%) per cent of the membership of said non-profit corporation, and that they executed the foregoing instrument for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 20th day of April A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 3/19/84

EXHIBIT XI

BY LAWS

OF

THE ISLANDER OWNERS ASSOCIATION, INC.

A Corporation Not For Profit under the laws of the State of Florida

* *

SECTION I - GENERAL

1.1 PURPOSE.

These are the By-Laws of THE ISLANDER OWNERS ASSOCIATION, INC., called Association in these By-Laws, a Corporation Not For Profit under the laws of the State of Florida. The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of such one or more condominiums as may, from time to time, be submitted to the jurisdiction of the Association, and is, with regard to such condominiums, the legal entity created pursuant to Chapter 718, the Florida Statutes, called the "Condominium Act" in these By-Laws.

1.2 OFFICES.

The office of the Association shall be at the development known as THE ISLANDER, PHASE I, of Destin, in Okaloosa County, Fl.

1.3 FISCAL YEAR.

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

1.4 MINUTES OF MEETINGS.

Minutes shall be kept of all meetings of unit owners and the board of directors. The minutes of all such meetings shall be kept in a book available for inspection by unit owners, or their authorized representatives, board members, and the representative of any individual or company providing management services to the condominium under a contract with the association. The association shall retain these minutes for a period of not less than seven (7) years. The written agreement reflecting any action taken by unit owners without a meeting shall be filed in the minutes.

1.5 PARLIAMENTARY RULES.

Roberts' Rules for 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.

SECTION II - MEMBERSHIP

2.1 DEFINED.

The membership shall be as defined in the Articles of Incorporation.

2.2 ANNUAL MEMBERS' MEETINGS.

The annual members meeting shall be held at the office of the corporation at 2:00 P.M. on the third Monday in June of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday.

2.3 SPECIAL MEMBERS' MEETINGS.

Special meetings shall be hled whenever called by the President or Vice President or by a moajority of the Board of Directors and must be called by such officers upon receipt of a written request from members entitled to cast one-third (1/3) of the votes of the entire membership.

2.4 NOTICE.

Notice of all members meetings stating the time and place and the objects 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 on the condominium property at least fourteen (14) days prior to the meeting and shall be in writing to each member at his address as it appears on the books of the Association and in the case of the Annual Meeting, shall be mailed by Certified Mail not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. The foregoing requirements as to meetings are not to be construed, however, to prevent unit owners from waiving notice of meetings or from acting by written agreement without meetings. Notice of meetings may be waived before or after the meetings.

2.5 QUORUM.

A quorum of members meetings shall consist of persons entitled to cast a simple majority of the votes of the entire membership. The acts approved by a mojority of the votes present at a meeting at which a quorum is present shall constitute the act of the members, except when approval by a greater number of members is required by the Declaration of Condominium of any 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 persons present; however, no one person

shall be designated to hold more than three (3) proxies for any purpose, unless the Condominium has been registered with the Securities and Exchange Commission.

2.6 MEMBERS VOTE.

At any meeting of the members, the owners of units shall be entitled to cast one vote each, which shall not be cumulative.

2.7 MULTIPLE OWNERSHIP.

If a unit is owned by one person, his right to vote shall be established by the record title to his unit. If a unit is owned by more than one person, the person entitled to cast a vote for the unit shall be designated by a 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, 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 and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superceded by a subsequent certificate or a change in the ownership of the unit concerned. A certificate designating a person entitled to cast a 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.

2.8 PROXIES.

Votes may be cast in person or by proxy. A proxy may be made 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. The Board of Directors may determine to solicit one proxy from each unit owner for any general or special meeting of the unit owners and the reasonable expense incurred in soliciting such proxies shall be a common expense. No person shall be designated to hold more than three (3) proxies for any purpose unless the Condominium has been registered with the Securities and Exchange Commission.

2.9 LACK OF QUORUM.

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

2.10 ORDER OF BUSINESS.

The order of business at annual meetings and as far as practical at other members meetings, shall be:

A. Election of Chairman of the meeting.
B. Call of the roll and certifing of proxies.
C. Proof of notice of meeting or waiver of notice.
D. Reading and disposal of any unapproved minutes.
E. Report of officers.
F. Report of committees.
G. Election of inspectors of an election.
H. Election of directors.
I. Unfinished business.
J. New business.
K. Adjournment.

2.11 RESERVATION OF CONTROL BY DEVELOPER.

Until required by the Condominium Act, or until The Islander Group, Ltd., herein called the Developer, elects to terminate its control of the Association and the condominiums operated by it, whichever occurs first, the proceedings of all meetings of members of the Association shall have no effect unless approved by the Board of Directors.

2.12 DEVELOPER'S, MANAGER'S RIGHT TO ATTEND MEETINGS.

As long as the Developer retains ownership of the COMMUNITY PROPERTY or any unit in The Islander, Phase I, or Phase II, or any other condominium submitted to the jurisdiction of the Association Developer or its representatives may attend any meeting of the members or directors, and is entitled to the same notice thereof as a unit member.

The representatives of any individual or company providing management services to the condominium under a contract with the Association may attend any meeting of the members or directors, and is entitled to the same notice thereof as a unit member.

SECTION III - DIRECTORS

3.1 NUMBER OF DIRECTORS.

The affairs of the Association shall be managed by a Board of not less than five (5) directors, the exact number to be determined at the time of the election.

3.2 ELECTION OF DIRECTORS.

Election of Directors shall be conducted in the following manner:

A. Subject to ARTICLE VIII of the Articles of Incorporation of the Islander Owners Association, election of Directors shall be held at the annual members meeting.

(1) A director shall be a unit owner entitled to vote at the meeting.

(2) An additional election of directors following the sale of units in The Islander, Phase II, shall be held in the manner prescribed in the Articles of Incorporation.

B. A nominating committee of three (3) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the annual members meeting. The committee shall nominate one person for each director then serving. Nominations for additional directorships created at the meeting shall be made from the floor, and other nominations may be made from the floor.

C. The election shall be by ballot (unless dispensed by unanimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

D. Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of the members shall be filled by the remaining directors.

E. Any director may be removed upon the vote or written agreement of a majority of unit owners at a special meeting of the members called for that purpose. Such special meeting may be called by ten per cent of the unit owners giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting. The vacancy on the Board of Directors so created shall be filled by an election conducted by the members of the Association at the same meeting.

F. Provided, however, that notwithstanding the provisions of Paragraph 3.2(A) through 3.2(E) axove to the contrary, and Paragraph 3.3 below, until required by the Condominium Act, or until the Developer elects to terminate its control of the Association or the condominiums submitted to its jurisdiction, whichever shall occur first, the directors shall be selected and/or removed from time to time by the Developer, and unless otherwise determined by the Developer, the first directors of the Association shall serve, and in the event of vacancies the remaining directors shall fill the vacancies, and if there are no remaining directors, the vacancies shall be filled by the Developer.

3.3 DIRECTOR'S TERM.

The terms or each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and quanified or until he is removed in the manner elsewhere provided.

3.4 DIRECTORS' ORGANIZATIONAL MEETING.

The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

3.5 MEETINGS.

A. 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, and notice of such meetings shall be posted conspiciously for forty-eight (48) hours in advance for the attention of unit owners, except in an emergency. Such meetings shall be open to all unit owners.

B. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3), but not less than two (2) 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, and notice of such meetings shall be posted conspiciously forty-eight (48) hours in advance for the attention of unit owners, except in an emergency. Such meetings shall be open to all unit owners.

3.6 MEETINGS CONSIDERING ASSESSMENTS.

The notice of any Board of Directors meeting in which assessments against unit owners are to be considered for any reason shall specifically contain a statement that such assessments will be considered, and the nature of such assessments.

3.7 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.

3.8 QUORUM.

A quorum at directors' 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 is required by the Declaration of Condominium of any condominium operated by the Association, the Articles of Incorporation of the Association, and these By-Laws.

3.9 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. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

SECTION IV - OFFICERS

4.1 OFFICERS.

The executive officers of the Association shall be a President, who shall be a director, a Vice President, who shall be a 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 preemptorily removed by vote of the directors at any meeting. Any person may hold two or more offices, except that the President shall not be also 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 shall find to be necessary or convenient to manage the affairs of the Association.

A. 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.

B. 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.

C. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members. 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 the custody of the 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.

D. Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities and

evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer

4.2 OFFICER COMPENSATION.

The compensation of all officers and employees of the Association shall be fixed by the Directors. The provision that directors' fees shall be determined by members 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 any condominium operated by the Association, the Association or any portions of the property thereof.

SECTION V - FINANCIAL ADMINISTRATION

5.1 FISCAL MANAGEMENT.

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

A. Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications and shall be appropriate, all of which expenditures shall be common expenses:

(1) Current expense, which shall include all receipts and expenditures within the year for which the budget is made including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeding year.

(2) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.

(3) Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation or obsolesence.

(4) Betterments, which include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements

(5) Operations, which shall include the gross receipts, if any, from the use of the common elements. At this time no such revenue is anticipated. Only the additional direct expense required by the revenue producing operation will be charged to this account, and any surplus from such operation shall be used to reduce the assessments for current expenses in the year following the year in which the surplus is realized. Losses from

operations shall be met by special assessments against unit owners, which assessments may be made in advance in order to provide a working fund or to meet losses.

B. Budget. The Board of Directors shall adopt a budget for each calender year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices, as follows:

(1) Current expenses.
(2) Reserve for deferred maintenance.
(3) Reserve for replacement.
(4) Betterments.
(5) Operations.

Copies of a proposed annual budget of common expenses shall be mailed to the members not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a notice of the time and place of that meeting, which shall be open to the members.

If a budget is adopted by the Board of Directors which required assessment against the members in any fiscal year or calendar year exceeding One Hundred Fifteen (115%) Per Cent of such assessment for the preceding year, upon written application of ten (10%) per cent of the members a special meeting of the members shall be held upon not less than ten (10) days written notice to each member, but within thirty (30) days of the delivery of such application to the Board of Driectors or any member thereof, at which special meeting members may consider and enact a revision of the budget or recall any and all members of the Board of Directors and enect their successors. In either case, the revision of the budget or the recall of any and all members of the Board of Directors shall require a vote of not less than a majority of the whole number of votes of all members. The Board of Directors may, in any event, propose a budget to the members at a meeting thereof or by writing, and if such budget or proposed budget be approved by the members at the meeting, or by a majority of their whole number by a writing, such budget shall not thereafter be re-examined by the members in the manner hereinabove set forth, nor shall the Board of Directors be recalled under the terms of this section. In determing whether assessments exceed One Hundred Fifteen (115%) per cent of similar assessments in prior years, there shall be excluded from the computation any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the condominium property or in respect of anticipated expenses by the condominium association which are not anticipated to be incurred on a regular or annual basis;

and there shall be excluded from such computation assessment for betterments and reserves for betterments to the condominium property. However, so long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for any year greater than One Hundred Fifteen (115%) per cent of the prior fiscal or calendar year's assessment without approval of a majority of the unit owners.

C. Assessments. Assessments against the unit owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 30 preceding the year for which the assessments are made and such assessments shall be due in equal, monthly installments on the first day of each month of the year for which the assessments are made. If an annual budget requiring assessments is not adopted, a budget shall be presumed to have been made requiring assessments in the amount of the last previous year's and the monthly installments on such assessments shall be due on each installment payment day until changed by an amended budget. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the board of Directors in the same manner and subject to the same limitations as provided above for the adoption of the regular annual budget. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due on the date of the assessment if made upon or after July 1; and if made prior to July 1, one half (1/2) of the increase shall be due on the date of the assessment and the balance of the assessment upon the next July 1. The first assessment shall be determined by the Board of Directors of the Association.

5.2 ACCELERATION OF ASSESSMENT INSTALLMENTS UPON DEFAULT.

If a unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessments upon notice to the unit owner, and then the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the delivery of the notice to the unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall occur first.

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 due shall bear interest at the maximum legal rate, from the date when due until paid. All payments upon accounts shall first be applied to interest and then to the assessment payment first due.

5.3 ASSESSMENT FOR EMERGENCIES.

Assessment for common expenses of emergencies that cannot be paid from the annual assessment for common expenses shall be made only in the manner provided above for the adoption of the regular annual budget, or upon thirty (30) days written notice of the need for such emergency assessment given to the unit owners concerned, and approval in writing by persons entitled to cast more than one-half (1/2) of the votes of the unit owners concerned. Such assessment shall be due in such manner as the Board of Directors may require in the notice to the members that the assessment has been made.

5.4 DEPOSITORY.

The depository of the Association shall be the First National Bank of Destin; the Board of Directors may, by Resolution, designate other or additional depository banks. The monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

5.5 FINANCIAL STATEMENTS AND TAX RETURNS.

Financial statements and tax returns shall be prepared annually and a copy shall be furnished to each member. An audit of the accounts of the Association will be done at the request of the membership and will be at their expense.

5.6 LIENS FOR ASSESSMENTS.

The Association, through its Directors, shall be authorized to enforce liens for assessments to the extent provided in the Declaration of Condominium and the Florida Condominium Act, and to authorize and pay all expenses, including court and attorney fees, incurred thereby.

5.7 FINES.

In addition to all remedies provided in the Declaration of Condominium of any condominium operated by the Association, the Articles of Incorporation of the Association, or these By-Laws, the Board of Directors of the Association may fine, assess and charge any offending member a sum not to exceed One Hundred Fifty ($150.00) Dollars for each infraction of the provisions of said Declaration, Articles, By-Laws, or rules and regulations of the Association. Any such fines shall constitute a lien against the unit owner or occupied by the violator unless paid within ten (10) days.

5.8 ASSESSMENT FOR REPAIR OF COMMUNITY PROPERTY.

In the event the cost of repair or reconstruction after casualty of improvements to the COMMUNITY PROPERTY exceeds available insurance proceeds, a special meeting of the Directors shall be held to consider the matter of assessing the unit owners as required in the Declaration of Condominium and the Grant of Use Rights and Privileges appended thereto.

A. Notice of the meeting shall be made in the manner provided for notice of any directors' meeting considering emergency assessments. Such notice shall be made within five (5) days of the earliest date the directors know of the insufficiency of insurance proceeds; written notice of such insufficiency sent to the President of the Association by the Developer or the Insurance Trustee shall attribute the directors with knowledge of the insufficiency.

B. If no notice of meeting has been made during the time prescribed above, Developer may at any time thereafter call the meeting described above and make notice thereof in the manner provided for notice of any director's meeting considering emergency assessments, and Developer's signature on such notice in lieu of that of the Association's Secretary shall be good and valid. Developer shall be reimbursed by the Association for the expense of making such notice. At such meeting Developer or its representative, may preside in the absence of any Association officer authorized to preside. Developer may deem the absence of a quorum at such meeting to constitute a refusal by the Association to make an adequate assessment.

5.9 BONDS.

Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for the funds of the Association. The amount of such bonds shall be determined by the directors but shall be not less than one half of the amount of the total annual assessments against members for common expenses. The premiums of such bonds shall be paid by the Association.

SECTION VI - AMENDMENTS

6.1 AMENDMENTS.

These By-Laws and the Articles of Incorporation 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 members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writting, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by:

(1) Not less than seventy-five (75%) per cent of the entire membership of the Board of Directors and not less than seventh-five (75%) per cent of the votes of the entire membership of the Association; or

(2) By not less than eighty (80%) per cent of the votes of the entire membership of the Association; or

(3) Until the first election of Directors, by all of the Directors.

6.2 PROVISO.

Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units unless the unit owner so affected shall consent. No amendment shall be made that is in conflict with the Articles of Incorporation or the Declaration of Condominium of any condominium operated by the Association.

6.3 EXECUTION AND RECORDING.

A copy of each amendment shall be attached to 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. In case of an amendment to the Articles of Incorporation, a copy of each amendment shall be certified by the Secretary of State. The amendment shall be effective when such certificate and copy of the amendment are recorded in the public records of Okaloosa County, Florida.

THE FOREGOING were adopted as the By-Laws of THE ISLANDER OWNERS ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, at the first meeting of the Board of Directors, on the 8 day of June A.D., 1981.

Secretary

President

EXHIBIT XII
REGULATIONS

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

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

Unit #_____
The Islander Condominium
502 Gulfshore Drive
Destin, Florida 32541

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

3. RESIDENTS AND GUESTS. The facilities of The Islander, Phase I, are for the use and enjoyment of residents and house guests only. Visitors will be permitted to use the facilities only as guests of residents who will remain responsible for acts of their guests.

4. CHILDREN'S ACTIVITIES. Children are welcome 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 elevators, the use of any common areas in the building for play areas, or any other conduct that will interfere with the quiet and comfort of the residents. No children under seventeen (17) years of age are permitted to occupy a unit unless a responsible adult is also in residence in the same unit at the same time. Adult residents with whom children are living will be held responsible for the observance of these rules and regulations by the children.

5. SECURITY. The management will attempt to provide security for residents of the building, but all residents must

cooperate if effective security is to be obtained. This requires that all unit doors be locked at all times; solicitors are not allowed to enter a unit without an appointment; and all suspicious appearing persons or incidents should be reported immediately to the management or night watchman.

6. USE OF UNITS.

A. Air Conditioning. When the air conditioning unit is operating it is not advisable to open windows or doors. This is because the moisture in the warm air which is admitted will condense with resultant dampness and mildew 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 of the exterior of the building, display of plants or other objects upon balconies or railings or exterior window sills or ledges, unless 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 residents 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. Owners are reminded that they will be assessed for any increase in the cost of insurance over the cost for residential use that is caused by their use of the condominium property.

E. Hanging of Objects. The hanging of bathing suits, clothing, rugs, towels or other items upon balconies or railings or from windows is prohibited.

F. Installations. Only such awnings, blinds, shades and sunscreens 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 buildings are the responsibility of the Association except for the interior of the unit. As authorized by the Declaration, 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 Declaration of Condominium. Occupants of units under lease with the unit owner are reminded that the responsibility of maintenance and repair as between the lessor and lessee is established by their leases. Regardless of the responsibility for maintenance and repair, it is recommended that need for 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 as per agreement between the parties.

H. Noise. In order to assure the comfort of all residents, the playing of phonographs, radios, television sets and musical instruments must not exceed a reasonable volume at any time, and between the hours of 10:00 P.M. and 10:00 A.M. shall be kept at a volume that cannot be heard outside the unit in which located. All residents and guests shall refrain from any activity that would disturb other residents.

I. Pets. In keeping with the recreational nature of the condominium, NO pets will be allowed.

J. Signs. A resident 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 signs of the Developer pending sale of the condominium units.

K. Use Restrictions. Residents are reminded of the restrictions upon the use of the condominium property that appear in the Declaration of Condominium. The restrictions require, among other things, that a unit may be used only as a residence either permanent or transient, and that no nuisances shall be allowed nor any practice followed that is the source of annoyance to other residents.

L. Waste Disposal. All waste is to be disposed by kitchen garbage disposal units or through the trash chutes in the manner elsewhere described. No waste, including cigars and cigarettes, is to be disposed at any time from balconies or from windows.

M. Windows. This area is subject to sudden rainstorms without warning. In order to aviod 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 the resulting damage.

7. USE OF COMMON AREAS, COMMUNITY PROPERTY AND OTHER FACILITIES.

A. 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 obstructed in any manner at any time. Exit lights 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 and is for the protection of residents in case of fire or other emergency and will be strictly enforced.

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

B. Elevators.

(1) The passenger elevators are for the use of residents and their guests. The beauty of the elevators can be preserved only if care is taken not to mar the finishes with bulky items. Use of the elevators to carry large packages, large quantities of items and freight must be by arrangement with the management in order that the car may be padded.

(2) The operation of the passenger elevator and the emergency and safety precautions will xe explained by the management upon request. It is recommended that elevator use be avoided during lightning storms as most power failures occur at that time.

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, illumination, plants or signs without approvan of the Board of Directors in writing.

D. Garbage and Refuse Receptacles. Garbage disposal units in each unit are to be used for disposition of most kitchen refuse. There is a chute for disposal of other refuse located on each floor. This chute will receive modest quantities of bottles, cans, waste paper and the like. All wet garbage placed in the chute must be securely wrapped in order to avoid fouling the chute and in order to avoid unpleasant odors from the chute and the garbage receptacles. The management should be called for aid in disposition of large quantities of matter that might overload the refuse chute.

E. Swimming Pool. The use of the swimming pool is limited to residents and their house guests. All bathers are required to observe the following regulations in order to comply with requirements of public health authorities and to ensure the comfort and safety of all concerned:

(1) The pool may be used only during the hours posted near the pool.

(2) All bathers must shower immediately before entering the pool.

(3) Bathers must remove suntan lotions, creams, and bobby pins before entering the pool.

(4) No food or drink may be consumed within the pool area.

(5) There shall be no running or shouting or boisterous games played within the pool area.

(6) Children under 12 years of age are not permitted within the pool area unless accompanied by an adult who is responsible for the children.

(7) No dogs or other animals shall be allowed in the pool or other parts of the pool enclosure.

(8) The bathing load of the pool is fifty persons and no more than this number may be in the pool at one time.

(9) The pool is not guarded and all persons using the pool do so at their own risk.

8. MANAGEMENT. The management is employed to serve the residents of the condominium, but the cost and quality of that service depends largely upon the cooperation of the residents. Excessive demands for service will either deny service to some residents or increase the cost of service to all. Observance of the following provisions will be of much assistance to management.

A. Office. The management office is open during the hours posted on the door. After office hours a security guard is available in case of emergency. All requests for service and reports concerning the condominium property should be made to the office.

B. Employees. Personnel of the management staff are to perform only such services as are made available to all residents and guests. All compensation for the staff will be paid by manager. Costs chargeable to a unit owner, such as maintenance of a unit, will be charged by management to the unit owner as per agreement between the parties. The management personnel, including all maintenance, office and service employees, are adequately compensated and no gratuities are to be given to them. This is not to preclude appropriate remembrances at Christmas or other particular occasions.

C. Maid Service. Maid service will be provided to units utilizing the Management's Rental Program. Otherwise, housekeeping within units is the responsibility of the unit owner. Unit owners are expected to keep their units neat and clean at all times. If a maid is to be employed directly, it is requested that the management be advised for security purposes.

9. RENTAL PROGRAM. The Manager will provide rental services to unit owners who request such services with regard to renting their units. Although individual unit owners may reserve the right to perform their own rental services, or may use off-premises rental agents of their choice, the MANAGEMENT is the exclusive on-premise rental agent, and no other rental solicitation activities are permitted on the condominium property.

EXHIBIT XIII

MANAGEMENT CONTRACT

MADE this 8 day of June, 1981, between the Islander Owners Association, Inc., a corporation not for profit under the laws of the State of Florida, hereinafter called "ASSOCIATION", and The Islander Management Services, Inc. a Florida Corporation, hereinafter called the "MANAGER".

WHEREAS, it is agreed as follows:

1. PURPOSE. Association is the governing body for The Islander, a condominium, located in Okaloosa County, Florida, and is the owner in trust for its members, of certain use rights and privileges (all of which are set forth in more detail in the Declaration of Condominium of The Islander, Phase I, a Condominium). Said property is referred to in the Declaration of Condominium and hereinafter in this contract as "Community Property" and includes but is not limited to the meeting room, party room, administration offices, parking areas and related improvements, recreational improvements and such other improvements as Grantor may from time to time construct thereon. Said Association is desirous of entering into a Management Contract for the management of said condominium and Manager is desirous of furnishing such management services. This contract is to provide for the maintenance and operation of the condominium by Manager as Agent for the Association.

2. TERM.

A. The term of this contract shall begin with the date on which the first closing of a sale of a unit in The Islander, Phase I, Condominium, takes place through 730 calendar days, provided however, the Manager may, upon 60 days written notice given to the Association, terminate and cancel this contract as of the last day of such month as is specified in the Notice of Cancellation. Thereafter, it shall be automatically renewed for successive two (2) year periods until terminated at a fuly authorized meeting of the Owners by a Seventy-Five (75%) per cent of the total votes of all the members of the Association, or by the Manager notifying the Association in writing that it will not renew the contract at such renewal date.

B. This contract is subject to the Condominium Act as far as its termination by unit owners is concerned.

3. DUTIES OF THE MANAGER.

A Manager will provide for the maintenance and operation of all improvements and maintenance of the landscaping of the

grounds of the condominium and of the community property. The operation of the condominium shall include the performance of all duties and responsibilities required of the Association by the condominium documents, other than those duties and responsibilities reserved specifically to the Board of Directors of the Association. Manager's decisions regarding requirements under this contract shall be final. In order to provide for such maintenance and operation, Manager shall employ a minimum of one full time employee to perform and/or supervise the performance of the services, obligations and responsibilities according to the time schedule and at the cost set forth as follows:

Services to be performed and supervised by Manager	Frequency of Performance	*	Cost Basis
Hire and supervise necessary employees to maintain and operate condominium and community property	As Required	$ 15	Actual Cost Incurred
Maintain and repair property	As Required	10	Actual Cost
Purchase tools, equipment and supplies necessary to maintain and operate the property	As Required	2	Actual Cost
Maintain Association's financial records, books and accounts	Quarterly - More often if necessary	15	Actual Cost
Prepare operating budget	Annually	5	Included in Management Fee
Collect all funds and maintain bank accounts	As Required	5	Actual Cost
Make and collect special assessments	As Required	2	Actual Cost
Maintain records to describe services hereunder	Quarterly - More often if necessary	5	Included in Management Fee
Keep Insurance in force	As Required	5	Actual Cost
Promulgate rules and regulations for the property	Annually - More often if necessary	3	Included in Management Fee
Initiate necessary action to force residents to comply with rules, regulations, laws and ordinances	As Required	3	Actual Cost
Attend meetings of unit owners and Directors	As Required	0	Included in Management Fee
Retain and employ persons, corporations, firms and professionals to perform duties	As Required	5	Actual Cost

The amounts shown in the (*) column are the portion of the annual Management Fee allocated to each individual unit and are based on the fact that the total monthly management fee is $400.00 and the annual management fee is $4,800.00 for 64 units.

The foregoing only relates to the services supervised or performed by the Manager for and in consideration of the fee paid it under the Management Contract. For the estimated cost of maintaining, operating and administering the condominium and community property reference should be made to the budget for the condominium and the condominium association.

B. The Manager will provide a responsible person or persons who will be elected as officer or officers of the Association in order that the maintenance and operation of the condominium and the community property shall be conducted in the name of the Association.

C. All funds collected by the Manager from assessments against unit owners shall be deposited in bank accounts of the Association, and the person or persons furnished by Manager for the purpose shall be authorized by the Association to withdraw funds from such accounts in payment of the cost of maintenance and operation of the condominium and community property.

D. All persons handling or responsible for the funds of the Association shall be bonded at the expense of the Association.

E. Manager shall maintain the Association's financial record books, accounts and other records as provided by the Association's By-Laws and pursuant to the Condominium Act and shall issue certificates of account to members, their mortgagees and lienors without liability for errors unless as a result of gross negligence. Such records shall be kept at the office of the Manager and shall be available for inspection by unit owners or their authorized representatives at reasonable times. As a standard procedure, the Manager shall render to the Association a statement for each calendar year no later than the April 1st next thereafter. The Manager shall perform a continual internal audit of the Association's financial records for the purpose of verifying the same, but no independent or external audit shall be required of it. The consent of the Manager to an independent autitor shall not be reasonably withheld.

F. Manager shall cause a representative of its organization to attend meetings of the Unit Owners and of the Board of Directors of the Association; however, it is understood and agreed that the Minutes of all the Association's meetings, whether of Unit Owners or of the Board of Directors, shall be

taken by the Association's Secretary, and possession of the Minutes Book shall be in the custody of said Secretary, who shall always be responsible for preparing and furnishing the notices of all meetings to the required parties.

G. Manager may enter into Agreements upon such terms and conditions and for such purpose as the Manager determines in its sole discretion to be necessary subject to the approval of the Board of Directors as to the common elements of and the condominium, and by agreement grant concessions and licenses subject to the approval of the Board of Directors to persons to provide facilities and services as to and within the condominium and cause coin vending machines and coin operated equipment and pay telephones to be installed within the condominium and to purchase same on behalf of and at the cost and expense of the Association, or rent same or enter into agreements regarding same; however, all income derived by the Manager from the foregoing shall inure to the benefit of the Association; and all expenses appertaining thereto shall likewise be borne by the condominium association.

H. Manager may procure at the expense of the Association sufficient insurance with respect to risks and hazards entailed by all persons employed in the performance of this contract.

4. COMPENSATION. It is specifically understood and agreed that the Manager shall perform all of the services required of it hereunder at no cost and expense whatsoever to itself, but solely at the cost and expense of the Association and its members. All direct costs of the maintenance and operation of the condominium including the service of the Manager's employees directly engaged in such work, shall be paid by the Manager from the funds of the Association as an expense of the Association. As compensation, the Manager shall receive a net fee, free from all charges and expenses, of Four Hundred ($400.00) Dollars per month, such amount to be designated the "Management Fee". The Management Fee shall be taken into consideration in setting the common expense and maintenance fee assessment. The Management Fee is subject to renegotiation during each year of this contract.

5. ASSIGNMENT. This contract shall be fully assignable by the Manager, provided that the Manager gives notice of such assignment to the Association.

6. RENTAL MANAGEMENT SERVICES. The Manager will have the exclusive right to enter into contracts to provide on-premise rental service to unit owners.

It is specifically recognized that the Developer of The Islander Condominium, or some or all of the persons comprising the original Board of Directors of the Association are or may be stockholders, officers or directors of The Islander Management Services, Incorporated or may have some other financial or ownership interest in The Islander Management Service, Inc. and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as possible grounds to invalidate this Management Contract, in whole or in part.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, and have caused these presents to be signed respectively by their proper Officers, and their respective Corporate Seals have been duly affixed, this 8 day of June, 1981.

Signed, sealed and delivered in the presence of:

Madeline Carroll Hinds

Barita B. Bailey

THE ISLANDER MANAGEMENT SERVICES, INC.

By: Jerome H. LaChapelle (SEAL)
President

Attest: Cecil W. Barrett (SEAL)
Secretary

"MANAGER"

Madeline Carroll Hinds

Barita B. Bailey

THE ISLANDER OWNERS ASSOC., INC.

By: Jerome H. LaChapelle
President

Attest: Cecil W. Barrett (SEAL)
Secretary

"ASSOCIATION"

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority, personally appeared JEROME H. LA CHAPELLE and CECIL W. BARRETT to me well known to be the persons described in and who executed the foregoing instrument as President and Secretary of The Islander Management Services, Inc., a Florida Corporation, and they acknowledged before me that they executed such instrument as such Officers of said Corporation and that the seal affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and Official Seal, at the County and the State aforesaid, this 15 day of June A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority, personally appeared [illegible] to me well known to be the person described in and who executed the foregoing instrument as President of [illegible] a Florida corporation not for profit, and acknowledged before me that they executed such instrument as such officers of said Corporation, and that the seal affixed thereto is the corporate seal of said Florida Corporation, and that it was affixed to said instrument by due and regular [illegible] and that said instrument is the free act and deed of said Corporation.

WITNESS my hand and official seal in the County and State aforesaid, this 8 day of [illegible] A.D., 19[illegible].

Notary Public
State of Florida at Large
My Commission Expires: 3/10/84

EXHIBIT XII (A)

ESTIMATED OPERATING BUDGET
PHASE I - 64 UNITS

	MONTHLY		YEARLY	
	PER UNIT	TOTAL	PER UNIT	TOTAL
ADMINISTRATION OF THE ASSOCIATION:				
Secretary/Bookkeeper	18.96	1,213.33	227.52	14,560.00
Office Supplies	1.56	100.00	18.75	1,200.00
Office Telephone	1.56	100.00	13.75	1,200.00
Accounting & Tax Service	.78	50.00	9.38	600.00
Legal Expense	.78	50.00	9.38	600.00
Annual Corporation Report	.02	.84	.12	10.00
MANAGEMENT FEE (5%)	6.25	400.00	75.00	4,800.00
MAINTENANCE:				
Maintenance Personnel	13.54	866.67	162.50	10,400.00
Building Mnt. Supplies	2.34	150.00	28.08	1,800.00
Pool Mnt. Supplies	1.88	120.00	22.50	1,440.00
*Elevator Mnt. Contract	-0-	-0-	-0-	-0-
Landscaping, Tennis Courts, Parking Lot Maintenance	2.34	150.00	28.08	1,800.00
RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES	N/A	N/A	N/A	N/A
TAXES UPON ASSOCIATION PROPERTY	.13	8.33	1.60	100.00
INSURANCE:				
Building Multi-Peril Coverage	8.98	575.00	107.81	6,900.00
Directors & Officers Liab.	.98	62.50	11.72	750.00
Workmens Compensation	.77	49.42	9.27	593.00
TAXES UPON LEASED AREAS:	N/A	N/A	N/A	N/A
SECURITY PROVISIONS:	-0-	-0-	-0-	-0-
OTHER EXPENSES:				
Payroll Taxes	3.27	209.08	39.20	2,509.00
Elevator Permits	.23	15.00	2.81	180.00
Contingencies	1.56	100.00	18.75	1,200.00
OPERATING CAPITAL:				
Water & Sewer	11.50	736.00	138.00	8,832.00
Common Electricity	25.67	1,642.29	307.94	19,708.00
Trash Disposal	4.00	256.00	48.00	3,072.00
Cable TV Service	9.00	576.00	108.00	6,912.00
RESERVE FOR DEFERRED MNT.:				
Roof Replacement	3.13	200.00	37.56	2,400.00
*Building Painting	N/A	N/A	N/A	N/A
Pavement Resurfacing	4.17	266.88	50.03	3,202.00
RESERVE FOR CAPITAL EXPENDITURES	1.56	100.00	18.75	1,200.00
FEES PAYABLE TO THE DIVISION	.04	2.66	.50	32.00
TOTALS	125.00	8,000.00	1,500.00	96,000.00
ASSESSMENT INCOME	125.00	8,000.00	1,500.00	96,000.00

*ELEVATOR MAINTENANCE CONTRACT NOT DUE THE FIRST YEAR.

*BUILDING HAS DRYVIT SYSTEM WHICH DOES NOT REQUIRE REPAINTING FOR THE LIFE OF THE STRUCTURE.

ASSESSMENTS WILL BECOME DUE THE FIRST OF EACH MONTH. MAXIMUM PENALTY TO BE ADDED TO ASSESSMENTS IN ARREARS AFTER THE TENTH OF THE MONTH. PENALTY INCOME TO BE ADDED TO CONTINGENCIES ACCOUNT.

OF THE $1,000 PER UNIT TO BE COLLECTED AT CLOSING, $500.00 WILL BE PLACED IN A RESERVE ACCOUNT ON BEHALF OF THE ASSOCIATION AND $500.00 WILL BE USED TO PAY THE FIRST YEAR PREMIUM OF THE BUILDING INSURANCE AND TO SET UP AN OPERATIONAL ACCOUNT FOR THE ASSOCIATION FROM WHICH TO PURCHASE THE OFFICE COMPUTER, OFFICE EQUIPMENT, MAINTENANCE EQUIPMENT, ETC.

EXHIBIT XII (..)

ESTIMATED OPERATING BUDGET
PHASE I & II - 127 UNITS

	MONTHLY		YEARLY	
	PER UNIT	TOTAL	PER UNIT	TOTAL
ADMINISTRATION OF THE ASSOCIATION:				
Secretary/Bookkeeper	10.24	1,300.00	122.83	15,600.00
Office Supplies	1.57	200.00	18.90	2,400.00
Office Telephone	1.57	200.00	18.90	2,400.00
Accounting & Tax Service	.79	100.00	9.45	1,200.00
Legal Expense	.79	100.00	9.45	1,200.00
Annual Corporation Report	.01	.84	.12	10.00
MANAGEMENT FEE (5.)	5.25	783.75	75.00	9,525.00
MAINTENANCE:				
Maintenance Personnel	14.17	1,800.00	170.03	21,600.00
Building Mnt. Supplies	2.36	300.00	28.35	3,600.00
Pool Mnt. Supplies	2.36	300.00	28.35	3,600.00
Elevator Mnt. Contract	3.15	400.00	37.80	4,800.00
Landscaping, Tennis Courts, Parking Lot Maintenance	2.36	300.00	28.35	3,600.00
RENT FOR RECREATIONAL AND OTHER COMMONLY USED FACILITIES	N/A	N/A	N/A	N/A
TAXES UPON ASSOCIATION PROPERTY	.09	11.37	1.05	135.50
INSURANCE:				
Building Multi-Peril Coverage	8.53	1,083.33	102.36	13,000.00
Directors & Officers Liab.	.50	63.00	5.94	755.00
Workmans Compensation	.82	104.14	9.84	1,250.00
TAXES UPON LEASED AREAS:	N/A	N/A	N/A	N/A
SECURITY PROVISIONS:	-0-	-0-	-0-	-0-
OTHER EXPENSES:				
Payroll Taxes	2.69	341.61	32.28	4,100.00
Elevator Permits	.13	16.67	1.56	200.00
Contingencies	3.94	500.00	47.25	6,000.00
OPERATING CAPITAL:				
Water & Sewer	12.21	1,550.00	146.46	18,600.00
Common Electricity	27.56	3,500.00	330.71	42,000.00
Trash Disposal	4.17	530.00	50.08	6,360.00
Cable TV Service	9.45	1,200.00	113.39	14,400.00
RESERVE FOR DEFERRED MNT.:				
Roof Replacement	3.15	400.00	37.80	4,800.00
Building Painting,	N/A	N/A	N/A	N/A
Pavement Resurfacing	4.52	575.00	54.24	6,900.00
RESERVE FOR CAPITAL EXPENDITURES	1.58	200.00	18.96	2,400.00
FEES PAYABLE TO THE DIVISION	.04	5.29	.50	63.50
TOTAL	126.00	15,875.00	1,500.00	190,500.00
ESTIMATED INCOME:	126.00	15,875.00	1,500.00	190,500.00

* THIS HAS ANNUITY SYSTEM WHICH DOES NOT REQUIRE REPAINTING FOR THE LIFE OF THE STRUCTURE.

** OFFICIAL RECORDS **
BK 1170 PG 1944

EXHIBIT XV

THE ISLANDER, Phase I
a Condominium
502 Gulfshore Drive
Destin, Florida 32541
904-837-2522

PRE-CONSTRUCTION SUBSCRIPTION AND PURCHASE AGREEMENT

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

SUBSCRIPTION AND PURCHASE AGREEMENT, hereinafter called Contract, made and entered into this ____ day of _____, A.D., 19____, by and between The Islander Group, Limited, a Florida limited partnership for profit referred to as Developer, and

_____

whose address is _____

_____

hereinafter called Buyer.

Developer and Buyer hereby agree to the sale and purchase of a condominium parcel referred to as the Unit, as set forth in this contract. The parties further agree that this contract shall be governed by Chapter 718 of Florida Statutes, known as The Condominium Act: words and phrases appearing in this contract have the same meaning as when used in the Condominium Act.

(1) SUBSCRIPTION AND PURCHASE: The Developer agrees to sell and the Buyer agrees to buy the Unit which is specifically Unit #_____, as described in the Declaration of Condominium of The Islander, Phase I, a condominium to be constructed at 502 Gulfshore Drive, Holiday Isle, Destin, Florida. The price and terms of payment are:

THE PRICE OF THE UNIT IS	$_____
DEPOSIT ON EXECUTION OF THIS AGREEMENT, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED	$_____
BALANCE OF PRICE (DUE AT CLOSING)	$_____

In addition, the Buyer hereby subscribes for membership in The Islander Owners Association, Incorporated, referred to as the Association, a non-profit corporation which shall operate The Islander, Phase I, and which shall also participate in the operation of The Islander, Phase II, if so provided in the Declaration of Condominium, and Buyer agrees to pay at closing One Thousand ($1,000.00) Dollars as a non-refundable contribution to the working capital and reserves of the Association.

(2) All deposits towards the sale price shall be placed in an escrow account which may be invested in savings or time deposits in institutions insured by an agency of the United States and shall be disbursed in accordance with Florida Statutes 718.202. The escrow agent is Diversified Property Sales, Inc., Post Office Box 1240, Destin, Florida 32541. Upon request, the Buyer shall be furnished a receipt from the escrow agent. If the Buyer's good, diligent, and truthful application under the Mortgage Plan described below is rejected by the Lender passing on the application without default or omission on the Buyer's part, then, at Buyer's request, or upon termination by Developer, the deposit plus any interest will be refunded to the Buyer, and neither party shall have any further obligation under this contract; otherwise Buyer shall complete performance of this contract on date set for the closing. Funds in excess of Ten (10%) Percent of the purchase price shall be held in a special account as provided by Florida Statutes 718.202(2) and may be withdrawn by Developer for uses in accordance with Section 718.202(3). ANY PAYMENT IN EXCESS OF TEN PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

(3) CLOSING DATE: Buyer agrees to close this sale at the time and place specified in a written notice of closing to be given by Developer. Developer may send such notice at any time after he is apprised Buyer has received a mortgage loan commitment or has made a cash deposit in the amount of the balance of the purchase price. Such notice shall be given ten days prior to the date specified for closing in the notice. If Buyer fails to make all payments and execute all documents due at closing on the date specified, Buyer shall forfeit to Developer all deposits plus interest, as liquidated damages and not as a penalty, and Developer shall have no further obligation under this contract. TIME IS OF THE ESSENCE OF THIS PARAGRAPH.

(4) MANNER OF CLOSING: The Buyer hereby authorizes the Developer to make the appropriate and necessary arrangements for the closing of the sale of the Unit. THE BUYER IS INVITED AND ENCOURAGED TO HAVE COUNSEL OF HIS OWN SELECTION ATTEND THE CLOSING AT HIS EXPENSE. Closing shall be effected in the following manner:

(a) The Buyer shall pay in cash the balance of the purchase price plus interest at the mortgage rate or maximum legal rate, for the period of any delay caused by Buyer; all other amounts specified as due at closing, and such other additional deposit for utilities, taxes, and maintenance fees as Developer shall designate.

(b) The Developer shall deliver to the Buyer a good and sufficient Assignment/Sublease or shall convey a marketable leasehold estate to Buyer; and said Assignment/Sublease or leasehold shall continue until expiration on September 1, 2030, and upon notice given to lessor at least six months prior to expiration, shall be renewable by Buyer for an additional 99 year period.

The aforesaid application shall be deemed rejected if Lender notifies Developer to that effect or if Lender has not committed a loan to Buyer within forty-five (45) days of the date of this contract or of the date Lender first makes a loan commitment for the purchase of any condominium parcel in The Islander, Phase I, whichever occurs later.

If the Application is rejected without default or omission by the Buyer, the Developer may, at his option, notify Buyer (a) that this contract is immediately terminated, or (b) that this contract will terminate ten (10) days after the notice and without further notice unless Buyer presents assurance satisfactory to Developer of ability to perform the contract, such assurance shall be either a loan commitment in the balance of the purchase price from a financial institution legally qualified to do first mortgage lending business in Florida, and which loan will be closed within ten (10) days, or an additional cash deposit up to the full balance of the purchase price. In the event of termination, Developer shall refund Buyer's deposit plus interest, without awaiting Buyer's request, and neither party shall have any further obligation under the contract.

(6) THE ISLANDER, Phase I, a condominium, shall be a sixty-four unit residential condominium pursuant to The Condominium Act, and in accordance with the Declaration of Condominium and Exhibits. The Islander, Phase I, shall be built upon that certain parcel of real property in Okaloosa County, Florida, to-wit: A leasehold estate:

> Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905' radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence thence N-88°44-W 92 feet, thence S-01°16'-E 85 feet, thence N-88°44'-W 201.67 feet, thence S 01°16'-E 45 feet, thence S-88°44'-E 243.67 feet thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90 feet to the POB.

said leasehold expires on September 1, 2060, A.D., is renewable for an additional 99 years, and is subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, and Easement No. 2 as in OR Book 826, Page 927.

Buyer has examined the plans and specifications for The Islander, Phase I, and agrees that the plans and specifications accurately describe the size and dimensions of the Unit and its relative location within the condominium. In accordance with Florida Statutes 718.503, the complete plans and specifications for the construction of The Islander, Phase I, the Unit, and the common elements appurtenant to the Unit are available for the Buyer's inspection at Developer's office in Destin. Buyer is invited to examine these documents at his convenience. Developer agrees to deliver the Unit substantially as described in the plans and specifications. Developer is deemed to grant the

A copy of the proposed Assignment/Sublease is attached as an Exhibit to this contract.

(c) The Assignment/Sublease or leasehold estate delivered shall be 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 hereafter granted by the Developer;

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

(4) The conditions, covenants and agreements contained in the documents required by Florida Statutes 718.503 to be delivered to Buyer;

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

(d) Taxes will be prorated to the day Developer is ready to close this sale according to the notice sent to Buyer.

(e) At Buyer's expense and request, Developer will provide Buyer with an owner's policy of title insurance in the amount of the purchase price and subject to the above exceptions.

(f) Buyer will pay all closing costs incurred in transferring title from Developer to Buyer and Buyer shall pay all costs including discount if any incurred in obtaining any mortgage required to purchase the Unit.

(g) Buyer shall pay all costs of documentary stamps and recording fees.

(h) Any mortgage required to finance all or part of the balance of the purchase price shall be executed at closing.

(5) THE MORTGAGE PLAN: Buyer hereby agrees to make timely and complete application to a mortgage lender, hereafter called Lender, legally qualified to do business in Florida and approved by Developer for a loan in the amount of $_____ to be applied to the purchase price of the Unit due at closing. Said loan shall be secured by a conventional first mortgage on the Unit and to be repayable in equal monthly installments of principal, interest, and required escrow contributions for a maximum period of thirty (30) years. Buyer further agrees to furnish the Lender with such additional documentation and information, and to perform such additional prerequisites to loan processing, as the Lender requires. Buyer retains the right to make application to other lenders of his choosing, but it is mutually agreed that prompt, diligent, and truthful completion of this application to the Lender is one of Buyer's material obligations under this contract.
In the event Buyer does not so apply at or before a time designated by Developer reasonably in advance of closing, Buyer will be obligated to close for cash, time being of the essence.

In the event Lender commits to make a loan of less than the entire loan amount set forth above, but in an amount no less than _____ per cent of such, Developer may, at its option, and subject to approval by Lender, make available a second mortgage loan for the difference; said second mortgage loan shall be for like period and interest, and on like terms as Lender's first mortgage loan.

warranties provided for in Florida Statutes 718.203 and no others.

The Developer reserves the right to make such substitutions of facilities, materials, and appliances as shall insure prompt and satisfactory completion of the Unit. No such substitution shall be made which does not result in delivery to the Buyer of the same or greater value than that expressly contracted for. No alteration shall change the Buyer's share of the common elements and voting rights in the Association, or increase the share of the common expenses, except as provided in any phase development plan. Buyer may request modifications of the Unit prior to the completion of construction; however, modifications shall be made only with the written consent and approval of the Developer, and shall be paid for by Buyer.

If construction of the Unit is not completed on or before December 31, 1982, this Agreement shall be voidable at the option of the Buyer upon giving written notice to the Developer.

(7) THIS CONTRACT IS FOR THE TRANSFER OF A UNIT THAT IS SUBJECT TO A LIEN FOR EXPENSES PAYABLE UNDER A GRANT OF RIGHTS IN COMMONLY USED FACILITIES: FAILURE TO PAY AN ASSESSMENT FOR SUCH EXPENSES MAY RESULT IN FORECLOSURE OF THE LIEN. Certain facilities available for the use of Unit owners shall not be part of the condominium property, but are made available through a grant of use rights; the Association is obligated to assess units for all resulting expenses; the details of this grant are contained in the disclosure materials provided to Buyer in accordance with Florida Statutes 718.503.

(8) SUBSTANTIAL CHANGE: If Developer shall make substantial change in The Islander, Phase I, development, The Unit, or common elements, which shall adversely affect the rights of the Buyer, the Buyer shall have the right to void this Agreement within fifteen (15) days of notice of any such change. This right shall be in addition to any other rights of Buyer under this contract or the Florida Condominium Act. Voiding the Agreement under the provisions of this subsection shall entitle Buyer to a refund of all monies paid by him under this Agreement together with interest thereon at the highest rate then being paid upon savings accounts other than certificates of deposits by savings and loan associations in the area in which the Unit is to be closed.

(9) RISK OF LOSS: The risk of loss or damage to the Unit by fire or other casualty is retained by the Developer until the time of closing.

(10) RENT: If the Developer allows the Buyer to occupy the Unit prior to settlement, rent shall be paid at the rate of $_____ per day from the date of occupancy to the date of closing. None of the rental shall be applied toward the purchase price or Buyer's costs. Rent shall be payable on the date of occupancy; the first rental payment shall be equal to the amount due if the rental continues to the last day of the month. Thereafter rent for the entire month shall be due and payable on the first of each month. At closing, surplus rent shall be refunded to Buyer.

(11) UNIT TO BE USED FOR RESIDENCE ONLY: The Unit shall be used for residential purposes only. The Declaration of Condominium shall provide that the unit owner may rent the unit to others for peaceable habitation for daily, weekly,monthly, or annual periods. Nothing in this paragraph shall limit the right of the Developer or the Association to place reasonable restrictions and regulations for the common good on the rental of units or the rights of lessors or lessees thereof.

(12) SALES OFFICES AND MODEL UNITS: So long as Developer owns any Unit in The Islander, Phase I or Phase II, Developer or his agent shall further have the right to have sales persons, advertising signs, and sales materials on the condominium property for the purpose of showing units for sale. Developer retains exclusive right to use the activities room or manager's office as a sales center and sales office until all Units are sold.

(13) PROJECTIONS: All projections of costs or expenses contained within this Agreement, including but not limited to estimated monthly maintenance expenses, are projections based upon the past experience of the Developer. The actual amount of such costs and expenses may vary from the estimates, depending upon future economic conditions.

(14) DEFAULT:

(a) If Developer defaults on any material obligation, Buyer's sole and exclusive remedy shall be termination of this contract and refund of his deposits plus interest.

(b) If Buyer defaults on any material obligation, the Developer shall have the remedies set forth in this contract and any other remedies as are available at law or equity; if Developer is required to bring action to enforce this contract or collect any of the money required to be paid by Buyer to Developer, Buyer will pay Developer the reasonable attorney's fees and costs incurred.

(15) ENTIRE AGREEMENT: This instrument constitutes the complete agreement between the parties, and shall be binding on the parties hereto, their heirs, assigns, and legal representatives. All understandings heretofore existing between the parties are merged in and governed by this Agreement, and no representation, oral or written, not contained herein shall be considered a part hereof. This Agreement may not be altered, enlarged, modified, or changed, except by an instrument executed in writing by the parties, PROVIDED HOWEVER, that the terms of this Agreement may be hereafter governed or made more particular with regard to details by the lawful recording of the documents required by Florida Statutes 718.503.

(16) NOTICE: Notice as required by this Agreement shall be in writing

posted as First Class United States Mail with sufficient postage, properly addressed, and deliverable to the party being notified. Any party may appoint an agent for receipt of notice. Notice shall be deemed to given upon dispatch.

(17) LIEN STATUS: No lien shall arise as a result of this Agreement or any monies deposited hereunder. Buyer agrees that all terms of this Agreement are subject to the lien of any construction mortgage heretofore or hereafter placed on the condominium property by the Developer.

(18) NON-ASSIGNABILITY: The Buyer shall not assign this Agreement or the Buyer's rights hereunder without the prior written consent of the Developer. Any attempt to assign the Buyer's rights inconsistent with this paragraph shall be null and void and of no legal effect.

(19) THIS CONTRACT IS FOR THE TRANSFER OF THE UNIT SUBJECT TO A LEASE THAT EXPIRES ON SEPTEMBER 1, 2060, AND THE LESSEE'S (UNIT OWNER'S) INTEREST WILL TERMINATE UPON EXPIRATION OF THE LEASE UNLESS RENEWED.

(20) DOCUMENTS: Developer will deliver to Buyer a prospectus as provided for in Florida Statutes 718.503 and 718.504. Buyer agrees to sign a written acknowledgement that he has received and had the opportunity to read the prospectus. Buyer agrees that his interest in the Unit will be governed by the prospectus and the acknowledgement shall then be incorporated into this contract.

(21) BUYER'S RIGHT TO CANCEL:
THIS AGREEMENT IS VOIDABLE BY THE BUYER ANYTIME UNTIL SUCH TIME AS THE BUYER HAS RECEIVED ALL ITEMS TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503 OF THE FLORIDA STATUTES AND THEREAFTER, THIS AGREEMENT IS VOIDABLE BY BUYER BY GIVING WRITTEN NOTICE OF BUYER'S INTENT TO CANCEL TO THE DEVELOPER WITHIN FIFTEEN (15) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED BY CHAPTER 718.503 OF THE FLORIDA STATUTES. BUYER MAY ELECT THE TIME FOR CLOSING FOR A PERIOD OF NOT LESS THAN FIFTEEN (15) DAYS AFTER BUYER HAS RECEIVED ALL OF THE ITEMS THAT ARE REQUIRED. ANY PURPORTED WAIVER OF BUYER'S RIGHT TO AVOID THIS CONTRACT SHALL BE VOID AND OF NO EFFECT.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _____ day of _____, 19____.

BUYER:

_____

_____
As to Buyer(s)

THE DOLPHIN GROUP, LTD.

By: _____ (SEAL)
Authorized Agent

_____

_____
As to Developer

_____

_____
Buyer(s)

THE DEVELOPER HAS THIS DAY OF _____, 19____.

THE DOLPHIN GROUP, LTD.

EXHIBIT XVI

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: The Islander, Phase I

Address of Condominium: 502 Gulfshore Drive, Destin, Okaloosa County, Florida 32541

Place a check in the column by each document received or, for the plans and specifications, made available for inspection. If an item does not apply, place "N/A" in the column.

DOCUMENT	RECEIVED
Prospectus Text	
Declaration of Condominium	
Articles of Incorporation	
By-Laws	
Estimated Operating Budget	
Form of Agreement for Sale or Lease	
Rules and Regulations	
Covenants and Restrictions	
Ground Lease	
Management and Maintenance Contracts for More Than One Year	
Renewable Management Contracts	
Lease of Recreational and Other Facilities to be Used Exclusively by Unit Owners of Subject Condominium	
Form of Unit Lease if a Leasehold	
Declaration of Servitude	
Sales Brochures	
Phase Development Description (See 718.503(2)(k) and 504(14)	
Lease of Recreational and Other Facilities to be Used By Unit Owners with Other Condominiums (See 718.503(2)(h)	N/A
Description of Management for Single Management of Multiple Condominiums (See 718.503(2)(k)	N/A
Conversion Inspection Report	N/A
Conversion Termite Inspection Report	N/A
Plot Plan	
Floor Plan	
Survey of Land and Graphic Description of Improvements	
Executed Escrow Agreement	
	MADE AVAILABLE
Plans and Specifications	

THE 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 THE PURCHASE AGREEMENT BY THE BUYER AND RECEIPT BY THE BUYER OF ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO HIM BY DEVELOPER. 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 _____, 19____.

_____
Purchaser or Lessee

_____
Purchaser or Lessee

EXHIBIT XVII

ESCROW AGREEMENT

THIS AGREEMENT dated this 4 day of Sept., 1981, by and between THE ISLANDER GROUP, LIMITED, hereinafter referred to as the "DEVELOPER", and DIVERSIFIED PROPERTY SALES, INC., Realtor; Post Office Box 1248, Destin, Florida, 32541; physically located at 502 Gulfshore Drive, Destin, Florida; a Real Estate Broker registered under Chapter 475, Florida Statutes, hereafter referred to as "ESCROW AGENT".

WHEREAS, DEVELOPER owns certain lands situated in Okaloosa County, Florida, and is in the process of developing same by construction thereon of a certain condominium project known as The Islander, Phase I, a condominium, and

WHEREAS, the DEVELOPER desires to establish an escrow account as required by Florida Statutes, Section 718.202 with ESCROW AGENT in which to deposit funds to be received from the various purchasers of units in The Islander, Phase I, and

WHEREAS, it is intended that such funds are to be deposited in accounts at a financial institution in Florida which is insured by an agency of the United States, which institution is hereinafter referred to as DEPOSITORY ASSOCIATION; and

WHEREAS, ESCROW AGENT has agreed to make no disbursement of such escrowed funds except in accordance with this Agreement; and

WHEREAS, the parties hereto desire to define their mutual rights and obligations in writing,

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises and for good and valuable considerations, the receipt of which are hereby acknowledged by each of the parties, it is agreed as follows:

1. ESCROW ACCOUNT. The escrow account or accounts 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 at The Islander, Phase I, to be forwarded to ESCROW AGENT. ESCROW AGENT agrees to deposit all funds forwarded to it in a special escrow account or accounts designated as DIVERSIFIED PROPERTY SALES, INC., ESCROW ACCOUNT.

A. The accounts referred to herein shall mean any type of account permitted by the Florida Condominium Act for the purposes stated herein. Such accounts may be in the form of certificates of deposit, at the discretion of the ESCROW AGENT. ESCROW AGENT may maintain more than one such account, and may, with a view toward optimizing the interest earned, divide any deposit among more than one account, transfer funds between accounts, and co-mingle funds hereunder with other funds held by ESCROW AGENT as a fiduciary, provided the Florida Condominium Act is not thereby violated. Regardless of any such permitted transactions, all funds initially deposited pursuant to this agreement and all interest earned thereon shall continuously be subject to the terms of this agreement until final distribution.

2. RECEIPT. All receipts forwarded to ESCROW AGENT shall be deposited by the ESCROW AGENT with the DEPOSITORY ASSOCIATION in the accounts referred to above. The transmittal of all receipts to the ESCROW AGENT shall be accompanied by a copy of the Subscription and Purchase Agreement signed by the Purchaser. All receipts shall be in the form of a check made payable to Diversified Property Sales, Inc. It is expressly understood that neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be under any duty to enforce the collection of any such receipts. Upon request, the ESCROW AGENT shall give a receipt for deposit to any purchaser depositing funds.

3. ACCOUNTING. The ESCROW AGENT shall account for the receipt and disbursement of all funds forwarded to it pursuant to this agreement and such obligation to account shall be deemed fully satisfied upon the forwarding, on a monthly basis, to the DEVELOPER, and such sales agent as the DEVELOPER shall specify in writing to the ESCROW AGENT, of a complete summary of all money received from purchasers of units at The Islander, Phase 1, and disbursements made from the account referred to above. Said monthly reports shall include specific itemization of the names, dates and amounts of each purchaser's deposit or deposits including the unit number being purchased and when a final disbursement is made, shall include interest earned on purchaser's deposit through date of final disbursement (a final disbursement shall be a disbursement refunding deposits to a purchaser who voids his Subscription and Purchase Agreement or is entitled to a refund because of a default of the DEVELOPER; or a disbursement of the funds as a portion of the purchase price paid at closing from purchaser to DEVELOPER). In addition, the monthly report shall include a specific itemization of the total interest earned on the account to date. Said monthly report shall be prepared and distributed by either the ESCROW AGENT or the DEPOSITORY ASSOCIATION.

4. INTEREST. ESCROW AGENT shall endeavor to obtain interest from the DEPOSITORY ASSOCIATION at the rate established by the Association for other accounts of like nature.

5. SPECIAL ACCOUNT FOR CONSTRUCTION PURPOSE FUNDS. In accordance with Florida Statutes 718.202(2), ESCROW AGENT shall maintain a special account for deposited funds in excess of Ten (10%) Percent of the purchase price of each individual unit in the condominium. This special account shall include all such funds and shall be maintained on like terms and conditions as apply to all other accounts governed by this instrument provided that DEVELOPER may direct ESCROW AGENT to withdraw all or part of the balance of the special account if:

A. DEVELOPER presents documentation satisfactory to ESCROW AGENT that the funds so withdrawn are to be paid for construction purposes in accordance with Florida Statutes 718.202(2) and (3); and

B. The Unit Purchaser(s) whose deposited funds are so withdrawn has received the disclosure required by Florida Statutes 718.202(3); and

C. ESCROW AGENT takes prudent and reasonable precautions to insure that withdrawn funds are applied directly and without delay to the construction purposes documented pursuant to (A) above.

In addition to any other liability imposed by this instrument or by operation of law, ESCROW AGENT shall be liable for any losses to depositors occurring as a result of any misapplication of these special account funds. In the event a Unit Purchaser becomes legally entitled to an immediate refund of any portion of funds withdrawn pursuant to this section, ESCROW AGENT shall so notify DEVELOPER, who shall immediately reimburse ESCROW AGENT in an amount equal to the refund due Purchaser from this Special Account.

6. DISTRIBUTION OF FUNDS.

A. The ESCROW AGENT shall provide written instructions to the DEPOSITORY ASSOCIATION to distribute escrow funds pursuant to the requirements as follows:

(1) Funds deposited from payments made by a purchaser who properly terminates his Subscription and Purchase Agreement pursuant to its terms or pursuant to the Florida Condominium Act, shall be paid to the purchaser free of all costs of the escrow together with any interest earned thereon within thirty (30) days of termination.

(2) Prior to the closing of the transaction of purchase and sale, no funds shall be paid to DEVELOPER from the escrowed funds except in case of default by the purchaser, or as provided for in Paragraph (5) above.

(3) If the purchaser defaults in the performance of his obligations under the Subscription and Purchase Agreement, the funds shall be paid to DEVELOPER together with any interest earned.

(4) The ESCROW AGENT may disburse the escrowed funds paid or deposited by the purchaser, together with interest earned thereon, at after the closing of the transaction of the purchase and sale of the subject condominium unit to the DEVELOPER in the absence of written notice of a dispute between DEVELOPER and the purchaser.

(5) Upon receipt of written notice from the purchaser of a dispute between the purchaser and DEVELOPER, ESCROW AGENT shall retain all escrowed funds up to ten (10%) per cent of the sales price until the dispute is resolved. Funds in excess of ten (10%) per cent of the sales price may be disbursed during the pendancy of the dispute, subject to paragraph (7) below.

(6) Interest earned on the escrow funds shall be paid or credited to the DEVELOPER if he is entitled to receive the principal because of a default of the purchaser, or shall be paid to the purchaser if he properly voids the contract and is entitled to return of the principal. Upon the closing of the transaction of purchase and sale, interest earned on the escrowed funds shall be credited to the purchaser.

7. FEES. No fees or expenses shall be payable to the ESCROW AGENT or to the DEPOSITORY ASSOCIATION except for reasonable attorney's fees and court costs arising out of litigation or threatened litigation relative to this Agreement. If such litigation or threatened litigation results in a judgment or settlement in which the ESCROW AGENT or the DEPOSITORY ASSOCIATION are not determined to be in violation of the terms of this agreement, then such reasonable attorney's fees and court costs as shall have been incurred in connection therewith shall be reasonable expenses of the escrow and payable to the ESCROW AGENT or the DEPOSITORY ASSOCIATION as the case may be. Except for such attorney's fees and court costs, there shall be no other expenses of this escrow.

8. GENERAL CONDITIONS. The ESCROW AGENT and the DEPOSITORY ASSOCIATION act hereunder merely as depositories and are not responsible for the sufficiency, correctness, genuineness, or validity of any instrument deposited hereunder or upon which it either does act, or the identity or authority of any person executing or depositing the same. In the event of any disagreement, the DEVELOPER, ESCROW AGENT, DEPOSITORY ASSOCIATION or any other person, including purchasers having an interest in, or claiming an interest in, the money deposited pursuant hereto, resulting in adverse claims or demands being made with reference to such money the ESCROW AGENT or the DEPOSITORY ASSOCIATION may, at their option, continue to hold the same without liability until the rights of all adverse claimants have been adjudicated by a court of competent jurisdiction or all differences have been adjusted and settled between the parties and the ESCROW AGENT or DEPOSITORY ASSOCIATION are so advised by all such interested parties. Neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be responsible for any act or omission in connection herewith in the absence of negligence or willful misconduct on their part.

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

Martin M. Sun

Christie L. Ott

Bonita B. Bailey

DIVERSIFIED PROPERTY SALES, INC.

By _____
"ESCROW AGENT"

THE ISLANDER GROUP, LTD.

By _____
"DEVELOPER"

EXHIBIT XVIII

PARTIAL ASSIGNMENT OF LEASE

THIS PARTIAL ASSIGNMENT OF LEASE made and entered into this _____ day of _____, A.D., 19____, by and betwee THE ISLANDER GROUP, LIMITED, a Florida Partnership hereinafter called Assignor, and _____ whose mailing address is _____

_____

hereinafter called Assignee.

WITNESSETH: THAT, for and in consideration of the sum of Ten ($10.00) Dollars and other good and valuable consideration paid by the Assignee to The Islander Group, Limited, the receipt whereof is hereby acknowledged, and in consideration of the other mutual covenants and conditions herein contained, the parties agree as follows:

1.

PROPERTY AND TERM: The Islander Group, Limited, does hereby lease unto the Assignee the following described condominium unit, lying and being in Okaloosa County, Florida, to-wit:

CONDOMINIUM PARCEL: Unit No._____ of The Islander, Phase I, condominium, according to the Declaration of Condominium thereof, recorded in Official Records Book , Page , of the Public Records of Okaloosa County, Florida, on the day of , A.D., 19 , together with all of its appurtenances according to said Declaration of Condominium;

For and during the term beginning at 12:01 A.M. on the day of A.D., 19 , and ending at 11:59 P.M. on September 1, 2060, and continuing during any extension or renewal of The Islander Group, Limited's leasehold estate described in Paragraph V of the Declaration of Condominium cited above.

2.

PARTIAL ASSIGNMENT OF LEASE SUBJECT TO TERMS OF THE ISLANDER GROUP, LTD.'S LEASEHOLD ESTATE: This sublease is subject to the payment by the Assignee of the assessment of Seventy-Five ($75.00) Dollars due Holiday Isle Improvement Association (or its successors in interest) and subject to all other terms of the leasehold estate of The Islander Group, Ltd., described in the lease, amendments and assignments thereof referred to in

Paragraph V of the Declaration of Condominium cited above. Assignee agrees to pay the said $75.00 annual assessment to Holiday Isle Improvement Association or its successors in interest, and further agrees to keep and perform each and every other covenant and condition required of The Islander Group, Ltd., by the terms of its said leasehold insofar as they pertain to the above described condominium unit, and Assignee will hold The Islander Group, Ltd. harmless therefrom.

3.

ASSIGNEE TO ABIDE BY PROTECTIVE COVENANTS AND RESTRICTIONS: Assignee agrees to abide by, keep and perform all of the covenants and restrictions dated December 21, 1981, and recorded in the Public Records of Okaloosa County, Florida, in Official Records Book 256, Page 419, and all recorded amendments thereto insofar as said covenants and restrictions pertain to the above described condominium.

4.

SUBJECT TO CONDOMINIUM DOCUMENTS: This Partial Assignment of Lease is subject to all of the provisions of the Declaration of Condominium, all exhibits thereto, and all other Disclosure Materials which were previously furnished to Assignee, the receipt whereof is hereby acknowledged. Whenever the term "Unit Owner" or "Owner" appears in said Declaration of Condominium, or any of the other condominium documents applicable to said unit, the same shall be construed to mean and include Assignee herein and other Assignees of units in said condominium. Assignee agrees to pay all common expenses, comply with, perform, and be bound by all other obligations, conditions, restrictions, reservations, terms and easements contained in said "Condominium Documents" which apply to a "Unit Owner" or "Owner" to the same extent as though Assignee was, in fact, the fee simple owner of said unit.

5.

ASSIGNEE TO PAY TAXES: Assignee shall pay before they become delinquent all taxes, levies, licenses and other governmental charges of every kind and character, including but without limitation, levies on the condominium unit described above in its present state, as well as any betterment assessments due or to become due in connection with said condominium unit or the use thereof, and will hold The Islander Group, Ltd., harmless therefrom.

6.

UTILITIES PAID BY ASSIGNEE: Assignee shall pay any and all charges for utilities applicable for said unit before they become delinquent, and will hold The Islander Group, Ltd., harmless therefrom.

7.

THE ISLANDER GROUP, LTD.'S INTEREST NOT SUBJECT TO MECHANICS' LIENS: Assignee shall have no authority to subject the interest of The Islander Group, Ltd., in the leased premises to any mechanics' or materialmans' liens of any kind.

8.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR DAMAGE OR INJURY TO PERSON OR PROPERTY ON PREMISES: The Islander Group, Ltd. shall not be liable for, and Assignee hereby, for himself, his family, his invitees, licensees and permitees, releases, discharges and acquits The Islander Group, Ltd. of any and all claims for loss, damage or injury of any nature whatsoever to person or property resulting in any way from or in any fashion arising from, connected with or resulting from occupancy and use of the leased premises, and the adjoining premises, or any part of the premises adjacent to or connected with the leased premises, whether caused by negligent acts of The Islander Group, Ltd., its agents, servants or otherwise; and Assignee shall indemnify and hold The Islander Group, Ltd., harmless from any and all such liability for damage to persons or property.

9.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR ACTS OF OTHERS: Nothing contained herein or elsewhere shall be construed by the parties hereto, or any third party as creating the relationship of principal or agent, or of partnership, or of joint venture between the parties hereto, it being understood and agreed that the sole relationship between the parties hereto is that of Assignor and Assignee.

10.

ASSOCIATION MEMBERSHIP: It is agreed that by executing this instrument, Assignee immediately becomes a member of The Islander Owners' Association, Inc., and will abide by the By-Laws and Regulations of the Association, and pay Association assessments as they come due.

11.

MAINTENANCE OF PREMISES: The parties acknowledge that the Declaration of Condominium requires the Assignee to maintain certain portions of the leased premises, while other portions thereof are to be maintained by the unit owners' association. Assignee covenants and agrees to keep and maintain that portion of the leased premises which is the Assignee's responsibility according to the Declaration of Condominium, in good and substantial repair. Further, Assignee shall so vote his interest as a "unit owner", and so act in such other capacity for said Association as Assignee may be priviledged to serve, so as to require the said unit owners' association to keep and maintain all other portions of the leased premises in good and substantial repair. The parties acknowledge that The Islander Group, Ltd., has no obligation whatsoever to keep and maintain the leased premises or any improvements thereon. Assignee agrees to permit no waste to said leased premises.

12.

MORTGAGING OR ASSIGNING LEASEHOLD INTEREST: The Assignee shall have the right to freely mortgage and/or assign his leasehold interest acquired herein.

13.

REMEDIES FOR BREACH OF AGREEMENT: If either party shall fail to perform or shall breach any agreement of this lease for thirty (30) days after a written notice specifying the performance required shall have been given to the party failing to perform, the party so giving the notice may institute an action in a court of competent jurisdiction to terminate this lease or to compel performance of the agreement, and the prevailing party in that litigation shall be paid by the losing party all expense of such litigation, including a reasonable attorney's fee.

14.

ACCEPTANCE OF PREMISES: Assignee hereby formally accepts subject premises and acknowledges that The Islander Group, Ltd., has complied with all the requirements imposed upon it under the terms of this lease with respect to the condominium of said unit and all of the common elements of the condominium at the time Assignee commences occupancy and use of same.

15.

LEASE BINDING UPON PARTIES AND SUCCESSORS: The Partial Assignment of Lease shall be binding upon and inure to the benefit of the heirs, personal representatives, assigns, and successors in interest of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands, the day and year first above written.

CLERK CIRCUIT COURT OKALOOSA COUNTY FLORIDA

ASSIGNOR: THE ISLANDER GROUP, LTD.

By:_____
General Partner

Attest:_____
General Partner

Signed, sealed and delivered in the presence of:

ASSIGNEE(S)

_____

_____

_____

_____

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared JEROME H. LACHAPELLE and CECIL W. BARRETT, General Partners of The Islander Group, Ltd., a Florida Partnership, well known to me to be the parties described as Assignor in the foregoing Partial Assignment of Lease, and each of said individuals acknowledged before me that they executed same for and in the name of said Partnership and that they are authorized so to do by the Board of Directors of said Partnership, for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this ____ day of _____A.D., 19___.

_____
Notary Public
State of Florida at Large
My Commission Expires:_____

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared _____ and _____ well known to me to be the individuals referred to as Assignee(s) in the foregoing Partial Assignment of Lease, and each of said individuals acknowledged before me that they executed same for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this ___ day of _____A.D., 19___.

_____
Notary Public
State of Florida at Large
My Commission Expires:_____

THE ISLANDER, PHASE I, 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, THE CONTRACT DOCUMENTS, AND SALES MATERIALS.

3) ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS (OFFERING CIRCULAR) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

THIS INSTRUMENT PREPARED BY:
Matthew W. Burns
Attorney at Law
Post Office Box 1226
Destin, Florida 32541

IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT

ALL UNITS PURCHASED WILL BE CONVEYED BY SUBLEASE, THE TERM OF WHICH WILL RUN UNTIL SEPTEMBER 1, 2060, WITH AN OPTION TO RENEW FOR AN ADDITIONAL NINETY-NINE YEARS.

CERTAIN RIGHTS TO USE PORTIONS OF THE CONDOMINIUM PROPERTY ARE RESERVED OR CREATED IN FAVOR OF PARTIES OTHER THAN THE ASSOCIATION OR UNIT OWNERS.

UNIT OWNERS ARE REQUIRED TO PAY THROUGH ASSOCIATION ASSESSMENTS THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT AND OTHER ACTUAL EXPENSES UNDER THE GRANT OF USE RIGHTS AND PRIVILEGES.

THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP, OR REPAIR OF THE RECREATIONAL OR OTHER COMMONLY USED FACILITIES.

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

THERE IS A CONTRACT FOR MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH THE ISLANDER MANAGEMENT SERVICES, INC.

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

THE LEASE OF UNITS IS RESTRICTED OR CONTROLLED.

DEVELOPER MAY BE IN CONTROL OF THE BOARD OF DIRECTORS OF THE ASSOCIATION DURING THE PERIOD OF OPERATION FOR WHICH THIS BUDGET HAS BEEN RENDERED.

PROSPECTUS

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PROSPECTUS (OFFERING CIRCULAR) OF
THE ISLANDER, PHASE I, A CONDOMINIUM

This Prospectus is submitted by The Islander Group, Limited, Developer of The Islander, Phase I, a Condominium, in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, generally referred to as the "Condominium Act".

1. NAME AND LOCATION. The name of the condominium is "The Islander, Phase I, a condominium", hereinafter referred to as the "Condominium", or as "Phase I", and the condominium is located at 502 Gulfshore Drive, Destin, Florida 32541.

2. DESCRIPTION OF CONDOMINIUM. The condominium property consists of a leasehold estate in land together with improvements located thereon (see Paragraph 4 below). The legal description of the land is found at Page 12 of the Declaration of Condominium (Exhibit I hereof). The improvements are described on pages 55 to 63 on the Plot Plan and Floor Plans (Exhibit IV hereof). The Survey is found on page 52 (Exhibit III hereof). The Phase I condominium property includes one (1) building containing sixty-three (63) two bedroom, two bath units and a second building consisting of one (1) model unit to be used as a manager's unit, for a total of sixty-four (64) units. The estimated latest date of completion of construction finishing and equipping the condominium is December 31, 1982.

3. MAXIMUM NUMBER OF UNITS. The second phase of this condominium, to be named The Islander, Phase II, a condominium, may be constructed by the Developer on property located adjacent to the condominium. In the event the Developer, in Developer's sole discretion, determines to construct The Islander, Phase II, then the maximum number of units that will use facilities in common will be sixty-four (64) units in Phase I and no more than sixty-three (63) units in Phase II, for a total of 127 units. If Phase II is not built, the adjoining property may be developed under existing restrictions to include no more than 134 units, for a total of 198 units. The minimum amount of dollars per unit to be spent by the Developer for additional recreational facilities, or enlargement of such facilities in the event the Developer determines to proceed with The Islander, Phase II, is $ 600.00 per unit in Phase II. Based upon the information presently available to the Developer, the addition or enlargement of

facilities will not result in a material increase of a unit owner's maintenance expenses.

4. TRANSFER OF OWNERSHIP. AS STATED IN THE SUBSCRIPTION AND PURCHASE AGREEMENT (attached as Exhibit XV , Page 129 hereof), ALL UNITS PURCHASED WILL BE CONVEYED BY SUBLEASE, THE TERM OF WHICH WILL RUN UNTIL SEPTEMBER 1, 2060, WITH AN OPTION TO RENEW FOR AN ADDITIONAL NINETY-NINE (99) YEARS. The lease is located at Page 64 , (Exhibit V hereof).

5. COMMONLY USED FACILITIES. The Islander, Phase I, condominium, is being developer as a condominium known as The Islander, Phase I; a second phase, proposed to be located on property adjacent to Phase I, is generally referred to as The Islander, Phase II, condominium. Phase I and Phase II, if built, will use in common certain recreational and other facilities. The Developer has committed to build Phase I. The Developer has retained the right, in its sole discretion, to build, or not to build, Phase II, provided construction is commenced on or before January 31, 1987.

A. INITIAL COMMONLY USED FACILITIES. There are no initial commonly used facilities which will initially be owned by the unit owners or their association. All such facilities furnished for use by the unit owners will initially be owned by Developer and made available to the unit owners by the Grant of Use Rights and Privileges (Exhibit VI , page 66 hereof) and as further detailed in paragraph 5(B) below. A description of the facilities thereby furnished is attached and made a part hereof as Schedule A and includes a description of each room and its intended purposes, approximate floor area, approximate capacity (in number of people) that can reasonably expect to be served by each room at any one time, the minimum amount of expenditure that will be made to purchase the personal property to be used in the room or facility and the estimated date when each room will be available for use by the unit owners. The approximate location of each room is set forth on the Floor Plans (Exhibit IV hereof).

B. FACILITIES SUBJECT TO GRANT OF USE RIGHTS. During the time that the Developer retains the discretion to build Phase II, (the "development period"), the Developer will retain ownership of certain recreational and other facilities proposed for common use by Phase I and Phase II (for example, swimming pool and parking area). During the development period, the Developer's ownership of the recreational and other common facilities will be subject to the use rights and privileges granted to The Islander Owners Association, Inc., a non-profit Florida corporation comprised of the unit owners of Phase I and Phase II, ("Association")

in trust for unit owners of the condominiums that may be ultimatly included in The Islander Condominium, and upon termination of the development period, the recreational and other facilities will be conveyed to the Association in trust for the unit owners. If the Developer determines to build Phase II, then certain additional recreational and other facilities having a minimum cost of $ 600.00 per additional unit will also be built. These facilities are presently planned to include tennis courts, a second swimming pool and additional parking area. These additional facilities will be used in common by the unit owners of Phase I and Phase II and will be owned by the Developer during the development period subject to the use rights and privileges granted to the Association and will be ultimately conveyed to the Association upon the termination of the development period. The various recreational and other facilities referred to above are discussed in more detail below.

C. COMMONLY USED SWIMMING POOL. There is one (1) swimming pool to initially serve the unit owners of Phase I and which will also serve the unit owners of Phase II. The pool is located outdoors. The pool's approximate size is 800 square feet and the approximate size of the deck serving the pool is 4,000 square feet. The depth of the pool ranges from 9 to 3½ feet. The pool has a capacity of serving 50 persons and the pool deck has a capacity of serving 100 persons. The swimming pool is heated. The swimming pool and pool deck will be available for use by unit owners at the completion of Phase I. The swimming pool will be subject to ownership as set forth in more detail in subparagraph F below.

D. PHASE II COMMONLY USED FACILITIES. If the Developer determines, in its sole discretion, to proceed with the development of Phase II of the condominium, then the Developer will spend a minimum of $ 600.00 per additional unit in Phase II for additional recreational facilities. While the exact nature and extent of said recreational facilities will be ultimately determined by the Developer in its sole discretion, the Developer's present plan for additional recreational and other facilities that will be used in common by the unit owners of Phase I and Phase II is attached and made a part hereof as Schedule B. No additional rooms for common use will be built.

E. CERTAIN RIGHTS TO USE PORTIONS OF THE CONDOMINIUM PROPERTY ARE RESERVED OR CREATED IN FAVOR OF PARTIES OTHER THAN THE ASSOCIATION OR UNIT OWNERS. The Grant of Use Rights and Privileges attached as Exhibit VI (page 66 to 78 hereof) reserves to developers, its assignees and successors, the right to use the facilities in common with the unit owners of Phase I and Phase II, if built; provided that no more than 198 units have access to the facilities, and provided further that persons other than unit

owners pay a reasonable share of the expenses of the facilities.

F. OWNERSHIP OF COMMONLY USED FACILITIES. All of the commonly used recreational and other facilities described in subparagraphs A., B., C., and D. above will be initially owned by the Developer subject to the use rights and privileges granted to the association in trust for unit owners of Phase I, and Phase II during the development period and will ultimately be conveyed to the association in trust for the unit owners. For specific terms, conditions and other information, refer to the GRANT OF USE RIGHTS AND PRIVILEGES attached as Exhibit VI . The GRANT OF USE RIGHTS AND PRIVILEGES shall terminate on the date the Developer has completed and sold all units within The Islander Condominium, Phase I and Phase II, or July 31, 1988, whichever occurs first. The Association covenants to pay the actual costs incurred in operating, maintaining and insuring or improving the above described commonly used facilities including other costs as may in the opinion of the Developer be reasonably related thereto, for the purposes for which said commonly used facilities are intended. Such costs shall be a common expense. Specific types of costs included are set forth in more detail in paragraph A of "Covenants" of the GRANT OF USE RIGHTS AND PRIVILEGES. Estimated costs included within the estimated operating budget of the condominium and the association are attached and made a part hereof as Exhibit XIV (Page 127 hereof). Paragraph III of the GRANT OF USE RIGHTS AND PRIVILEGES requires the Developer to convey the recreational and other commonly used facilities to the association upon the closing of sales of all units of both Islander Condominiums, Phase I and Phase II, or July 31, 1988, whichever occurs first. Paragraph IV of the GRANT OF USE RIGHTS AND PRIVILEGES requires the association to accept the assignment of leasehold to such property and facilities.

G. UNITS OWNERS ARE REQUIRED TO PAY THROUGH ASSOCIATION ASSESSMENTS THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT AND OTHER ACTUAL EXPENSES UNDER THE GRANT OF USE RIGHTS AND PRIVILEGES. The Grant of Use Rights and Privileges is located at Pages 66 through 78 hereof (attached as Exhibit VI).

H. THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP, OR REPAIR OF THE RECREATIONAL OR OTHER COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN: the Developer's right to such lien in contained in the Grant of Use Rights and Privileges located at Page 75 .

I. DEVELOPER'S RIGHT TO INCREASE RECREATIONAL FACILITIES. RECREATIONAL FACILITIES MAY BE EXPENDED OR ADDED

WITHOUT THE CONSENT OF UNIT OWNERS OR THE ASSOCIATION. Refer to the GRANT OF USE RIGHTS AND PRIVILEGES attached as Exhibit VI (Page 66 hereof.)

6. LEASE OF UNITS. The Developer has no plan for transferring the Units subject to any lease other than the basic leasehold interest described in Paragraph 4 above.

7. ASSOCIATION MANAGEMENT.

THERE IS A CONTRACT FOR MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH THE ISLANDER MANAGEMENT SERVICES, INC.

A copy of the Management Contract is attached as Exhibit XIII (Pages 121 through 126 hereof). The term of the contract shall begin with the date on which the first closing of a sale of a unit in The Islander, Phase I, takes place through 730 calendar days, provided however, the Manager may, upon 60 days written notice given to the Association, terminate and cancel this contract as of the last day of such month as is specified in the Notice of Cancellation. Thereafter, it shall be automatically renewed for successive two year periods until terminated by the Association members as per the Condominium Act. The nature of the services are the maintenance and operation of the buildings and other facilities including landscaping. An on-site rental service will also be offered. The total monthly management fee is $400.00 and the annual management fee is $4,800.00 for sixty-four units. This management fee is subject to renegotiation during each year of the contract. The unit owner's assessment for common expenses (association or maintenance fee) may increase as the services provided are expanded or increased in price; provided that the amount of such association or maintenance fee shall not exceed $125.00 per unit per month during the time Developer has guaranteed the maximum monthly amount of said fee. While the Developer's guarantee is in force, the Developer shall be excused from the payment of assessments for common expenses on units owned by it and the Developer shall pay any amount of common expenses incurred during the period of guaranty that is not produced by assessments at the guaranteed level receivable from other unit owners. Upon termination of the guarnatee, the Developer will pay assessments for common expenses for units owned by it the same as any other unit owner. For more details, reference should be made to a copy of the management contract which is attached as Exhibit VIII (Page 121 hereof).

8. DEVELOPER CONTROL. 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 VIII(B) of the Articles of Incorporation of the Association (Exhibit X , Page 95 hereof), and in Section II (2.11) of the By-Laws (Exhibit XI , page 102 hereof). The right to retain control of the Association by the Developer is not greater than that currently provided to the Developer by Section 718.301 of the Condominium Act.

9. RESTRICTIONS ON LEASE. THE LEASE OF UNITS IS RESTRICTED OR CONTROLLED. Said restrictions are set forth in Paragraph XVI(E) of the Declaration of Condominium (Exhibit I , page 36 hereof).

10. PHASE DEVELOPMENT. As stated in Paragraphs 3 and 5 above, the Developer in his sole discretion reserves the right to develope Phase II of the condominium in the manner set forth in detail in Paragraph VI of the Declaration of Condominium (Exhibit I hereof), located at pages 12 through 47 of these disclosure materials. Paragraph VII of the Declaration of Condominium reserves to the Developer the right to amend the phase development plan without the consent of any unit owner. Except as specifically otherwise stated in that section of the Declaration, no such amendment may alter the description of the contemplated second phase in a manner which is material and adverse to the interests of the unit owners. In the event the second phase is not built, the property described in the Declaration as the Phase II property may be developed in any lawful manner, and may be subjected to a new and different declaration of condominium.

11. RESTRICTIONS ON USE OF CONDOMINIUM UNITS. Restrictions on the use of Condominium Units are set forth in Paragraph XVI of the Declaration of Condominium (Exhibit I , Pages 35 through 36 hereof). These restrictions are summarized as follows:

A. A unit shall be occupied and used only as a residence, either permanent or transient, and for no other perpose.

B. No unit may be used for or in connection with any unlawful purpose or so as to create a nuisance.

C. Only entire units may be leased.

D. Association Regulations, a copy of which is attached as Exhibit XII (page 115 through 120 hereof).

The restrictions set forth above shall not interfere with the Developer's right to complete the contemplated improvements,

sell the units or lease the units. There are no restrictions on children other than those set forth in Regulation number 4. There are restrictions on pets set forth in Regulation number 6-I.

12. CERTAIN LAND NOT OWNED OR LEASED. Certain land offered by the Developer for use by the Unit Owners will neither be owned by them, nor leased to them, the association, or any entity controlled by the Unit Owners. This land is offered for use pursuant to the GRANT OF USE RIGHTS AND PRIVILEGES as fully described in Section 5 preceeding.

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

A. Sanitary Sewage - Destin Water Users, Inc.

B. Water Supply - Destin Water Users, Inc.

C. Refuse Collection - Private Contractor

D. Storm Drainage - No storm drainage except natural flow across common elements to percolation points.

E. Electricity - Gulf Power Company

F. Telephone - Central Telephone Company

G. Cable Television - Warner Cable TV

14. APPORTIONMENT OF COMMON EXPENSES AND OWNERSHIP OF COMMON ELEMENTS.

A. Since each of the units are substantially the same, the common expenses and the percentage ownership of common elements has been apportioned on an equal basis; that is, each unit is responsible for 1/64th of the common expenses and owns 1/64th of the common elements.

B. In the event Phase II is built, the units will also share equally in these matters with the result that each unit will be responsible for 1/127th of the common expenses and own 1/127th of the common elements.

15. ESTIMATED OPERATING BUDGET. The estimated operating budget for the condominium and the association including the estimated monthly and annual expenses of each condominium unit is attached as Exhibit XIV (page 127 hereof). DEVELOPER MAY BE IN CONTROL OF THE BOARD OF DIRECTORS OF THE ASSOCIATION DURING THE PERIOD OF OPERATION FOR WHICH THIS BUDGET HAS BEEN RENDERED.

16. ESTIMATED CLOSING COSTS AND TITLE INSURANCE. A schedule of estimated closing expenses to be paid by a Purchaser (Buyer) is attached hereto as Schedule C. The Developer will

provide an owner's policy of title insurance on or after closing at Purchaser's expense.

17. IDENTITY OF DEVELOPER. The Developer of the Condominium is The Islander Group, Limited, a Florida limited Partnership authorized to do business in Florida, with offices located at 502 Gulfshore Drive, Destin, Florida. The Islander Group, Ltd., was organized in 1980 for the purpose of constructing The Islander, a condominium. The chief operating officer is Jerome H. LaChapelle, General Partner. His previous experience in the field of condominium development includes the development of the Jetty East Condominium and The Gulfshore Condominium on Holiday Isle, Destin, Florida.

18. The following Exhibits and Schedules are made a part of this Prospectus:

		Page #
Schedule A:	Community Property Subject to Grant of Use Rights and Privileges	9
Schedule B:	Phase II Proposed Additional Recreational Facilities	10
Schedule C:	Estimated Closing Costs	11
Exhibit I:	Declaration of Condominium	12
Exhibit II:	Consent and Joinder	48
Exhibit III:	Surveys	52
Exhibit IV:	Plot Plan and Floor Plans	55
Exhibit V:	Ground Lease	64
Exhibit VI:	Grant of Use Rights and Privileges	66
Exhibit VII:	Non-Disturbance Agreement	79
Exhibit VIII:	Grant of Easement	87
Exhibit IX:	Certificate of Incorporation	94
Exhibit X:	Articles of Incorporation	95
Exhibit XI:	By-Laws of the Association	102
Exhibit XII:	Rules and Regulations	115
Exhibit XIII:	Management Contract	121
Exhibit XIV:	Estimated Operating Budgets	127
Exhibit XV:	Purchase Agreement	129
Exhibit XVI:	Receipt of Condominium Documents	136
Exhibit XVII:	Escrow Agreement	137
Exhibit XVIII:	Partial Assignment of Lease	141

SCHEDULE "A"

COMMUNITY PROPERTY SUBJECT TO THE GRANT OF USE RIGHTS

FACILITY	PURPOSE	APPROXIMATE FLOOR AREA	CAPACITY (# PERSONS)
POOL DECK	RECREATION	4000 Sq. Ft.	ONE HUNDRED
MEETING ROOM	MEETINGS	880 Sq. Ft.	SEVENTY
GAME ROOM	RECREATION	400 Sq. Ft.	THIRTY
ADMINISTRATION OFFICES:			ADMINISTRATIVE PERSONNEL ONLY
SALES ROOM		260 Sq. Ft.	
INNKEEPER'S ROOM		150 Sq. Ft.	
COMPUTER ROOM		228 Sq. Ft.	
REGISTRATION/BOOKKEEPING		350 Sq. Ft.	
FRONT DESK AREA		250 Sq. Ft.	
LOBBY	EGRESS	1100 Sq. Ft.	EIGHTY
ELEVATOR(GROUND FLOOR)	EGRESS	144 Sq. Ft.	2,500 POUNDS
ELEVATOR EQUIPMENT	EQUIPMENT	84 Sq. Ft.	OPERATIONS ONLY
PUMP ROOM	EQUIPMENT	120 Sq. Ft.	OPERATIONS ONLY
STAIR TOWERS (2)	EGRESS	each/108 Sq. Ft.	TWENTY
MECHANIC ROOMS (3)	EQUIPMENT	total/120 Sq. Ft.	OPERATIONS ONLY
ELECTRIC ROOM	EQUIPMENT	208 Sq. Ft.	OPERATIONS ONLY
MAINTENANCE ROOM	BLDG. MNT.	480 Sq. Ft.	OPERATIONS ONLY
LAUNDRY ROOM	IN-HOUSE LAUNDRY	450 Sq. Ft.	HOUSEKEEPING ONLY
LAUNDRY ROOMS(6)	LAUNDRY	each/15 Sq. Ft.	TWO
HOUSEKEEPING STORAGE ROOMS (6)	STORAGE	each/30 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
TRASH ROOM	GARBAGE COLLECTION	88 Sq. Ft.	OPERATIONS ONLY
PARKING AREA	PARKING	136 SPACES	
POOL EQUIPMENT	STORAGE	100 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
POOL RESTROOMS	RESTROOMS	each/25 Sq. Ft.	TWO

There will be no additional monies spent by the Developer for personal property in these facilities. The Islander Owners Association will determine the amount to be spent for personal property in the meeting room, the lobby, the administrative offices and the pool deck and will fund these expenses from the reserve set up with funds collected at closing from each unit purchaser. (See Schedule C , Estimated Typical Closing Costs.) The personal property in the game room and the laundry rooms will be installed on a contract with a vendor(s).

The estimated date of availability for all facilities is December 31, 1982.

SCHEDULE "B"

PHASE II PROPOSED ADDITIONAL RECREATIONAL FACILITIES TO BE USED IN COMMON BY UNIT OWNERS OF PHASE I AND PHASE II.

FACILITY	PURPOSE	APPROXIMATE FLOOR AREA	CAPACITY (# PERSONS)
TENNIS COURTS (2)	RECREATION	13,680 Sq. Ft.	EIGHT
PARKING AREA	PARKING	116 SPACES	
POOL (UNHEATED)	RECREATION	1,000 Sq. Ft.	SIXTY
POOL DECK	RECREATION	4,000 Sq. Ft.	ONE HUNDRED
POOL EQUIPMENT STORAGE	STORAGE	100 Sq. Ft.	NOT INTENDED FOR OCCUPANCY
POOL RESTROOMS (2)	RESTROOMS	50 Sq. Ft.	TWO/EACH
STAIR TOWER	EGRESS	108 Sq. Ft.	TWENTY

The only additional dollars for personal property to be spent by the Developer on the above facilities will be to provide the two (2) nets on the tennis courts.

THESE FACILITIES MAY BE AVAILABLE ONLY IF PHASE II IS CONSTRUCTED DEVELOPER HAS RETAINED THE RIGHT TO COMMENCE CONSTRUCTION UNTIL JANUARY 31, 1987.

SCHEDULE "C"

ESTIMATED TYPICAL CLOSING COSTS

The following closing costs are based upon a unit having a sales price of $108,000 and a mortgage of $86,400. Certain of the closing costs vary according to the amount of the sales price or the mortgage.

Deed Transfer Costs:		
Recording Fees	$ 16.00	
Deed Stamps	432.00	
Documentation preparation, closing fee and attorney	100.00	548.00
Mortgage Costs:		
Recording Fee	10.00	
Documentary Stamps on Note	129.60	
Intangible Tax on Mortgage	172.80	
Title Insurance (Mortgage)	582.00	
*Origination Fee and Loan Discounts (2%)	1,728.00	
Prepaid Interest ($38/day - maximum of 50 days)	1,900.00	4,522.40
TOTAL ESTIMATE		$5,070.40

*Variable - subject to market rate

In addition to the closing costs set forth above, certain escrow accounts must be established at closing to provide funds to be used for payment of next year's real property taxes and the Holiday Isle Leaseholder's Assessment as estimated below:

Real Property Taxes (estimated at 100% assessed value - 2 months X $115.00)	$ 230.00
Holiday Isle Leaseholder Assessment ($6.25/month X three months)	$ 18.75

NOTE: THIS IS NOT A REAL ESTATE SETTLEMENT PROCEDURE STATEMENT. SUCH A STATEMENT WILL BE FURNISHED BY THE LENDER PRIOR TO THE CLOSING OF A MORTGAGE LOAN.

In addition, the Buyer, at closing, subscribes for membership in The Islander Owners Association, Inc., referred to as the Association, a non-profit corporation which shall operate The Islander; and Buyer agrees to pay at closing One Thousand ($1,000.00) Dollars as a non-refundable contribution to the working capital and reserves of the Association.

EXHIBIT I

DECLARATION OF CONDOMINIUM

OF

THE ISLANDER, PHASE I, A CONDOMINIUM

502 Gulfshore Drive
Destin, Florida

THIS DECLARATION DATED THIS 8 DAY OF JUNE, 1981.

The undersigned Islander Group, Ltd., a Florida Partnership, called Developer herein, and those other parties whose signatures appear below hereby submit the following leasehold estate and improvements to condominium ownership as provided for in Section 104 of Chapter 718 in Florida Statutes, known as The Condominium Act.

I. PURPOSE: It is the intent of this declaration that a single condominium, THE ISLANDER, be developed, sold, and operated and that such development proceed in phases, in accordance with Florida Statutes 718.403, and which are hereby submitted to condominium ownership. Such initial phase shall be named THE ISLANDER, PHASE I, a condominium, and subsequent phase shall be named THE ISLANDER, PHASE II, a condominium, and the condominium regime for these phases is established by this declaration.

II. PHASE DEVELOPMENT PLAN: Both anticipated phases; the impact, if any, which the completion of the subsequent phase would have upon the initial phase; and the time period within which each phase must be completed are provided for and described in detail in this declaration.

III. INITIAL PHASE: Both phases of the condominium are created by this declaration as originally filed, and the real property upon which the phases are to be built is hereby submitted to condominium ownership. The initial phase is described in this section; the subsequent phase is described in Section VI hereafter.

A. NAME AND ADDRESS: The initial phase of the condominium shall be identified by the name THE ISLANDER, PHASE I, a condominium, and its address is 502 Gulfshore Drive, Destin, Okaloosa County, Florida 32541.

B. LEGAL DESCRIPTION: The real property upon which Phase I is to be built subject to this declaration is legally described as follows:

1. A leasehold estate in that certain real property located in Okaloosa County, Florida, to-wit:

THIS INSTRUMENT PREPARED BY:
Matthew W. Burns
Attorney at Law
Post Office Box 1226
Destin, Florida 32541

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S-01°16'-E 35 feet, thence N-88°44'-W 201.67 feet thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90 feet to the POB.

said leasehold expires on September 1, 2060, A.D., is renewable for an additional 99 years, and is identified in paragraph IV below. Said leasehold is subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, appended as an Exhibit to this Declaration.

2. LEGAL DESCRIPTION SUBJECT TO RE-SURVEY: It is the intent of this Declaration that the boundary line of the above described property pass through the exact center of the Westernmost wall and a portion of the Northernmost wall of the Phase I building, as graphically described in Exhibits to this Declaration. As a consequence, Developer covenants to re-survey the boundary upon the completion of the foundation of said Phase I building and, if necessitated by the actual location of the building, correct the above legal description by a proper amendment to this Declaration; such amendment shall not require the joinder or consent of any party other than Developer.

3. EASEMENT FOR ENCROACHMENT: Pending the amendment to the legal description expressed in paragraph 2, immediately preceding, Developer grants an easement on the contiguous property for unintended incroachments, and reserves an easement to use vacant land created by any unintended setback, caused by the actual completion, location, or shifting of the Phase I building. Further, Developer declares that the easements granted and reserved hereby, shall continue in the event the subsequent amendment to the legal description contains any good faith error.

4. SUBJECT TO COMMON WALL RESERVATION: The Phase I property and any improvements to be constructed thereon, are subject to Developer's reservation of common wall use rights as described in the Grant of Use Rights and Privileges, appended as Exhibit VI to this Declaration, and incorporated by reference herein.

C. RECREATION USE RIGHTS: The unit owners shall also have the rights to use certain recreational facilities not part of the property submitted to the condominium; these rights are described in Section VI following, and in Exhibits to this declaration.

D. DEVELOPMENT PERIOD: THE ISLANDER, PHASE I, a condominium, shall be completed and ready for first occupancy no later than December 31, 1982.

IV. IDENTIFICATION OF LEASE: The leasehold estate upon which the condominium is being created by this declaration has arisen out of that certain lease agreement between the Okaloosa Island Authority, a governmental instrumentality of the State of Florida as Lessor, and C.B.S. Development Corporation, as Lessee dated September 9, 1961, and recorded in Okaloosa County Official Records Book 209, Page 123, as amended by that certain Amendment to Lease dated August 23, 1962, and recorded in Okaloosa County Official Records Book 244, Page 348, together with that certain Lease Agreement between C.B.S. Development Corporation, as Lessor, and White Sands Investment Corporation, as Lessee dated June 16, 1972, and recorded in Okaloosa County Official Records Book 657, Page 240, as amended by that certain Amendment of Lease Agreement between C.B.S. Development Corporation and White Sands Investment Corporation dated November 8, 1972, and recorded in Okaloosa County Official Records Book 676, Page 108, as subsequently assigned by White Sands Investment Corporation to Pointe Development Corporation, Inc., by that certain Assignment of Lease, dated November 28, 1972, and recorded in Okaloosa County Official Records Book 677, Page 910, as subsequently assigned by Pointe Development Corporation, Inc., to B.H.L., Inc., by that certain Assignment of Lease dated December 22, 1972, and recorded in Okaloosa County Official Records Book 702, Page 594, (insofar as the said leasehold pertains to the above described property only, it being understood that the said leasehold contains other property which has already been submitted to condominium by Declaration recorded in Official Records Book 826, Page 968-69, dated December 15, 1975), as subsequently made subject to that Non-Disturbance Agreement dated December 23, 1975, and recorded in Okaloosa County OR Book 827, page 519, and that Grant of Easement dated December 23, 1975, and recorded in Okaloosa County Official Record Book 827, page 527; as subsequently assigned to Frederick W. Berens, Inc., by a Quit Claim Deed executed the 4th day of May, 1977, by B.H.L., Inc., and recorded in Okaloosa County Records Book 1044, page 864, and subsequently deeded to LaFair, Inc., by a Quit Claim Deed executed the 27th day of June, 1979, by Frederick W. Berens, Inc., and recorded in Okaloosa County Official Records Book 1044, page 868, and subsequently assigned by LaFair, Inc., to The Islander Group, Ltd., by that certain Lease Assignment dated November 29, 1980, and recorded in Okaloosa County Official Records Book 1105, page 1502,

it being understood that said leasehold contains the following:

A. The Phase I parcel described in Section III above and submitted to condominium by this Declaration;

B. The Phase II parcel described in Section VI below and submitted to condominium by this Declaration;

C. The COMMUNITY PROPERTY described in the Grant of Use Rights and Privileges appended as an Exhibit hereto and not submitted to condominium.

V. UNITS TO BE LEASEHOLD INTEREST: The condominium is being created on land held by lease with a remaining term in excess of 50 years. Because of this, the units shall be leasehold interests, which shall expire on September 1, 2060, A.D., unless renewed for 99 years. Each unit shall be conveyed from the Developer to the owner, and to subsequent owners, by means of a good and sufficient sub-lease or assignment of lease, and no document or instrument which expressly or by operation of law makes reference to this declaration shall be deemed or construed to convey or create any interest in the condominium property or in any unit greater than the interest described in this paragraph.

The terms of the instruments identified in paragraph IV above are hereby incorporated into this Declaration and into the leasehold interest in the units created by this Declaration. Upon Developer's delivery of the sublease or assignment of lease to the first unit owner, said owner, his successors and assigns, shall be bound by the terms of those instruments and shall assume all of the Developer's obligations thereunder. If all of the obligations on the unit owner's part are fully and faithfully performed, the owner shall have the right to renew the lease for an additional 99 years by giving notice to the Board of Commissioners of Okaloosa County, Florida, no less than six months prior to expiration of the original term. Unless otherwise terminated, this Declaration shall be deemed to continue in effect over the condominium property during said renewal and any subsequent renewals.

VI. PHASE II: DESCRIPTION AND IMPACT: In addition to THE ISLANDER, PHASE I, a condominium, as described in this Declaration, the Developer shall construct a subsequent condominium phase, known as THE ISLANDER, PHASE II. The Developer reserves the right to amend this declaration to modify or terminate Phase II prior to substantial completion. Such amendment shall be in accordance with Section VII hereafter. Neither the joinder nor consent of any unit owner, mortgagee, or owner of any record interest in the Phase I or Phase II property, other than the Developer is required for the execution of any subsequent phase filing required with respect to Phase II, and a full description of the impact of the decision to build or not to build Phase II upon the rights of Phase I unit owners is disclosed as follows:

A. THE ISLANDER, PHASE II, which is hereby dedicated to condominium ownership, shall be constructed upon a leasehold estate on the following described real property in Okaloosa County, Florida, to-wit:

> Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulfshore Drive to the POB; thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8'-E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to the POB.

Subject to easement as in Parcel No. 1, OR 826, Page 927 of said County, and subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida, and including all rights reserved to the grantor thereof, its successors and assigns.
Said property adjoins the Phase I site.

B. THE ISLANDER, PHASE II, shall consist of sixty-three (63) units of approximately 1,100 square feet each.

C. The following chart reflects each unit's percentage ownership in the common elements, membership vote and ownership in the Association, as each phase is added:

1. Upon completion of Phase I:

Type of Unit	Vote	Percent of Voting Rights	Percent of Association Owners	Common Element Ownership
64 Units, Phase I 2 Bedroom/ 2 Bath	1	1.5625	1.5625	1.5625
Total	64	100%	100%	100%

2. Upon completion of Phase II, if built:

Type of Unit	Vote	Percent of Voting Rights	Percent of Association Owners	Common Element Ownership
64 Units, Phase I 2 Bedroom/ 2 Bath	1	.787402	.787402	.787402
63 Units Phase II 2 Bedroom/ 2 Bath	1	.787402	.787402	.787402
Total	127	100%	100%	100%

Note: If, pursuant to amendment, Phase II is not built, the units of Phase I are entitled to 100% ownership of all common elements which have been built and added to the condominium as part of Phase I.

D. The following is an itemization of the recreational areas and facilities and use rights to be owned as common elements by all unit owners and all personal property to be provided with each phase:

1. Upon completion of Phase I;

(a) Pursuant to the Grant of Use Rights and Privileges appended to this Declaration, each unit shall have, as an appurtenance, a non-exclusive right to use in common the following land and facilities which shall not be a part of the condominium property:

Heated Pool
Meeting Room
Party Room
Administration Office
Elevators
Parking Area

Pursuant to said Grant of Use Rights and Privileges, the Developer shall convey the described land and facilities to the Association no later than July 31, 1988.
The rights and obligations of the Developer, the Association, unit owners, and other parties with regard to the use and the maintenance of the described land and facilities is fully set forth in said Grant of Use Rights and Facilities which is incorporated by reference in this Declaration.

(b) There will be no recreational areas or facilities which are not part of the community property.

2. Upon completion of Phase II, the following additional items shall be added to the list above:

(a) The COMMUNITY PROPERTY subject to the Grant of Use Rights and Privileges appended to this Declaration shall be expanded or enlarged to include:

Tennis Court
Additional Parking
Second Pool (Un-heated)

(b) There will be no recreational areas or facilities which are not part of the community property.
Note: The items in 2(a) will not be built or provided if Phase II is not developed and added as a part of the condominium.

E. "Commencement" defined: As used in this Declaration with respect to Phase II, "Commencement" means the issuance of a building permit or the equivalent authorization issued by the governmental body having jurisdiction, or the recording of the amendment to the Declaration adding the phase, whichever occurs first.

F. Time for Commencement: Phase II shall be commenced no later than January 31, 1987.

G. Completion of Phase II: Phase II shall be completed no later than July 31, 1988.

H. Time Share Estates will not be created in any phase.

I. DEVELOPER OWNERSHIP OF PHASE II SITE: The Developer retains ownership of the Phase II site prior to substantial completion of Phase II.

VII. ADDITIONAL PHASES: MODIFICATION OF PHASE II:

A. To the extent allowed by Chapter 718, Florida Statutes, Developer reserves the right to modify Phase II and to add additional phases in the manner described below. In the event of such modification, the rights of Phase I unit owners will be governed by any legally valid subsequent filings or amendments hereto.

B. The Developer reserves the right to add additional phases to the condominium at any time, and regardless of whether or not Phase II is developed. Additional phases need not be on land contiguous to the Phase I or Phase II site. Such additional phases shall be added by amendment to this Declaration in compliance with the Florida Condominium Act in accordance with Florida Statutes 718.403(6) and the rules of the Department of Business Regulation. Any amendment adding a phase or phases to the condominium shall not require the execution of such amendment or consent thereto by unit owners other than the Developer, unless such amendment permits the creation of time-share estates.

C. The Developer reserves the right to amend this Declaration to modify the plans for Phase II, to change the number of anticipated units upward or downward, to vary the size of units, to add to or withdraw from the common areas and facilities to be added, to combine Phase II, its site, or any portion thereof, with plans for subsequent phases, and to terminate Phase II prior to completion. Except where expressly provided otherwise in this Declaration or exhibits appended hereto, such right is to be exercised only by filing appropriate amendments to this Declaration. Any such filings shall comply with Chapter 718, Florida Statutes, and with the Rules of the Department of Business Regulation, Division of Florida Land Sales and Condominiums, Chapter 7D-15. The Developer reserves the further right to file a subsequent amendment deleting any such modification or portion thereof, and thus restore the original plan, at any time prior to conveying units in the subsequent phase. No amendment or filing described in this subparagraph requires the execution or consent of any unit

owner other than the Developer, unless such amendment permits the creation of time-share estates. Withdrawal of property from the condominium by means of such amendment shall not bar the creation of another condominium affecting all or a portion of the same property.

D. With specific reference to Section 7D-17-03(7) of the Rules of the Department of Business Regulation, no amendment described in subparagraphs B and C immediately preceding shall alter the description of Phase I or Phase II in a manner which is material and adverse to the interests of unit owners except as expressly otherwise provided for in the following clauses:

1. Any such amendment providing for less than 63 units subsequent to Phase I, or varying the size or arrangement of individual Phase II units so long as no more than 63 units are built subsequent to Phase I, is permissible, provided the additional facilities and land to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, is not diminished;

2. Any such amendment not changing the number or size of Phase II units, but increasing or expanding the land and facilities to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, is permitted;

3. Any such amendment diminishing the land and facilities to be added to the Community Property as part of Phase II, subject to the Grant of Use Rights and Privileges, or increasing to more than 63 the total number of units subsequent to Phase I, is permitted provided either the right to access and common use of, and the share of maintenance costs of the common elements and Community Property built in connection with any phase (other than easements for roads and utilities and rights shared with the general public) is limited to the owners of units in that phase, or the ownership of such use rights and of such facilities is made an appurtenance only of units in the respective phase;

4. Any amendment adding units subsequent to Phase I which are not a part of Phase II as described in this Declaration, is permitted provided Developer enlarges or expands the Community Property as provided in the Grant of Use Rights and Privileges appended to this Declaration and expends at least the amount per additional unit set forth in the Grant;

5. No such amendment shall change the residential character of the condominium;

6. Any such amendment terminating Phase II prior to substantial completion is permitted.

VIII. ASSOCIATION: The operation of the condominium shall be by The Islander Owners' Association, Inc., a corporation not for profit under the laws of the State 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 as Exhibit X (Page 95 hereof).

B. The By-Laws: The By-Laws of the Association shall be the By-Laws of the condominium, a copy of which is attached as Exhibit XI (Page 102 hereof).

C. Voting and Participation: Each unit shall have one (1) vote in the affairs of the Association. Said vote shall be cast in accordance with the By-Laws.

D. Limitation Upon Liability of Association: Not withstanding 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 ddmage, other than the cost of maintenance and repair, caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

E. Restraint Upon Assignment of Shares in Assets: The shares of members in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

F. 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 shall be expressed by the same person who would cast the vote of such owner if in an Association meeting, unless the joinder of record owners is specifically required by the Developer.

G. Rights to Purchase, Sell and Lease Units: The Association may purchase units, and sell or lease such units as it owns.

IX. DECLARATION PRECEDES COMPLETION OF PROJECT: As of the date of this Declaration, the construction of the initial phase of the condominium is not substantially complete. Upon completion of each respective phase, this Declaration shall be amended by Developer to include the surveyor's certificate required by the Florida Statutes 718.104(e).

X. PLANS AND SURVEYS: Except where specifically stated otherwise, the provisions of this section apply to both Phase I and Phase II if built. The Islander, Phase I, and Phase II, are to be built in substantial accordance with the following:

A. The Survey of the land showing the improvements on it and attached as Exhibit III (page 52 hereof), and

B. The Graphic Description of the improvements in which units are located and a plot plan thereof attached as Exhibit IV (page 55 hereof), and

C. The Amendment of Plans:

1. Alteration of Phase I Plans. Prior to the issuance of the surveyor's certificate described in Paragraph IX, Developer shall have the right to change the interior design and arrangement of all units and to alter the boundaries between units, so long as Developer owns any unit so altered; during the same period, Developer may, at any unit owner's or purchaser's request so alter any unit, so long as Developer and any owner of any affected unit agree. No such change shall increase the number of units or alter the boundaries of the common elements without amendment of this Declaration by approval of the Association, unit owners, and owners of Mortgages in the manner elsewhere provided. If the Developer shall make any changes in units so authorized, such changes shall be reflected by an amendment of this Declaration. If more than one unit is concerned, the Developer shall apportion between the units the shares in the common elements appurtenant to the units concerned, as well as the shares in the common expenses and common surplus of the units concerned and such apportionment shall be duly noted in the amendment of the Declaration.

2. Amendment of Declaration. An amendment of this Declaration reflecting such authorized alteration of unit plans by Developer need be signed and acknowledged only by the Developer and need not be approved by the Association, Unit Owners, or Lienors or Mortgagees of units of the condominium, whether or not elsewhere required for an amendment.

3. Alteration of Phase II Plans. Phase II plans may be altered in accordance with Section VII preceding.

D. Easements.

1. Nonexclusive Easement for Ingress and Egress. Each unit owner of the condominium shall have a non-exclusive easement for ingress and egress between said unit and the public roads

and streets serving the condominium, over the halls, corridors, stairs, elevators, walks, driveways, road, parking areas, exterior access and other portions of the common elements of the condominium

2. Utility Easements. Easements are reserved through the condominium property as may be required for utility service to serve the condominium adequately, provided, however, such easements to a unit shall be only according to the plans and specifications for the unit building, or as the building is constructed, unless approved in writing by the unit owner.

3. Cross Easements. Easements are hereby created in favor of all unit owners for pedestrian and vehicular ingre and egress and for ingress and egress to provide power, electrical service, telephone, sewer, water and other utility and lighting facilities, irrigation, television transmission facilities, security service and facilities in connection therewith and other similar purposes. Developer, for itself, its nominee and the Association, reserves the right to impose upon the common elements henceforth and from time to time such easements and cross easements for any of the foregoing purposes as it deems to be in the best interest of, and necessary and proper for the owners of units.

4. Easements for Encroachments. All the condominium property shall be subject to the 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 undistrubed and such shall continue until such encroachments no longer exist.

5. 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.

E. 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 units shall be the following boundaries extended to an intersection with the perimetrical boundaries:

(a) Upper Boundary - the horizontal plane of the undercoated finished ceiling.

(b) Lower Boundary - the horizontal plane of the undercoated finished floor.

2. Perimetrical Boundaries. The perimetrical boundaries of the unit shall be the vertical planes of the undercoated finished interior of the walls bounding the unit (including the finished interior of the walls and/or railing encompassing any terrace or balcony serving such unit) extended to the

intersection with each other and with the upper and lower boundaries.

F. Common Elements. Common elements include the land and all of the parts of the condominium not within the unit.

XI. GENERAL DESCRIPTION OF THE ISLANDER. The Islander, Phase I, a condominium, shall consist of a main building of seven stories, ground story included, with nine (9) units on each floor, for a total of sixty-three (63) units in the main building; and an additional unit which is located away from the main building that will be used as a model unit during construction of Phase I and Phase II.

A. Typical Unit Plans. The units are essentially identical; the typical unit floor plan is described generally below and is described in more detail on the graphic description of the improvements attached as Exhibit IV, (Page 55 hereof):

Unit Description: Two Bedroom/Two Bath
987+ Square Feet Living Space
112 Square Feet Private Balcony

B. Unit Numbers. The unit numbers of each unit is determined by numbering the units from one (1) to nine (9) from East to West and adding the number to the product of the number of the floor times 100. Therefore, for example, the Easternmost first floor unit is identified by number 101 and the Westernmost first floor unit is identified as number 109, the Easternmost seventh floor unit is identified as number 701, and the Westernmost seventh floor unit is identified as number 709.

C. Appurtenance 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 one-sixty-fourth (1/64th) undivided share in the land and other common elements and in the common surplus.

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, including the rights and privileges granted to the Association and its members by the Grant of Use Rights and Privileges.

3. Automobile Parking Spaces. Rights to parking spaces for automobiles of the unit owners are provided on the Community Property by the Grant of Use Rights and Privileges. Paved automobile parking spaces will be made available so that at least one automobile parking space will be available for use by each unit according to such reasonable rules and regulations as may from time to time be promulgated by the Association; provided, that at all times, each unit shall be entitled to the use of at least one automobile parking space without charge. No space shall

be reserved except that a reasonable number of spaces shall be set aside and marked for use by handicapped persons and by management personnel only. It is contemplated under current plans that the Community Property will contain in excess of two parking spaces for each unit in Phase I.

4. Voting. 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.

D. Liability for Common Expense. Each unit owner shall be liable for a proportionate share of the common expense; such share being the same as the one-sixty-fourth (1/64th) 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.

(a) By the Association. The Association shall maintain, repair and replace at the Association's expense the following:

(i) All portions of a unit (except the interior surfaces of them) contributing to the support of the main building, all outside walls of the main building and all fixtures on its exterior boundary walls of the units, floor and ceiling slabs, load bearing columns and load bearing walls.

(ii) All screens, windows, glass walls, unit entrance doors, doors to outside balconies or terraces, together with the walls and railings encompassing the balconies or terraces included within each unit shall be maintained by the Association at the expense of the unit owner requiring the repairs.

(iii) All conduits, ducts, plumbing, wiring, and other facilities contained within a unit that serve as part or parts of the condominium other than the unit within which contained; and

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

(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 except the portion to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other unit owners.

(ii) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of his unit, or the main building in any manner whatsoever including

closed mortgage. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the unit owners including such acquirer, his successors and assigns. After acquiring title to a condominium parcel as a result of foreclosure, or deed in lieu of foreclosure, such acquirer shall be liable to the same extent as all other unit owners for the pro rata share of common expenses coming due during the period of ownership whether or not such parcel is unoccupied.

B. Collection Costs. The expenses, costs, and the reasonable attorney fees incurred in collecting deliquent assessments from any unit owner shall be a further assessment against the unit and shall become a common expense only in the event the Allocation's lien for deliquent assessment becomes enforceable against the unit mortgagee by virtue of foreclosure or delivery of a deed in lieu of foreclosure.

C. Liability of Developer. The Developer shall not be liable for and shall be excused from the payment of its share of the common expense in respect of those units owned by the Developer during the period beginning with the first closing of the purchase of any unit in the condominium and terminating not later than the first day of the fourth calendar month thereafter or at the end of any period during which the Developer guarantees that the assessment for common expenses of the condominium imposed on the unit owners other than the Developer shall not increase over the dollar amount stated below, and the Developer shall pay any amount of common expenses incurred during the period and not produced by assessments at the guaranteed level receivable from other unit owners. The guaranteed levels during this period are as follows:

No increase over the Estimated Management and Maintenance Budget (attached as Exhibit XIV) (Page 127 hereof).

The Developer reserves the right to terminate this guarantee at any time, upon which termination, the Developer shall pay assessments for common expenses for units owner by the Developer in the same manner and to the same extent as all other unit owners. In addition, Developer shall be entitled to reimbursement from the operating funds and reserves of the Association for any prepaid insurance or other assets assigned to the Association. Such reimbursement shall be a common expense.

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 interest rate allowable by law, from the date when due unitl paid. All payment 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 and such lien for unpaid assessments shall also secure reasonable attorney's fees incurred by the Association incident to the collection of such assessment or enforcement of such lien.

F. Rental During Foreclosure. If the unit owner remains in possession of the unit and the claim of lien is foreclosed, the court, in its discretion, may require the unit owner to pay a reasonable rental for the unit, and the association is entitled to the appointment of a receiver to collect the rent. In the event that at such time the unit is occupied by a tenant other than the unit owner in possession under a valid sublease, the Association shall have the right to satisfy its lien by attaching the rent due under the sublease.

G. Purchase by Association. The Association may bid on and purchase any unit sold as a result of foreclosure on a lien for unpaid assessments.

XIV. 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 insurance trustee designated below, and all policies and their endorsements shall be deposited with 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, excluding foundation and

excavation costs, 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.

(b) Insurance policies providing casualty coverages pursuant to above shall state whether the following property is included within the coverage in order that unit owners may insure themselves if said property is not insured by the Association: Air handling equipment for space cooling and heating, service equipment such as dishwasher, refrigerator, oven, stove, hot water heater, whether or not built-in; interior fixtures such as electrical and plumbing fixtures; floor coverings; and inside paint and other inside wall finishes. Further, such policies, when appropriate and possible shall waive the insurer's right to (a) subrogation against the Association and against the unit owners individually and as a group (b) benefit of the pro rata clause that reserves to the insurer the right to pay only a fraction of any loss if other insurers have issued coverage on the same risk and (c) 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, including but not limited to hired automobile and non-owner automobile coverages, and with cross liability endorsement to cover liabilities of unit owners as a group to a unit owner.

3. Workmen's Compensation. Workmen's compensation policy to meet the requirements of law.

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

C. Premiums. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a common expense of this condominium; however, that any unit owner who shall use or maintain his unit in such manner as to cause a greater insurance premium to be assessed than would have been assessed if he had used his unit as other unit owners, then said unit owner shall be liable for and pay a special assessment in an amount equal to the increased premium cost caused by his maintenance or use of his unit.

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 and in the case of the COMMUNITY PROPERTY for the benefit of Developer, its assigns, those individuals sharing common use rights with Association members, and the mortgagees thereof, as their interest may appear, and shall provide that all proceeds covering property losses shall be paid 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; prior to the conveyance of the COMMUNITY PROPERTY to the Association, Developer shall designate the insurance trustee for all funds relating to the COMMUNITY PROPERTY. The insurance trustee shall not be liable for payment of the premiums for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and to hold the proceeds in trust for the purposes elsewhere stated in this instrument and for the benefit of the beneficiaries and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

1. Common Elements.

(a) NON-COMMUNITY PROPERTY. Proceeds on account of damage to common elements - an undivided share for each unit owner; such share being the same as the undivided share in the common elements appurtenant to his unit.

(b) COMMUNITY PROPERTY. Prior to the conveyance of the Community Property to the Association, trust funds shall be held in a single share for Developer; after the conveyance, the funds shall be held as in (a) immediately preceeding.

2. Units. Proceeds on account of damage to units shall be held in the following undivided shares:

(a) When the building is to be restored - for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Association.

(b) When the building is not to be restored - an undivided share for each unit owner, such share being the same as the undivided share in the common elements appurtenant to each unit.

3. Mortgagees. 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, that no mortgagee

shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds, except distributions of such proceeds made to the unit owner(s) and mortgagee pursuant to the provisions of this Declaration.

E. Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

1. Expense of the Trust. All expense(s) of the insurance trustee shall be paid first or provisions made for such payment.

2. Reconstruction or Repair. If the damage for which the proceeds are paid, is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost of such as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittance to unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a unit and may be enforced by such mortgagee.

3. Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which proceeds are paid shall not be reconstructed or repaired the remaining proceeds shall be distributed to the beneficial owners, remittance to unit owners and their mortgagee being payable jointly to them. This is a covenant for the benefit of any mortgagee of any unit and may be enforced by such mortgagee.

4. Certificate. In making distribution to unit owners and their mortgagees, the insurance trustee may rely upon a certificate of the Association made by its president and secretary as to the names of the unit owners and their respective shares of distribution.

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 release(s) upon the payment of claims.

G. Community Property. Provisions for collection, impressment, and disbursement of funds concerning COMMUNITY PROPERTY contained in Sections XIV and XV of this Declaration shall expire upon Developer's conveyance of the COMMUNITY PROPERTY to the Association pursuant to that Grant of Use Rights and Privileges; thereafter such property shall be governed by the provisions pertaining to common elements.

XV. 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. COMMUNITY PROPERTY. If the damaged improvement is part of the COMMUNITY PROPERTY, the determination shall be provided in the Grant of Use Rights and Privileges.

2. Common Elements. If the damaged improvement is a common element, other than COMMUNITY PROPERTY, the damaged property shall in all cases be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

3. Main Building.

(a) Lesser damage. If the damaged improvement is the main building of either phase and if units to which fifty (50%) per cent of the common elements are appurtenant are found by the Board of Directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired unless 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 the main building of either phase and if units to which more than fifty (50%) per cent of the common elements are appurtenant are found by the Board of Directors of the Association to be not tenantable, then the damaged property will not be reconstructed or repaired and the condominium will be terminated with regard to that phase without agreement as elsewhere provided, unless within sixty (60) days after the casualty the owners of seventy-five (75%) per cent of the common elements agree in writing to such reconstruction or repair.

4. Certificate. The insurance trustee may rely upon a certificate of the Association made by its president and secretary, and, in the case of the COMMUNITY PROPERTY, also signed by Developer, 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 and improvements, portions of which are attached as exhibits; or according to plans and specifications approved by:

1. The Board of Directors of the Association, and

2. If the damaged property is the main building, by the owners of not less than seventy-five (75%) per cent

of the common elements, including the owners of all damaged units, which approval shall not be unreasonably withheld, or

3. If the damaged property is part of the COMMUNITY PROPERTY, by Developer.

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 are insufficient, assessment shall be made against the unit owners who own the damaged units, and against all unit owners in the case of damage to common elements or to the COMMUNITY PROPERTY, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair to their respective units. Such assessments on account of damage to common elements shall be in proportion to the owner's share in the common elements. Such assessments on account of damage to the COMMUNITY PROPERTY shall be in an equal share per unit of the total assessment.

F. Construction Funds. For all property, including COMMUNITY PROPEETY, the funds for payment of the costs of reconstruction and repair after casualty, which shall consist of the proceeds of insurance held by the insurance trustee and the funds collected by the Association from assessments against unit owners shall be disbursed in payment of such costs in the following manner:

1. Association. If any part of the assessment made by the Association in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Association pertains to the COMMUNITY PROPERTY, or if the total assessments made to provide funds for reconstruction and repair that is the responsibility of the Association exceeds

FIFTEEN THOUSAND DOLLARS, then the sums paid upon such assessments shall be deposited by the Association with the insurance trustee. In all other cases the Association shall hold the sums paid upon such assessments and disburse them in payment of the costs of the reconstruction and repair.

2. Insurance Trustee. The proceeds of insurance collected on account of a casualty, and the sums deposited with the insurance trustee by the Association 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) COMMUNITY PROPERTY. Construction funds for repair or reconstruction of the COMMUNITY PROPERTY shall be disbursed (i) upon the order of the Association with approval of Developer, if the Association is performing such repair or reconstruction, or (ii) upon the order of Developer if the Developer has, upon written notice to the Association, undertaken to perform such repair or reconstruction pursuant to provisions of the Grant of Use Rights and Privileges appended to this Declaration.

(b) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than $15,000.00, then the construction fund shall be disbursed in payment of such costs upon the order of the Association; provided, however, that upon request of the insurance trustee by 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.

(c) Association - Major Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is more than $15,000.00, 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 of an architect qualified to practice in Florida and employed by the Association to supervise the work.

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

(e) Surplus. It shall be presumed that the first monies disbursed in payment of costs of reconstruction

and repair shall be from insurance proceeds. If there is a balance in the 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.

(f) 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 to 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 required, the approval of an architect named by the Association upon disbursements in payment of costs of reconstruction and repair shall be obtained.

XVI. USE RESTRICTIONS. The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the main building in useful condition exists on the land. There are no timeshare estates in The Islander.

A. Units. Each unit shall be occupied by an owner, his servants and guests, as a residence, either permanent or transient, and for no other purpose. Except as reserved to Developer, no unit may be divided or subdivided into a smaller unit nor any portion sold or otherwise transferred without first amending this Declaration to show the changes in the unit to be affected.

B. Common Elements. The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the units.

C. Nuisances. No nuisances shall be allowed upon the condominium property, nor any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All

parts of the condominium shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate nor any fire hazard allowed to exist. No unit owner shall permit any use of his unit or make any use of the common elements that will increase the cost of insurance upon the condominium property unless provisions have been made for a special assessment pursuant to paragraph XIV.C. hereof.

D. Lawful Use. No immoral, improper, offensive or unlawful use shall be made of the condominium property nor any part of it; and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies for maintenance, modification, or repair of the condominium property shall be the same as the responsibility for maintenance and repair of the property concerned.

E. Leasing. Entire units may be rented or leased only as pursuant to this Declaration, The Articles of Incorporation of the Islander Owners' Association, Inc., and the By-Laws of the Association. No room may be rented except as part of the unit.

F. Regulations. Reasonable regunations 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.

G. Proviso. Provided, however, that unit Developer has completed all of the contemplated improvements and closed the sales of all the units of the condominium, neither the unit owners nor the Association nor the use of the condominium property shall interfere with the completion of the contemplated improvements and the sale of the units. Developer may make use of the unsold units and common areas as may facilitate such completion and sale, including but not limited to maintenance of a sales office, the showing of the property, and the display of signs. The sales office, the furniture and the 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 units without regard to any restrictions or limitations, provided that the Developer, as owner of said unsold condominium units, shall contribute to the common expenses in the same manner as other unit owners.

XVII. 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, 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 regulation shall entitle the Association or other unit owners to the following relief in addition to the remedies provided by the Condominium Act:

A. Negligence. A unit owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or by that of any member of his family or his or their guest, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. A unit owner shall pay the Association the amount of any increase in its insurance premiums occassioned by use, misuse, occupancy, or abandonment of a unit or its appurtenances, or of the common elements, by the unit owner.

B. Costs and Attorneys' Fees. In any proceeding arising because of an alledged failure of a unit owner or the Association to comply with the terms of the Declaration, The 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 attorneys' fees as may be awarded by the court.

C. No Waiver of Rights. The failure of the Association or any unit owner to enforce any covenant, restriction or other provisions 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.

XVIII. 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. To be furnished upon request with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and report to be furnishedwithin ninety (90) days following the end of each calendar year.

B. To be given written notice by the Association of the call of a meeting of the membership to be held for the purpose of considering any proposed Amendment to this Declaration of Condominium, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

C. To be given notice of default by any member owning any unit encumbered by a mortgage held by such institutional mortgagee or to the place which it or they may designate in writing to the Association.

D. To be given an endorsement to the policies covering the common elements requiring that such institutional mortgagee be given any notice of cancellation provided for in such policy.

E. Should the Association fail to pay such premiums when due, or should the Association fail to comply with other insurance requirements of the mortgagee(s), said institutional mortgagee(s) shall have the right, at its option, to order insurance policies and to advance such sums as are required to maintain or procure such insurance, and to the extent of the money so advanced, said mortgagee shall be subrogated to the assessment and lien rights of the Association as against the individual unit owners for the payment of such item or common expense.

F. An institutional first mortgagee shall always be entitled to receive, in reduction of its mortgage debt, that portion of insurance proceeds apportioned to its mortgage unit in the same share as the share in the common elements appurtenant to such unit, in the event:

1. Its mortgage is not in good standing and is in default; or

2. Either insurance proceeds are not sufficient to complete restoration, reconstruction or repair, and the Association has not made additional funds available for such purpose; or

3. It is determined to restore, repair, or reconstruct the improvements in a manner or condition substantially different from that existing prior to the casualty and such mortgagee has not consented in writing to such change or alteration.

G. The institutional mortgagee shall be entitled to a written notification from the Association thirty (30) days prior to the effective date of any change in the Condominium Documents.

H. Such institutional mortgagee shall be entitled to written notification from the Association of any default by the mortgagor of such unit in the performance of the mortgagor's obligations under all Condominium Documents which is not cured within thirty (30) days.

I. Any institutional mortgagee which comes into possession of the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed in lieu of

foreclosure shall be exempt from any right of first refusal or other restriction on the sale or rental of the mortgaged unit.

J. As provided in Articles XIII, paragraph A above, any mortgagee (whether or not an institutional mortgagee) which acquires title to a unit through foreclosure or deed in lieu of foreclosure, shall take the property free and clear of any claim for unpaid assessments or charges against the mortgaged unit which became due prior to acquisition of title as a result of said foreclosure or deed in lieu of foreclosure, except for claims secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage.

K. Unless all holders of first mortgage liens on individual units have given their prior written approval, the Association of owners of the condominium shall not:

1. Change the pro rata interest or obligations of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the condominium.

2. Partition or subdivide any unit or the common elements of the project, or annex additional land; however, the approval of holders of such liens shall not be required for the Association to accept the conveyance of the Community Property pursuant to the Grant of Use Rights and Privileges appended to this Declaration.

3. By act or omission seek to abandon the condominium status of this condominium except as provided by Statute in case of substantial loss to the units and common elements of the condominium.

XIX. 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. 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. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing, provided such approval is delivered to the secretary at or prior to the meeting. Except as elsewhere provided, such approval must be either by:

1. Not less than sixty-six (66%) per cent of the entire membership of the Board of Directors, and by not less than sixty-six (66%) per cent of the votes of the entire membership of the Association; or

2. Not less than eighty (80%) per cent of the votes of the entire membership of the Association; or

3. Until the first election of Directors, only by all of the Directors, provided the amendment does not increase the number of units nor alter the boundaries of the common elements.

C. Proviso. Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units unless the unit owner so affected shall consent; and 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. Neither shall an amendment make any change in the section entitled "Insurance", nor in the section entitled "Reconstruction or Repair after Casualty", unless the record owners of all mortgages upon the condominium shall join in the execution of the amendment. Nothing contained herein shall affect the Developer's right to expand or modify the project in the manner and according to the conditions elsewhere herein provided without the joinder or consent of unit owners or lien holders.

D. Execution and Recording. A copy of each amendment shall be attached to 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 and a copy of the amendment are recorded in the public records of Okaloosa County, Florida.

XX. TERMINATION. The condominium may be terminated in the following manner in addition to the manner provided by the Condominium Act:

A. Destruction. It if is determined in the manner elsewhere provided that the main building shall not be reconstructed because of major damage, the condominium plan or ownership will be terminated without agreement.

B. Agreement. The Condominium may be terminated at any time by the approval in writing of all record owners of units and all record owners of mortgages on units. If the proposed termination is submitted to a meeting of the members of the Association, the notice of the meeting giving notice of the proposed termination, and if the approval of the owners of not less than eighty (80%) per cent of the common elements, and of the record owners of all mortgages upon the units are obtained in writing not later than thirty (30) days from the date of such meeting, then the approving owners shall have an option to buy all of the units of the

other owners for a period ending on the sixtieth (60th) day from the day of such meeting. Such approvals shall be irrevocable until the expiration of the option, and if the option is exercised, the approvals shall be irrevocable. The option shall be on the following terms:

1. Exercise of Option. The option shall be exercised by delivery or mailing by registered mail to each of the record owners of the units who will participate in the purchase. Such agreement shall indicate which units will be purchased by each participating owner and shall require the purchase of all units owned by owners not approving the termination, but the agreement shall effect a separate contract between each seller and his purchaser.

2. Price. The sale price of each unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of such agreement, and in the absence of agreement as to price it shall be determined by arbitration in accordance with the then existing rules of the Florida Arbitration Code, with the Association and the unit owner each selecting a licensed Real Estate Broker or Appraiser doing business in Okaloosa County Florida, as arbitrator, and they, failing to agree, selecting a competent and disinterest Real Estate Broker or Appraiser doing business in Okaloosa County as umpire. The decision of any two of said arbitrators and umpire shall be final and binding upon the parties. Either party receiving notice of appointment of an arbitrator by the other party shall, within ten (10) days thereafter, appoint an appraiser; and they failing to agree as to the fair market value of said unit within fifteen (15) days after appointment of the last arbitrator shall select the umpire. If the umpire and appraisers have not reached a decision within thirty (30) days after appointment of the second arbitrator, either party shall have the right to have three (3) new appraisers appointed by the local Okaloosa County Circuit Court, First Judicial Circuit, State of Florida, according to the Florida Arbitration Code. A Judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be divided equally between the Association and the purchaser.

3. Payment. The purchase price shall be paid in cash.

4. Closing. The sale shall be closed within ten (10) days following the determination of the sale price.

C. Certificate. The termination of the Condominium in either of the foregoing manners shall be evidenced by a certificate of the Association executed by its president and secretary certifying as to facts effecting the termination, which certificate shall become effective upon being recorded in the pubnic records of Okaloosa County, Florida.

D. Failure to Renew Lease. The Condominium shall be terminated if the lease for the land on which it stands is not renewed.

E. Shares of Owners after Termination. After termination of the Condominium, the unit owners shall own the Condominium property and all assets of the Association as tenants in common in undivided shares that shall be the same as the undivided shares in the common elements appurtenant to the owners units prior to the termination.

F. Amendment. This section concerning termination cannot be amended without consent of all unit owners and of all owners of martgages upon the units.

XXI. RIGHTS OF CONSTRUCTION MORTGAGEE IN ADDITION TO OTHER RIGHTS GRANTED. Notwithstanding anything contained in the Declaration of Condominium or the By-Laws of The Islanders Owners Association, Inc., to the contrary, but subject to applicable provisions of Florida Law, until the satisfaction of record of any mortgage on the condominium property securing a loan for construction of the condominium,
the following provisions shall be a part of the Declaration of Condominium (By-Laws) and shall supersede any inconsistent provision contained in the Declaration of Condominium and By-Laws, to-wit:

A. Whenever the consent of the Developer is required under the Declaration or By-Laws, the written consent and joinder of the holder of the Mortgage (the "Mortgagee") shall also be required.

B. The Board of Directors shall be reguired to give the Mortgagee written notice of any default by the Developer under the Declaration or By-Laws and shall be prohibited from instituting any suit or exercising any other remedy against the Developer for any such default until the Board has given the Mortgagee prior written notice of its intention to file such suit or exercise such remedy. If the default is curable by the payment of money, the Mortgagee shall have the right to cure any such default within ten (10) days of receipt of such notice. If the default cannot be cured by the payment of money, the Board shall not commence suit against the Developer if, within thirty (30) days of its giving prior written notice to the Mortgagee,

the Mortgagee has commenced to cure the default by obtaining possession, commencing foreclosure proceedings, or taking any other action reasonably calculated to cure the default, and proceeds with reasonable diligence to complete curing such default.

C. The Mortgagee shall be given written notice of:

1. Any meeting of the Board, or the Unit owners together with the agenda of such meeting;

2. Any damage to any units "owned" by the developer and/or to the common elements in excess of $2,500; and

3. Any notice from any insurance company of an intent to amend, cancel, invalidate or suspend any policy covering the condominium.

D. No amendment shall be made to the Declaration and/or the By-Laws without the Mortgagee's joinder and written consent to such amendment.

E. If the Mortgagee either:

1. Declares the Developer to be in default under the Mortgage and assumes possession of the property subject to the lien of the Mortgage; or

2. Acquires the Developer's interest in the leasehold estate submitted to the condominium form of ownership upon foreclosure sale, or by assignment in lieu of foreclosure, or otherwise, the Mortgagee and its successors and assigns shall have and enjoy all of the rights, privileges and immunities granted to the Developer under the Declaration and By-Laws; provided that such provision will not in any way limit the applicable provisions, if any, of Florida law concerning condominium, the Declaration and/or By-Laws which provide that the purchaser of the leasehold interests at a foreclosure sale or by assignment in lieu of foreclosure shall not be liable for unpaid assessments against such unit which accrued prior to such sale or assignment.

F. The condominium shall be covered by fire, casualty, extended coverage, and flood insurance, and the form of such insurance policy or policies, the amount of coverage, and the selection of the carrier or carriers, must be approved by the Mortgagee in writing.

G. The insurance policy shall provide that it will not be cancelled, invalidated, amended or suspended without at least ten (10) days prior written notice to the Board, all unit owners, and the Mortgagee.

H. In the event that the tendered proceeds of casualty or fire insurance maintained upon any part of the condominium are less than the cost of repairs to the condominium, the Board must obtain the prior written approval of the Mortgagee to the

final adjustment of the loss.

I. The Insurance Trustee shall be subject to the prior written approval of the Mortgagee.

J. The Mortgagee shall be given notice of any action, suit, or claim or lien against the condominium, the Board, the owners, or the Developer and will have the right, but not the obligation, to take part in the defense of any such action, suit, or claim or lien.

K. The Board will forward a copy of the Annual Report and the Financial Statements of the Condominium and/or the Association to the Mortgagee at the time the Board distributes such documents to "owners".

L. The Mortgagee shall have the right to inspect the books and records of the Board and the manager of the Condominium under the Management Contract, provided that such inspection shall be conducted during normal business hours of the Board or the Manager as the case may be.

M. Notwithstanding anything in the Declaration or the By-Laws to the contrary, the Mortgagee shall not be responsible for any actions or omissions of the Developer in connection with the construction of the condominium or with the Declaration or By-Laws.

XXII. EQUITABLE SERVITUDES. All provisions of this Declaration are enforceable equitable servitudes, run with the land, and are effective until the condominium is terminated.

XXIII. SEVERABILITY. The invalidity in whole or in part of any covenants or restrictions, or any section, subsection, sentence, clause, phrase, or work, or other provision in this Declaration of Condominium and the Articles of Incorporation, By-Laws, and Regulations of the Association shall not affect the validity of the remaining portions.

XXIV. ROADS AND CANALS ON HOLIDAY ISLE. Each unit is assessed $75.00 per year by the Holiday Isle Improvement Association, a non-profit corporate which is not an affiliate of the Developer, for maintenance of roads, and canals on Holiday Isle. Each unit owner is responsible for paying the assessment to the Holiday Isle Improvement Association as it becomes due. The Holiday Isle Improvement Association has a lien on each unit for unpaid assessments of the unit. By virtue of that Non-Disturbance Agreement dated December 23, 1975, recorded at OR Book 827, pages 519-526, Official Records of Okaloosa County, Florida, a copy of which is appended as an Exhibit hereto, the rights of any unit owner shall not be affected by any other Unit Owner's default in payment of this assessment.

XXV. USE OF TERMS. Unless the context indicates to the contrary, words used in this Declaration have the same meaning as when used in the Condominium Act, provided that the following definitions are governing:

A. Unit. "Unit" means condominium parcel as defined in the Condominium Act.

B. Owner or Purchaser. "Owner" or "Purchaser" when used in connection with a unit, means the sublessee or assignee of the leasehold interest in the unit expiring on September 1, 2060, A.D., such owner or purchaser is the Unit Owner as referred to in the Condominium Act.

C. Sell. "Sell" a unit means to convey a sublease or assignment of a leasehold interest expiring on September 1, 2060.

D. Association means the Islander Owners Association, Inc., a non-profit Florida corporation, and its successors.

E. Common Elements shall include the tangible personal property required for the maintenance and operation of the condominium, and any land or other property acquired by the Association for the condominium, even though owned by the Association, as well as the items stated in the Condominium Act; and shall include the use rights in recreation facilities granted by the Grant of Use Rights and Privileges appended to this Declaration.

F. Common Expenses shall include expenses of administration, expenses of insurance, expenses of maintenance, operation, repair, replacement and betterment of the common elements and the portions of the unit to be maintained by the Association; expenditures or amounts of assessments by the Association for payment of costs that are the responsibility of a unit owner, including but not limited to costs or repair of damage to a unit in excess of insurance proceeds, and the costs of insurance upon a unit, expenses declared common by provisions of this Declaration, the Association's By-Laws and the Grant of Use Rights and Privileges; and any valid charge against the condominium as a whole.

G. Community Property means that property described in and being the subject of the Grant of Use Rights and Privileges.

H. Condominium means all the condominium property as a whole when the context so permits as well as the meaning stated in the Condominium Act.

I. Grant of Use Rights and Privileges means the instrument attached hereto as Exhibit VI which grants certain

use rights and privileges in the Community Property to the Association and its members pursuant to the terms and conditions set forth therein.

J. Institutional Mortgagee means a bank, savings and loan association, an insurance company, a pension fund, a real estate investment trust, a mortgage banker or other like business entity holding a mortgage on a unit.

K. Number and Gender are used herein so that, where 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.

L. 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 electrical power, hot and cold water, heating, refrigeration, air conditioning, cable television, garbage and sewage disposal.

XXVI. MANAGEMENT CONTRACT. The Islander Owners Association, Inc., has provided for the maintenance and operation of the condominium by contract attached as ExhibitXIII, page 121 hereto.

XXVII. RESERVED RIGHTS. By filing this Declaration of Condominium, Developer, as successor in interest to B.H.L., Inc., a Florida Corporation, hereby elects to exercise its rights reserved to grantor in that certain Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida; and covenants to assign to each unit owner in The Islander, Phase I, and Phase II, if build, at the time each unit is first conveyed, the right to use the subject property described in said Grant of Easement, provided however, that Developer does not warrant the right to use the existing Jetty East beach pavilion.

XXVIII. GRANT OF USE RIGHTS AND PRIVILEGES. The Association has entered into an agreement with the Developer, said agreement being entitled "Grant of Use Rights and Privileges" and a copy being attached and made a part hereof as Exhibit VI. Pursuant to the Condominium Act, this agreement is intended to provide for the enjoyment, recreation and other use or benefit of the unit owners and the expenses of operation, replacements and other undertakings in connection therewith, as set forth in more detail therein, are hereby declared to be common expenses of the condominium. Developer, its assignees and successors in interest shall have a lien on each unit for the unit's unpaid share of those expenses; this lien is fully described in the GRANT OF USE RIGHTS AND PRIVILEGES. Additionally, this agreement includes covenants

and restrictions concerning use by unit owners as well as other provisions, all of which are set forth in more detail therein.

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

Signed, sealed and delivered in the presence of:

Madeline Carroll Harris

Barita B. Barkley

Doris D. Brumley

Virgil Mew

THE ISLANDER GROUP, LIMITED

By Jerome H. LaChapelle
Jerome H. LaChapelle
General Partner

Attest: Cecil W. Barrett
Cecil W. Barrett
General Partner

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H. LaChapelle and Cecil W. Barrett, General Partners of The Islander Group, Ltd., a Florida Partnership, and each of said individuals acknowledged before me that they executed the foregoing Declaration of Condominium for and in the name of said Partnership and that they are authorized so to do by the Board of Directors of said Partnership for the purpose therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 15 day of JUNE, A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

EXHIBIT II (A)

CONSENT TO FILING OF DECLARATION OF CONDOMINIUM

WHEREAS, CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION OF MILTON, FLORIDA, having its principal office at 306 Steward Street, S.E., Milton, Florida, is the owner and holder of the mortgage lien created by that certain open-end mortgage deed, dated _____, by THE ISLANDER GROUP, LTD., 502 Gulfshore Drive, Destin, Florida, to CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION recorded among the public records of Okaloosa County on _____, in Official Records Book _____, Page _____; and

WHEREAS, CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION is in conjunction therewith the owner and holder of certain security interests as evidenced by UCC-1 form executed by the aforementioned parties and filed among the public records of Okaloosa County, Florida, and/or with the Secretary of the State of Florida; and

WHEREAS, a part of the real property in which THE ISLANDER GROUP, LTD. has a leasehold estate subject to the aforementioned mortgage lien and security interests has been improved by the construction thereon of a certain condominium building and related improvements which are being submitted to the condominium form of ownership, and THE ISLANDER GROUP, LTD. will be creating a condominium known as "The Islander, Phase I, a Condominium" by the Declaration of Condominium heretofore recorded among the Public Records of Okaloosa County, Florida, in Official Records Book _____, Page _____, in accordance with Chapter 718 of Florida Statutes; and

WHEREAS, CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION is desirous of evidencing its consent to the filing of said Declaration of Condominium.

NOW, THEREFORE, in consideration of the premises, as well as the sum of TEN ($10.00) DOLLARS and other good and valuable considerations in hand paid to the said CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION, CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION does hereby consent to the execution of said Declaration of Condominium of The Islander, Phase I, a Condominium, and its recording among the public records of Okaloosa County, Florida, and does likewise consent to the establishment of a condominium form of

ownership for the condominium property described therein under the aforementioned Declaration of Condominium, and in accordance with the laws of the State of Florida, it being the intention of CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION to consent thereto fully and in all respects required by Section 718.104(2) of the Florida Statutes in force and effect on the date of the execution of these presents.

IN WITNESS WHEREOF, CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION has caused these presents to be executed by its duly authorized officers this ____ day of _____, 19____.

CLEARWATER FEDERAL SAVINGS & LOAN ASSOCIATION

_____ By_____

_____ Attest_____

EXHIBIT II (B)

STATE OF FLORIDA
COUNTY OF OKALOOSA

JOINDER IN EXECUTION OF
DECLARATION OF
CONDOMINIUM

THIS JOINDER IN EXECUTION entered into by Okaloosa County, Florida, Lessor, in addition to the foregoing execution by The Islander Group, Ltd., a Florida Partnership, Lessee.

WITNESSETH:

WHEREAS, The Islander Group, Ltd., by Lease Assignment dated November 29, 1980, recorded at Book 1105, page 1502, Official Records of Okaloosa County, Florida, did acquire a complete assignment of the leasehold of the parcel described below; and

WHEREAS, Okaloosa County, Florida, as assignee of and successor to the Okaloosa Island Authority, is the lessor of the leasehold and record owner of the underlying fee to said parcel; and

WHEREAS, The Islander Group, Ltd., desires to submit the parcel to condominium ownership under the name "The Islander", in accordance with the foregoing Declaration of Condominium to which this Joinder is attached; and

WHEREAS, Florida Statute 718.104(2), The Condominium Act, requires that all persons having record title to the interest in the land being submitted to condominium ownership, or their lawfully authorized agents, must join in the execution of the Declaration;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS:

That Okaloosa County, Florida, by and through its duly authorized agents hereunder subscribed, joins in the execution of the foregoing Declaration of Condominium thereby submitting the following described real property to condominium ownership, to-wit:

Commencing at the Northwest corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, page 20, Okaloosa County, Florida; Proceed S 88° 44'-W 1266 feet along Gulfshore Drive; thence 485.84 feet along a 905' radius deflecting right with a chord of N 75°53'17"-W 480.03 feet to the Point of Beginning;

thence 19.61 feet along said radius with a chord of N 59°52.2'-W 19.61 feet; thence N 59°16'-W 391.40 feet; thence S 38°33.7'-W 196.1 feet; thence S 23°41'-W 281.60 feet; thence S 63°08.8'-E 478.35 feet; thence N 88°44'-E 156.95 feet; thence S 01°16'-E 128.59 feet; thence S 61°38'-W 137.98 feet; thence S 74°52'-W 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S 68°11'22.28"-W 43 feet, thence along said circle 260.15 feet (the central angle being 346°38' 44.56" and the chord being S 15°12'30"-E 9.89 feet), thence N 74°52'-E 142.97 feet, thence N 61°38'-E 21.69 feet; thence S 01°16'-E 194.14 feet to the waters edge of the Gulf of Mexico; thence meander the Gulf N 85°09'-E 115.22 feet; thence N 01°16'-W 793.20 feet to the Point of Beginning, containing 282,802.25 square feet.

IN WITNESS WHEREOF, this instrument is executed on this 23rd day of June, 1981.

WITNESSES:

Robert Lamar
DEPUTY CLERK OF CIRCUIT COURT

OKALOOSA COUNTY COMMISSIONERS

Shirley R. Ransom

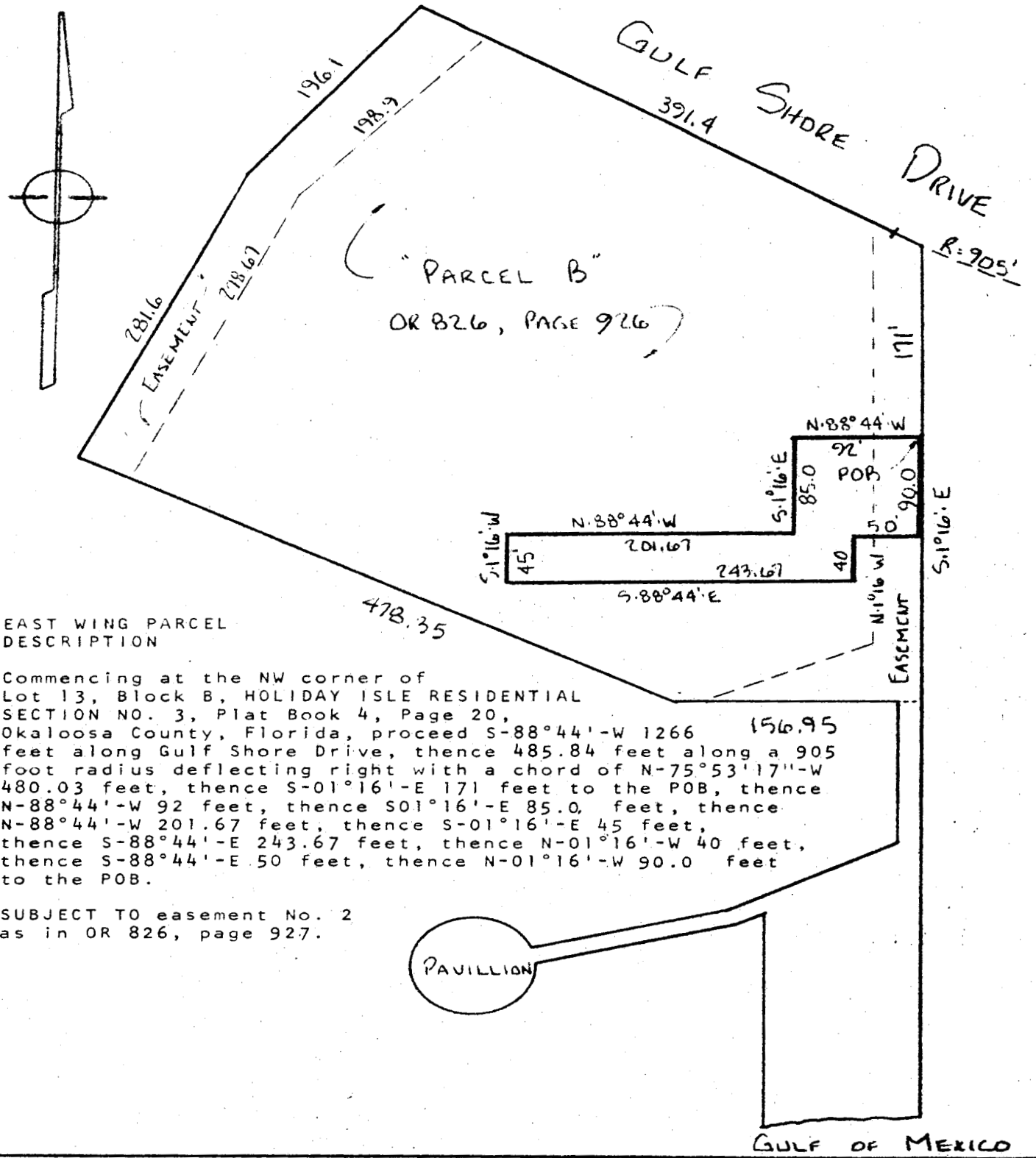
STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE me personally appeared Shirley R. Ransom Chairman of the Board of County Commissioners, Okaloosa County, Florida, to me well known and known to me to be the person described in and who executed the foregoing instrument, and acknowledged to and before me that he executed said instrument for the purposes therein expressed.

WITNESS my hand and official seal, this 23rd day of June, 1981.

Joanne Burns
Notary Public
State of Florida
My Commission Expires:
NOTARY PUBLIC STATE OF FLORIDA AT LARGE
MY COMMISSION EXPIRES OCT. 21 1982
BONDED THRU GENERAL INS. UNDERWRITERS

EXHIBIT III (A)



EAST WING PARCEL
DESCRIPTION

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S01°16'-E 85.0 feet, thence N-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90.0 feet to the POB.

SUBJECT TO easement No. 2 as in OR 826, page 927.

DESCRIPTION ABOVE

BOOK _____, PAGE _____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SURVEYED

SCALE 1"=100' DATE 21 MAY 1981 W.O. # _____

FIELD BOOK _____

ORDERED BY THE ISLANDER GROUP

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

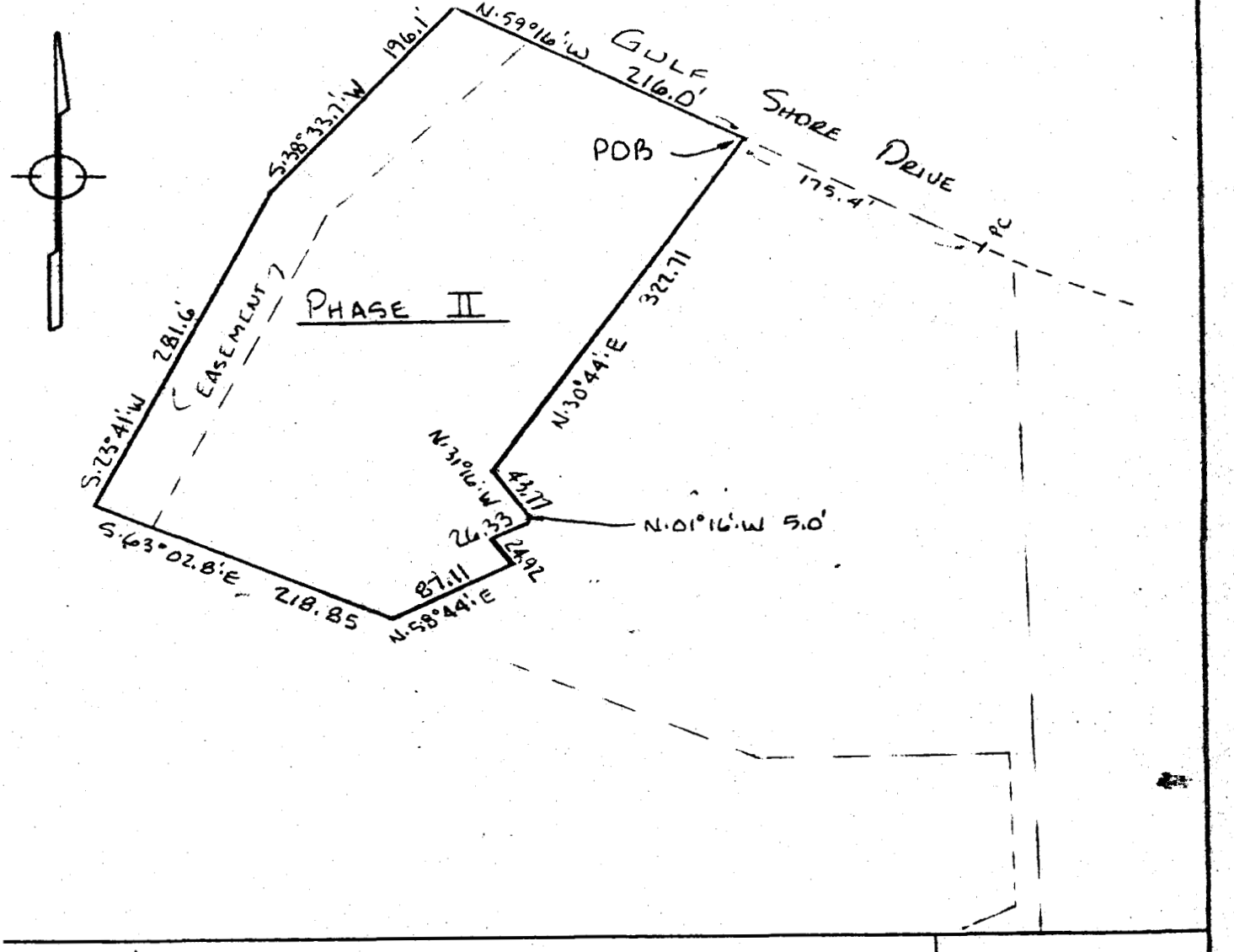
ENGINEER W. E. OVERSTREET SURVEYOR

EXHIBIT III (B)

DESCRIPTION PHASE II

Commencing at the NW corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulf Shore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulf Shore Drive to the POB; thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8'-E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to POB.

SUBJECT TO easement as in Parcel No, 1, OR 826, Page 927 of said County.



SCRIPTION ABOVE

BOOK _____, PAGE _____, OKALOOSA COUNTY, FLORIDA

CROACHMENTS NOT SURVEYED

ALE 1"=100' DATE 21 MAY 1981 W.O. # 1922

ELD OOK _____

DERED BY ISLANDER GROUP, LTD.

DESCRIPTION PLOT PLAN

I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

ENGINEER W. E. OVERSTREET SURVEYOR
PHONE 243.2909 • FORT WALTON BEACH, FLORIDA • 7 HUGHES AVENUE

EXHIBIT III (C)

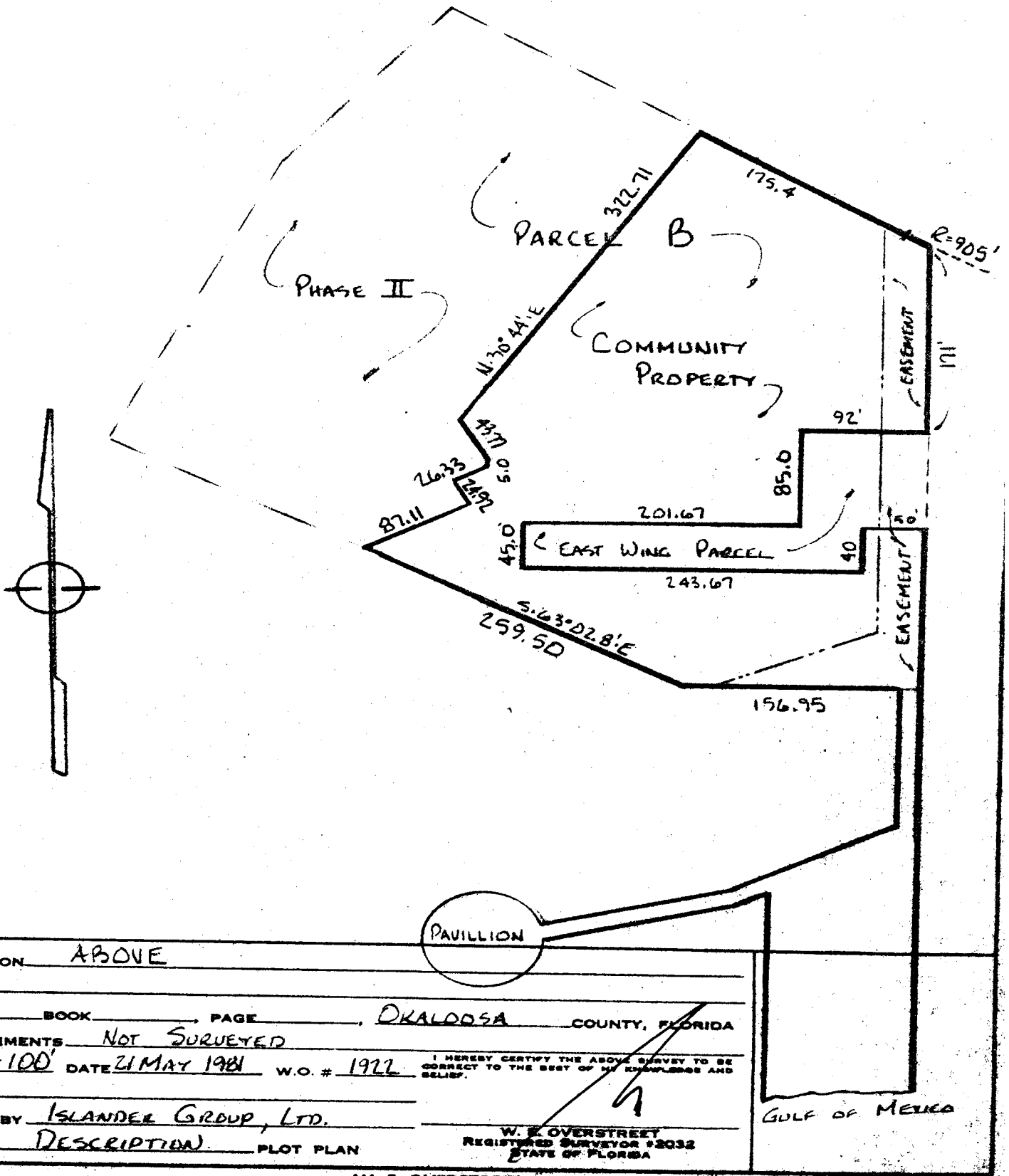
DESCRIPTION " COMMUNITY PROPERTY "

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida;

LESS AND EXCEPT: Phase II

AND LESS AND EXCEPT: East Wing Parcel

AND SUBJECT TO: Easement No. 2 as in OR 826, Page 927 of said County.



DESCRIPTION ABOVE

BOOK _____ PAGE _____, OKALOOSA COUNTY, FLORIDA

ENCROACHMENTS NOT SURVEYED

SCALE 1"=100' DATE 21 MAY 1981 W.O. # 1922

FIELD BOOK _____

ORDERED BY ISLANDER GROUP, LTD.

DESCRIPTION PLOT PLAN

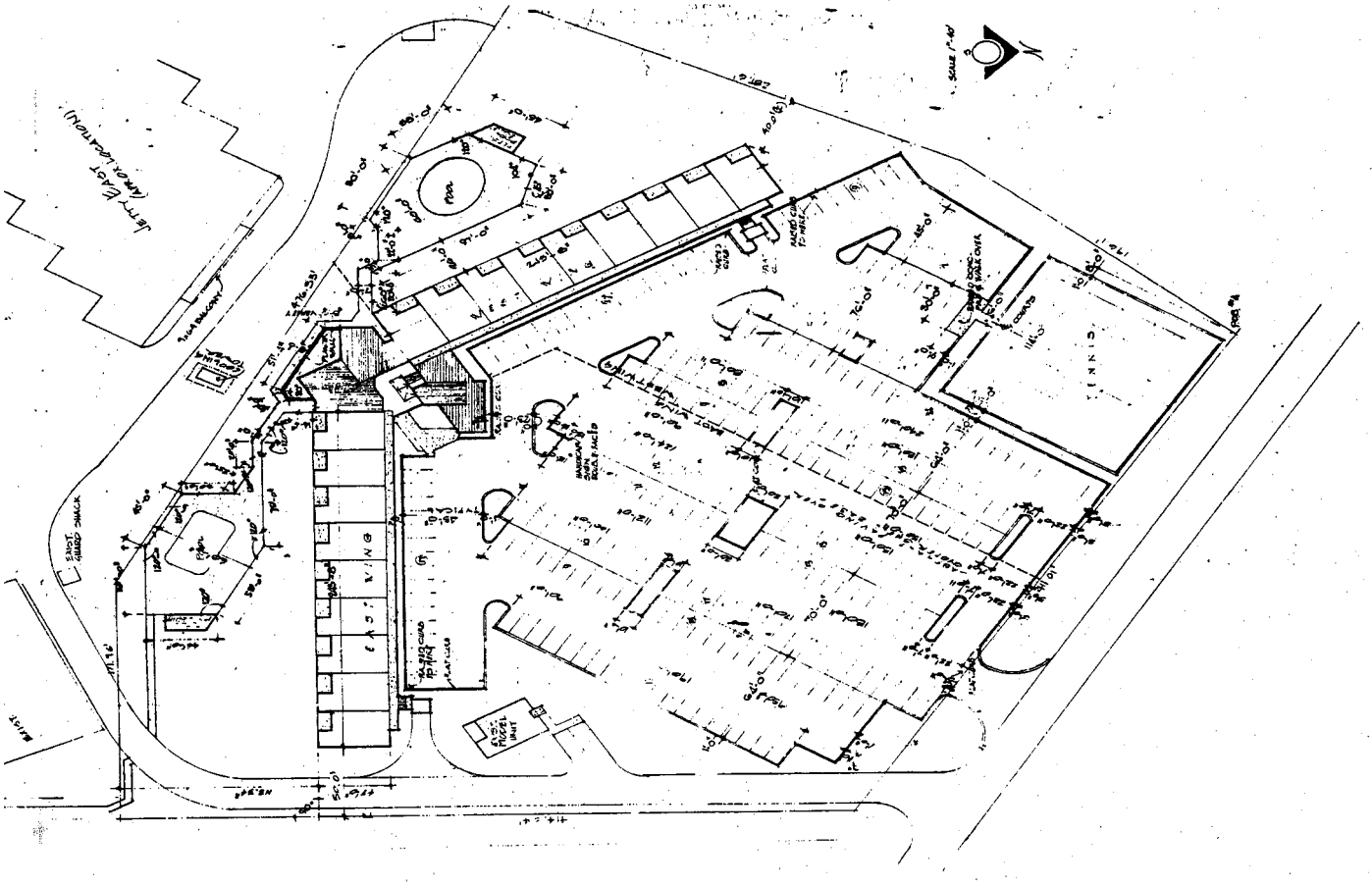
I HEREBY CERTIFY THE ABOVE SURVEY TO BE CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

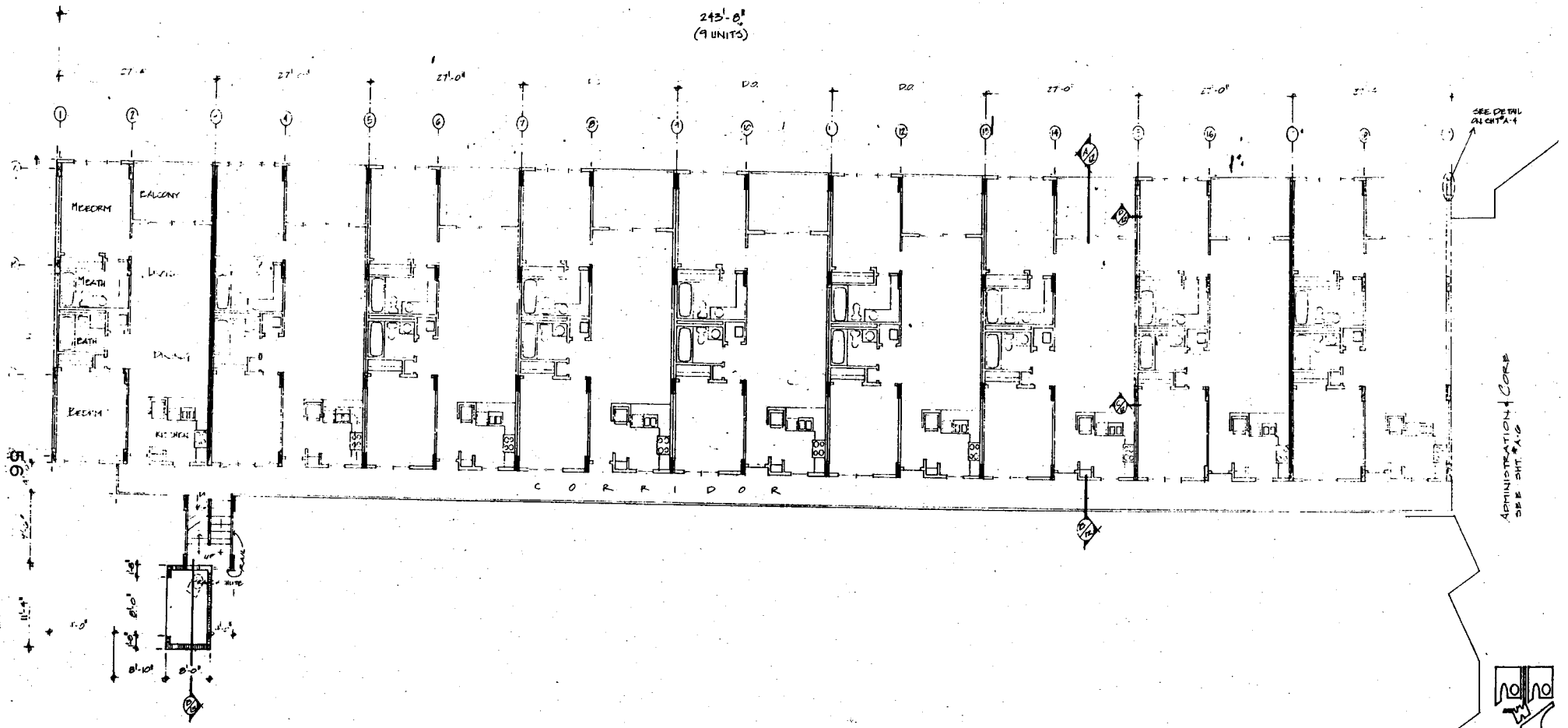
W. E. OVERSTREET
REGISTERED SURVEYOR #2032
STATE OF FLORIDA

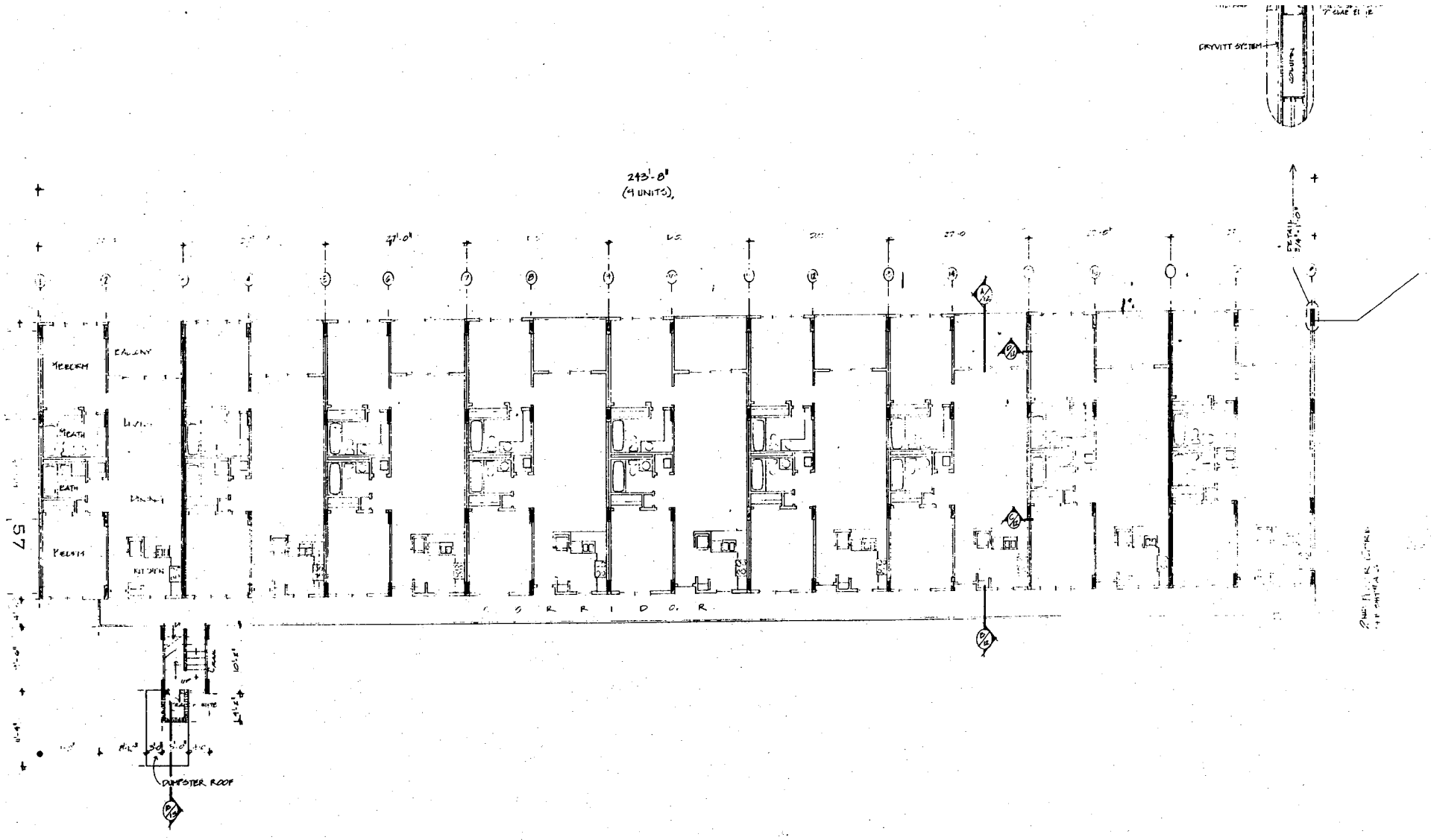
ENGINEER W. E. OVERSTREET SURVEYOR
PHONE 243-2908 • FORT WALTON BEACH, FLORIDA • 7 HUGHES AVENUE

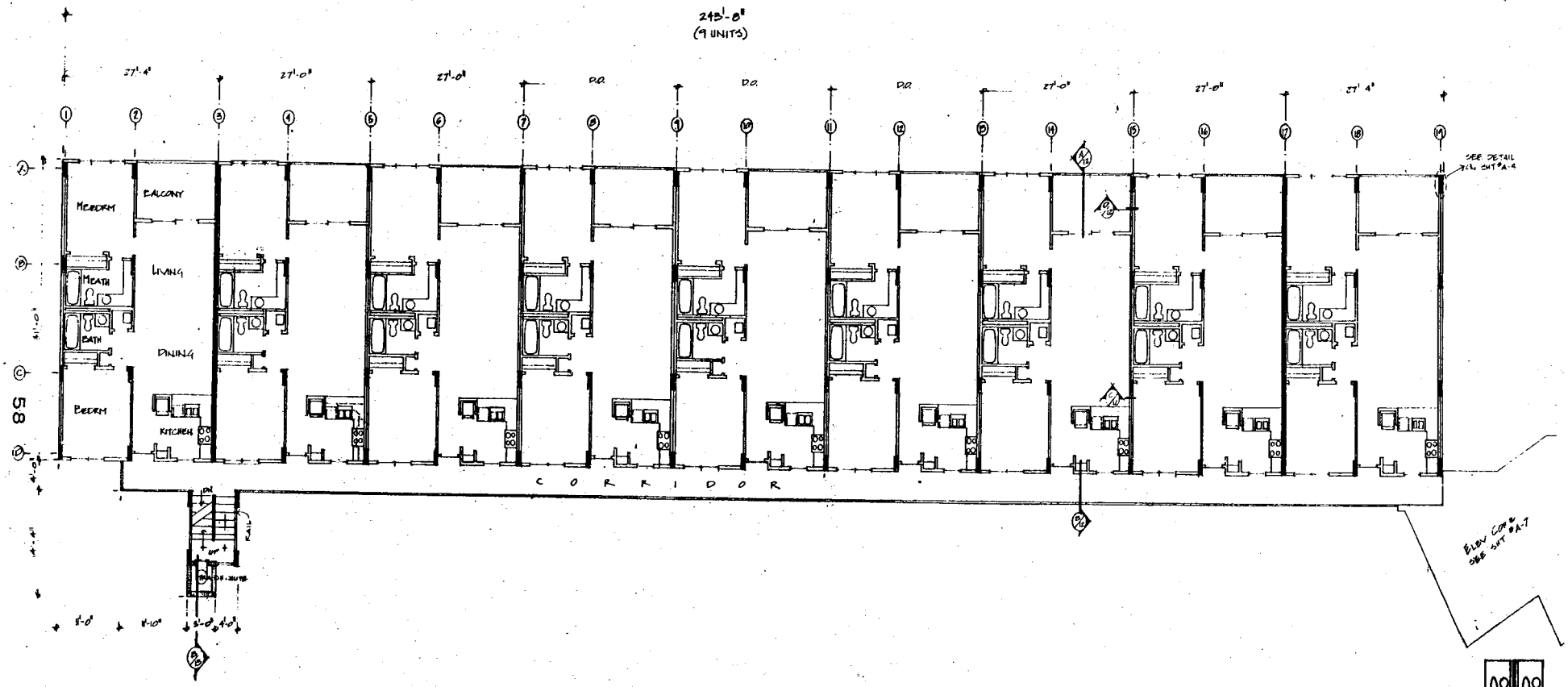
EXHIBIT IV

PLOT PLAN & FLOOR PLANS




243'-8"
(9 UNITS)
27'-0"
27'-0"
27'-0"


243'-8"
(9 UNITS)
BEDROOM
BATH
KITCHEN
CORRIDOR
DUMPSTER ROOF
DRYVITT SYSTEM
DETAIL 5/A1.10



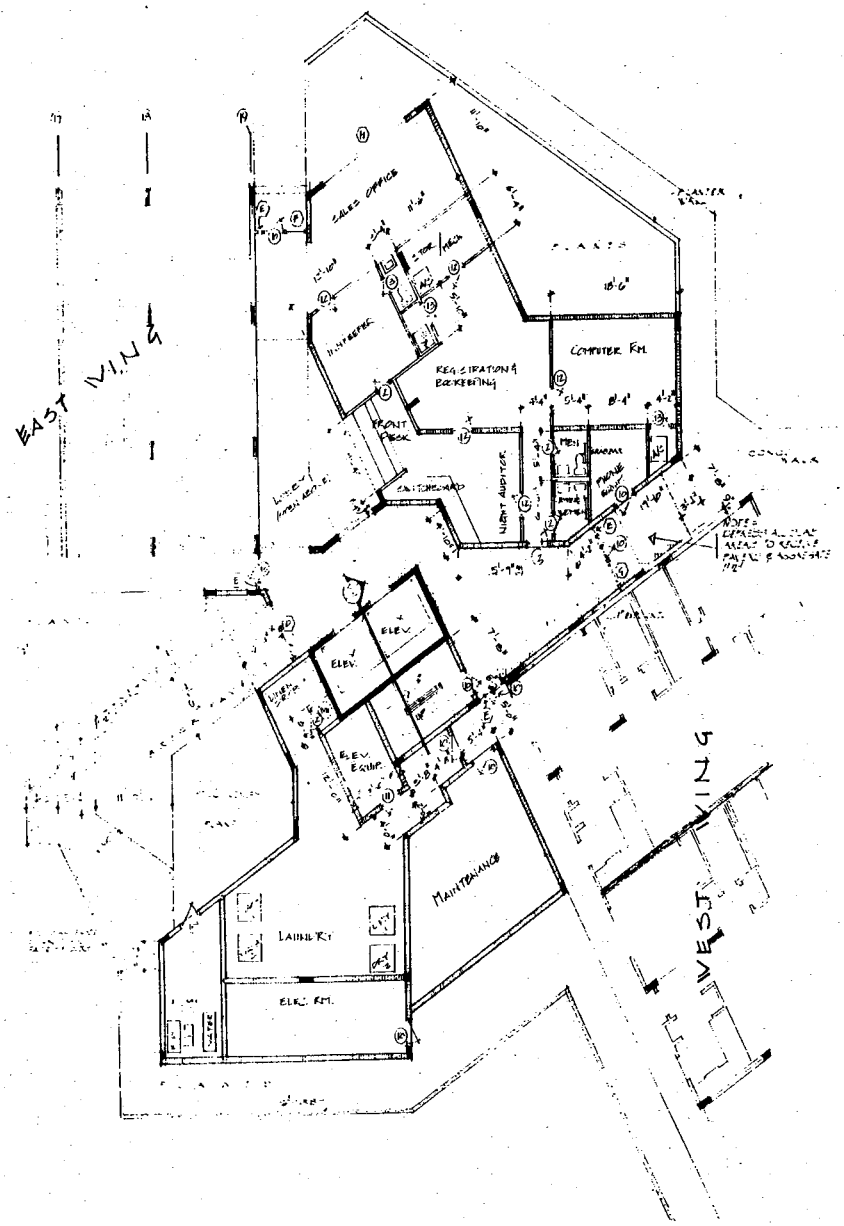
1/8" OVERALL FLOOR PLAN 3RD THRU 7TH FLOORS

THE "ISLANDER CONDO" FOR THE "ISLANDER GROUP LTD"

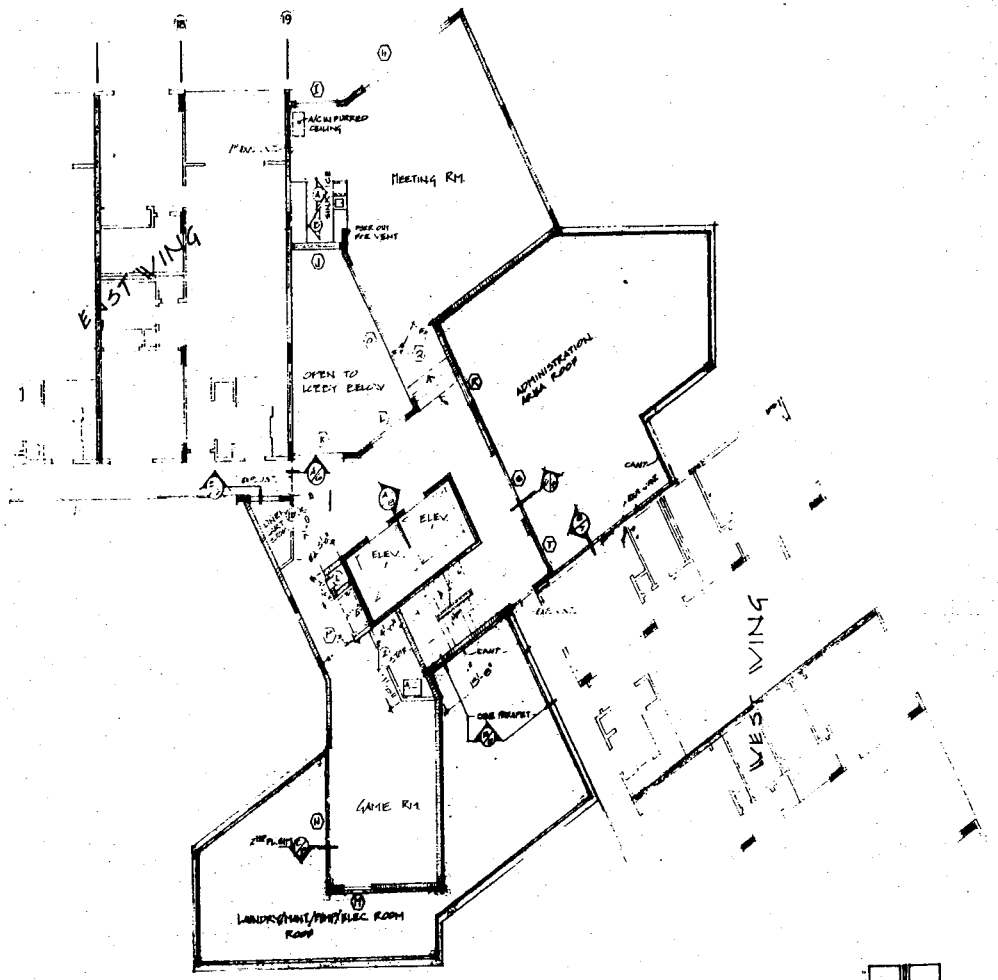
REV. 5/20/81
REV. 5/20/81
ALL/81

A5

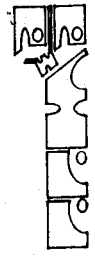
80069



GROUND FLOOR - CORE
1/8" = 1'-0"



2ND FLOOR - CORE
1/8" = 1'-0"

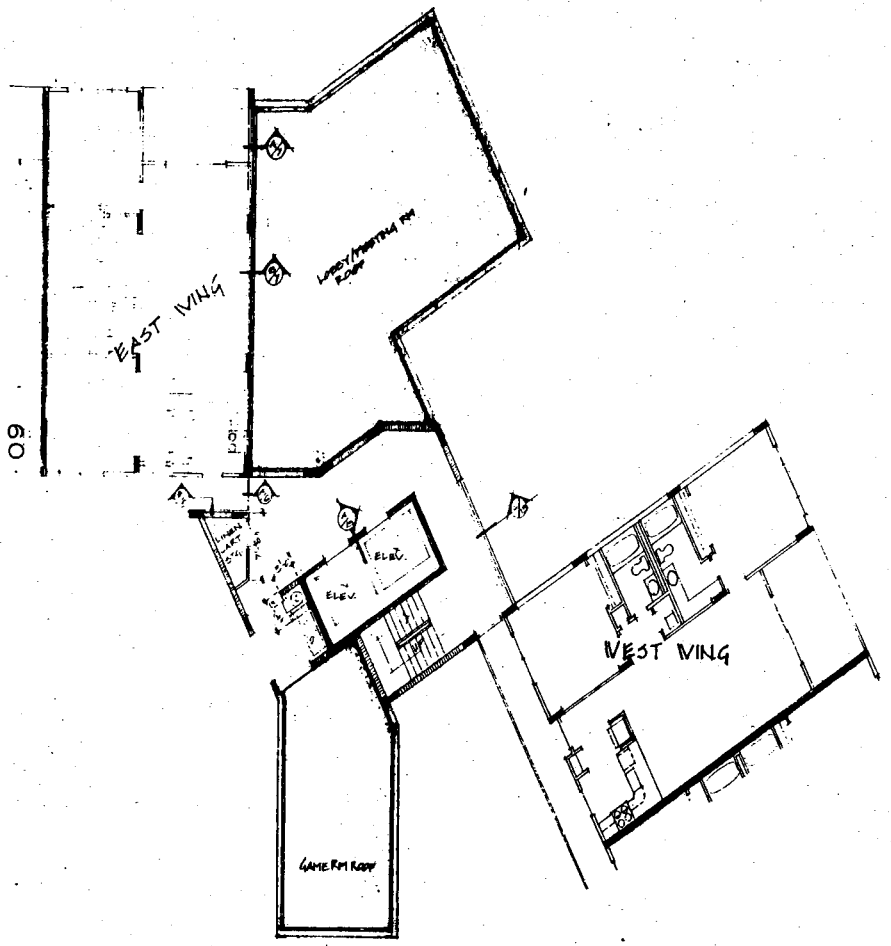


REV'D 12/23/81
MAY 20, 1981
REV'D 1/14/81

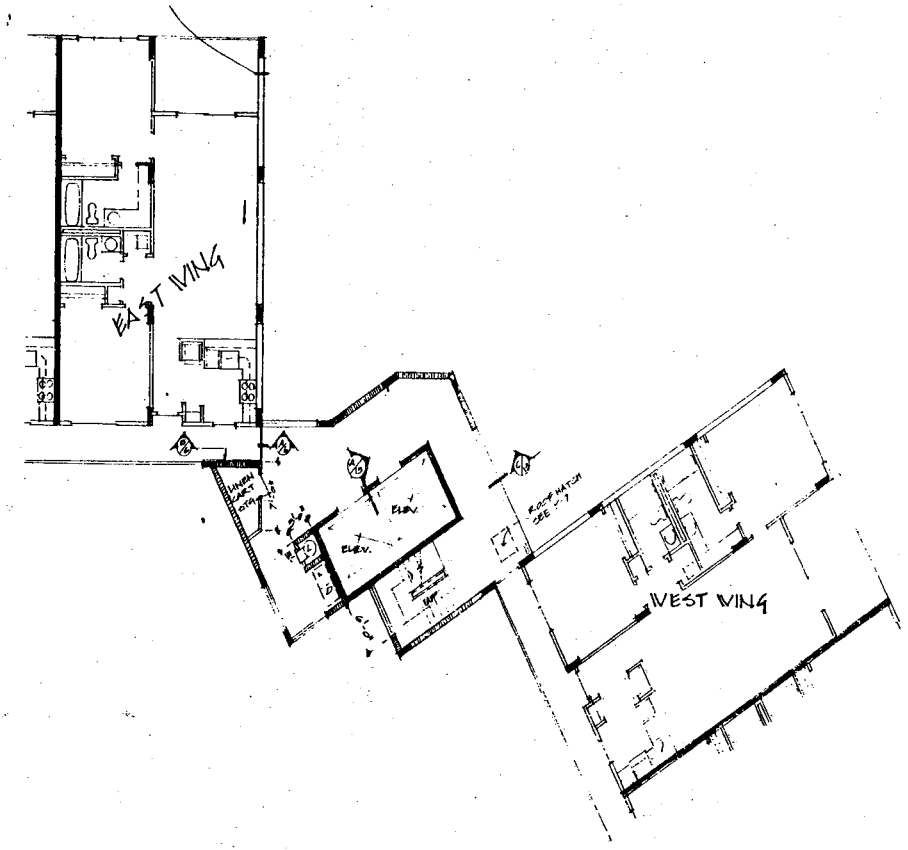
A6

1/8" OVERALL GROUND & 2ND FLOOR CORE PLAN

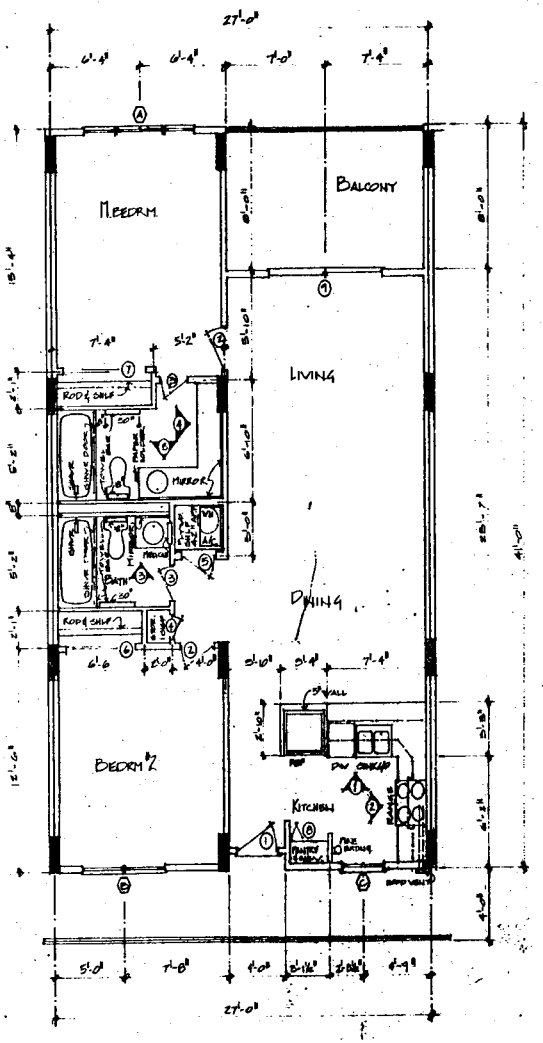
"THE ISLANDER CONDO" FOR "ISLANDER GROUP LTD" 80069



3RD FLOOR - CORE
1/8" = 1'-0"

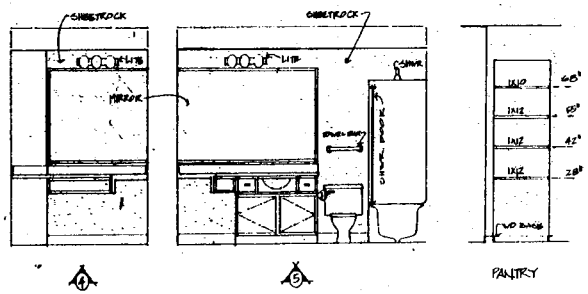


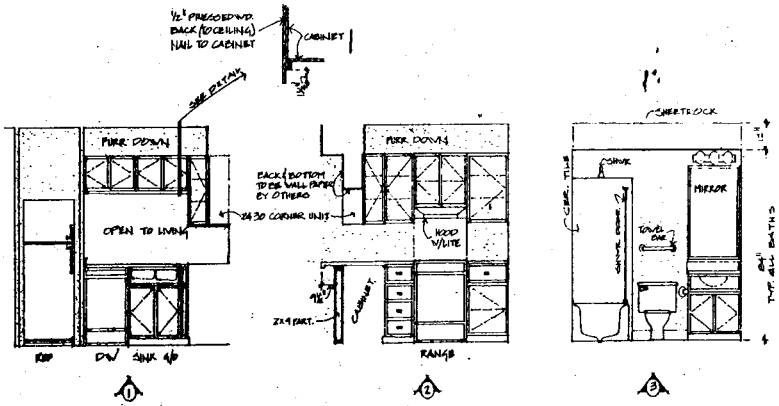
4TH THRU 7TH FLOOR - CORE
1/8" = 1'-0"



NOTES:
- ALL TOWEL RACKS TO BE 72" AFF TO C
- 18" TOWEL RACKS TO BE CENTRED W/ W.C.
- 30" TOWEL RACKS TO BE MOUNTED AS NOTED

FLOOR PLAN 1/4" = 1'-0"





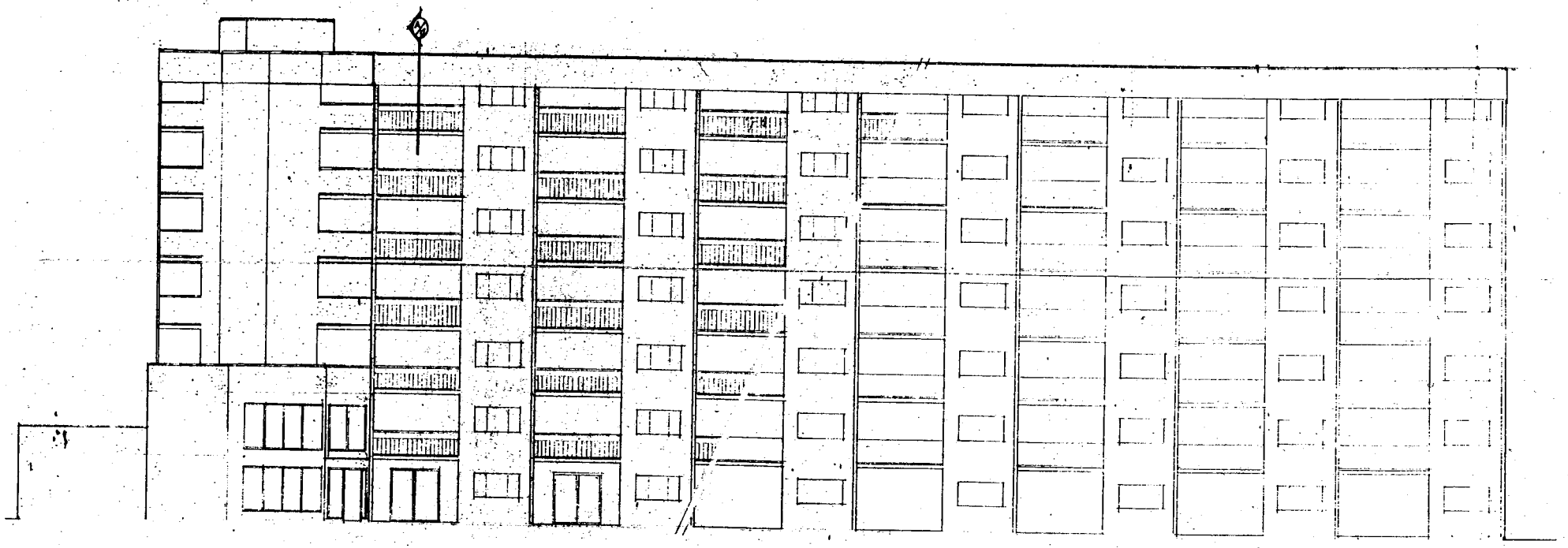
CABINET ELEVATIONS 3/8" = 1'-0"

1/4" FLOOR PLAN & CABINET ELEVATIONS
THE "ISLANDER CONDO" FOR THE ISLANDER GROUP LTD

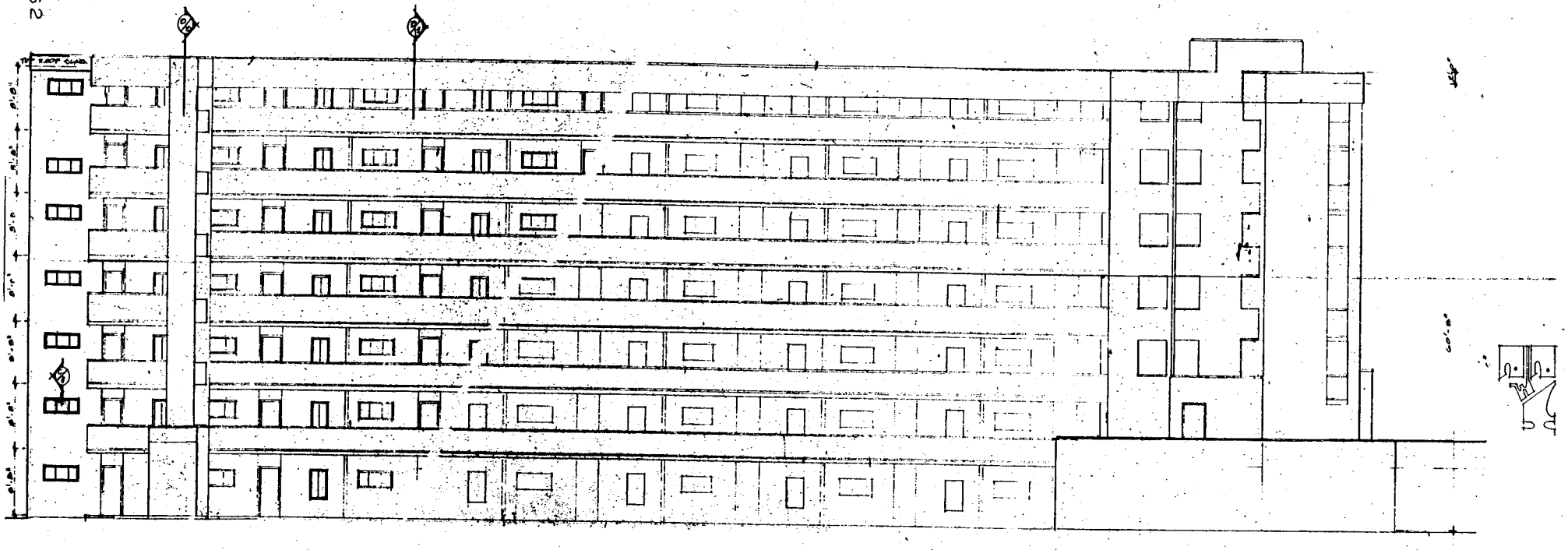
REV. 5/05/01
REV 5/1/01
4/26/01

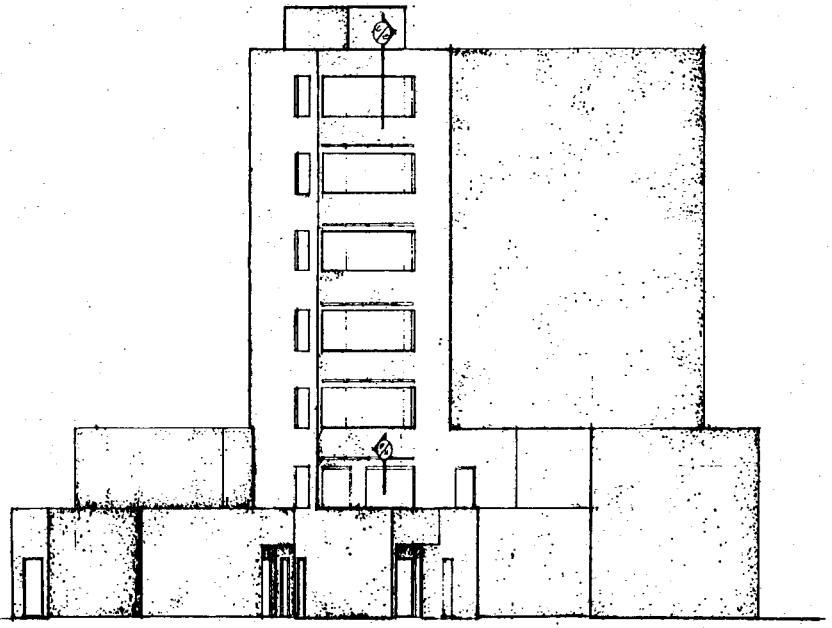
A8

80069

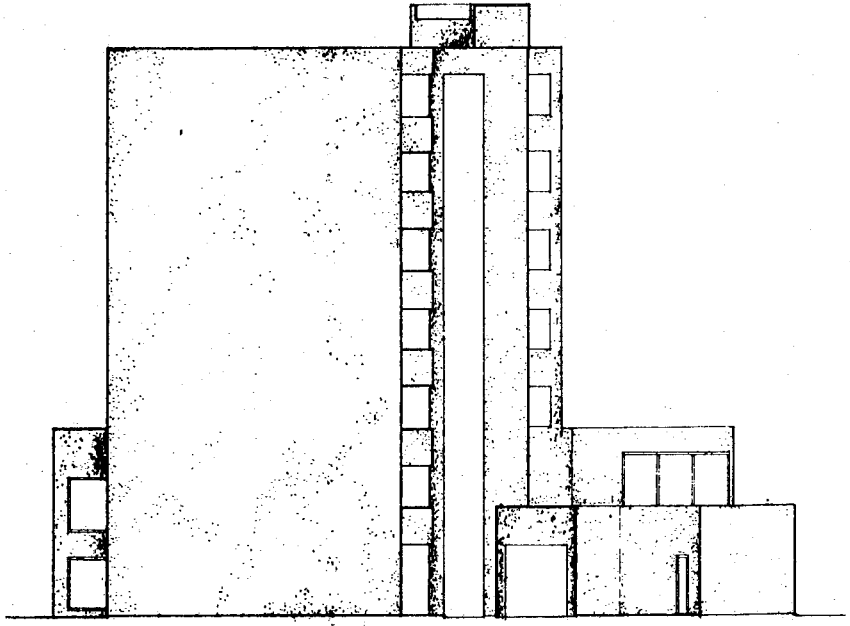


SOUTH ELEVATION

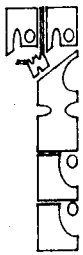




WEST ELEVATION 1/8"=1'-0"



EAST ELEVATION 1/8"=1'-0"



revisions/81
4/16/81

A11

"the ISLANDER CONDO" for ISLANDER GROUP inc.

8009

EXHIBIT V
LEASE ASSIGNMENT

THIS LEASE ASSIGNMENT is made and entered into by and between LAFAIR, INC., a Florida Corporation herein called ASSIGNOR, and who, in consideration of $10.00 and other valuable considerations received from ISLANDER GROUP LTD., a Florida Limited Partnership whose post office address is P.O. Box 1237, Destin, Florida 32541

hereinafter called ASSSIGNEE, assigns to the Assignee their leasehold interest in and to the following described property situate, lying and being on Holiday Isle in Okaloosa County, Florida, described as follows: COMMENCING at the Northwest Corner of Lot 13, Block "B", HOLIDAY ISLE RESIDENTIAL SECTION NO. THREE, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88 degrees 44' W, 1266 feet along Gulfshore Drive; 485.84 feet along a 905' radius deflecting right with a cord of N75 degrees 53'17"W, 480.03 feet to the POINT OF BEGINNING; thence 19.61 feet along said radius with a cord of N59 degrees 52.2'W, 19.61 feet; thence N 59 degrees 16'W, 391.40 feet; thence S38 degrees 33.7' W, 196.1 feet; thence S23 degrees 41' W, 281.60 feet; thence S 63 degrees 02.8'E, 478.35 feet; thence N 88 degrees 44'E, 156.95 feet; thence S 01 degrees 16' E, 128.59 feet; thence S61 degrees 38'W, 137.98 feet; thence S74 degrees 52'W, 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S68 degrees 11'22.28"W, 43 feet; thence along said circle, 260.15 feet (the central angle being 346 degrees 38'44.56" and the chord being S15 degrees 12' 30"E, 9.89 feet); thence N74 degrees 52' E, 142.97 feet; thence N61 degrees 38' E, 21.69 feet; thence S01 degrees 16' E, 194.14 feet to the waters edge of the Gulf of Mexico; thence meander the Gulf N 85 degrees 09'E, 115.22 feet; thence N01 degrees 16'W, 793.20 feet to the POINT OF BEGINNING, Containing 282,802.25.

WHEREAS, C. B. S. Development Corporation was the Lessee under certain Ground Master Lease dated September 9, 1961, recorded in Official Records Book 209, at Page 123, of the Records of Okaloosa County, Florida, as amended by Amendment heretofore recorded in Official Records Book 244, at Page 348, of the Public Records of said County, in which Master Ground Lease Okaloosa Island Authority is the Lessor; and

WHEREAS, said C. B.S. Development Corporation did heretofore effect a legal dissolution and in accomplishing the liquidation of its properties, said C. B. S. Development Corporation assigned and transferred all of its right, title and interest in and to the above described Master Ground Lease, as amended, insofar as it included or affected the real estate herein described and other real estate, to the Assignor herein, by instruments heretofore recorded in the Public Records of Okaloosa County, Florida, so that Assignor has succeeded to all of the right, title, and interest of said C. B. S. Development Corporation in and to said Master Ground Lease, as amended, insofar as same related to the real estate described herein, and Assignor has succeeded to all of the right, title and interest of said C. B. S. Development Corporation in and to the real estate described herein, and

WHEREAS, said C. B. S. Development Corporation was the Lessor and WHITE SANDS INVESTMENTS CORPORATION. was the Lessee under said Lease Assignment dated June 19, 1972 recorded in Official Records Book 657, at Page 240, of the Public Records of Okaloosa County, Florida.

Assignor warrants that they have good right to assign said Lease and that it is free and clear of all claims of any person/s.

WITNESSES:
Sharon K. Cray
Jerome H. LaChapelle

LAFAIR, INC., a Florida Corp.
By: Jerome H. LaChapelle
Jerome H. LaChapelle Assignor
Cecil W. Barrett Assignor

WITNESSES:
Sharon K. Cray
Jerome H. LaChapelle

ISLANDER GROUP LTD., a Florida Limited Partnership
By: Jerome H. LaChapelle
Jerome H. LaChapelle Assignee
Cecil W. Barrett Assignee

D-1048

STATE OF FLORIDA
COUNTY OF OKALOOSA

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

JEROME H. LaCHAPELLE and CECIL W. BARRETT Officers of LAFAIR, INC.

to me known to be the person/s described in and who executed the foregoing instrument and acknowledged before me that they executed the same for the uses and purposes therein set forth.

WITNESS my hand and official seal this 29 day of November, 1980.

(seal)

Sharon Kay Cray
NOTARY PUBLIC
My Commission Expires: 2/1984

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State aforesaid and in the County aforesaid to take acknowledgements, personally appeared

JEROME H. LaCHAPELLE and CECIL W. BARRETT Officer of ISLANDER GROUP LTD.

to me known to be the person/s described in and who executed the foregoing instrument and acknowledged before me that they executed the same for the uses and purposes therein set forth.

WITNESS my hand and official seal this 29 day of November, 1980.

(seal)

Sharon Kay Cray
NOTARY PUBLIC
My Commission Expires: 2/1984

HOLIDAY ISLE IMPROVEMENT ASSOCIATION DOES HEREBY APPROVE THE FOREGOING INSTRUMENT.

CLERK CIRCUIT COURT
SUUM CUIQUE
OKALOOSA COUNTY FLORIDA

692965

EXHIBIT VI

GRANT OF USE RIGHTS AND PRIVILEGES

THIS AGREEMENT entered into this 8 day of June, 1981, by and between:

The Islander Group, Ltd., a Florida limited partnership, hereinafter referred to as GRANTOR, and

The Islander Owners' Association, Inc., a Florida non-profit corporation, hereinafter referred to as GRANTEE,

WITNESSETH:

WHEREAS it is specifically recognized that the Islander, Phase I, and The Islander, Phase II, if built, constitute a single multi-phase condominium and that upon completion of Phase II, owner of units in either phase shall equally be members of the Associatio and

WHEREAS it is intended that the Unit Owners of The Islander, Phase I, a condominium, have the use and enjoyment of certa lands, structures, and facilities during that time in which GRANTOR must retain ownership and control thereof to effectuate the develop ment of all phases; and

WHEREAS, the purposes for which the COMMUNITY PROPERTY is intended is to provide ingress and egress, administrative support, recreational facilities and parking facilities, for the use, benefit and enjoyment of the owners of units in any condominium submitted to the jurisdiction of and operated by The Islander Owners Association, Inc.

THEREFORE, TAKE NOTICE BY THESE PRESENTS THAT:

I. COMMUNITY PROPERTY: As used in this Grant, the COMMUNITY PROPERTY includes the following:

A. REAL PROPERTY, LEGAL DESCRIPTION:

Parcel B as recorded in OR 826, Page 926, Okaloosa County, Florida; Less and Except:

Description of Phase II -

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S 88°44' W 1266 feet along Gulfshore Drive, thence 505.45 feet along a 905 foot radius deflecting right with a chord of N-75°16'-W 498.91 feet, thence N-59°16'-W 175.4 feet along Gulfshore Drive to the Point of Beginning, thence continue N-59°16'-W 216 feet, thence S-38°33.7'-W 196.1 feet, thence S-23°41'-W 281.6 feet, thence S-63°02.8' E 218.85 feet, thence N-58°44'-E 87.11 feet, thence N-31°16'-W 24.92 feet, thence N-58°44'-E 26.33 feet, thence N-01°16'-W 5.0 feet, thence N-31°16'-W 43.77 feet, thence N-30°44'-E 322.71 feet to POB.

Description of East Wing Parcel -

Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44' W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905 foot radius deflecting right with a chord

THIS INSTRUMENT PREPARED B

Matthew W. Burns
Attorney at Law
Post Office Box 1226
Destin, Florida 32541

of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the Point of Beginning, thence N-88° 44'-W 92 feet, thence S-01°16'-E 85 feet, thence S-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01° 16' W 90.0 feet to the POB.

Subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, appended as an Exhibit to the Declaration, and subject to Easement No. 2 as in OR Book 826, page 927, of said County. This is a Leasehold interest expiring September 1, 2060, and renewable for 99 years.

B. IMPROVEMENTS: The COMMUNITY PROPERTY also includes, upon completion of their construction, the following improvements located on the above described land:

(1) EXISTING: The existing improvements on the real property are:

(a) Model Unit

(b) Paved roads, etc.

(2) PROPOSED: The improvements proposed to be built on the real property are:

(a) Swimming Pool, heated

(b) Elevators

(c) Parking Spaces

(d) Meeting Room

(e) Party Room

(f) Administration Offices

GRANTOR covenants to commence and complete the above described improvements at the time of commencement and completion of The Islander, Phase I, a condominium.

(3) OPTIONAL: GRANTOR'S reservation of the right in his sole discretion to build The Islander, Phase II, to enlarge the improvements and to otherwise construct optional improvements are stated elsewhere in this instrument.

C. COMMON WALL RIGHTS AND EASEMENTS: The COMMUNITY PROPERTY also includes, and is subject to, certain rights and obligations with regards to common or party walls, and certain cross-easements for encroachments, and set backs, and for ingress and egress as set forth elsewhere in this instrument.

D. OTHER NONEXCLUSIVE EASEMENTS: The COMMUNITY PROPERTY is subject to the nonexclusive easements for the benefit of the Jetty East Condominium Association, Inc., created by that Grant of Easement dated December 23, 1975, recorded at OR Book 827, pages 527-533, official records of Okaloosa County, Florida, the terms and provisions of which are fully adopted and incorporated by reference herein. Grantee's rights, and those of the Unit Owners, as created by this instrument are subject thereto.

II. GRANT: In consideration of Ten Dollars and in further consideration of GRANTEE'S covenants to perform as hereafter provided, GRANTOR hereby grants unto GRANTEE, as trustee for the Unit Owners of The Islander, Phase I, a condominium, and for such other beneficiaries as are hereafter described, the non-exclusive right and privilege of using the COMMUNITY PROPERTY for the purposes for which it is intended, this grant being subject to the reservations, restrictions, and covenants of this instrument, and to the provisions of the Declaration of Condominium of The Islander, Phase I, a condominium; and Grantor, to effectuate the terms of this instrument hereby extends to the Unit Owners of said Islander, Phase I, and Islander, Phase II, if built, an easement for ingress and egress over streets, walks and other rights of way within the Community Property, said easement to be held in common with other Unit Owners and with Grantor, its successors and assigns, and to be exercised subject to the reservations, covenants and restrictions contained herein.

III. AGREEMENT TO CONVEY: In further consideration of the mutual covenants and undertakings set forth herein, GRANTOR hereby agrees and covenants to convey to GRANTEE, at any time of GRANTOR'S choosing but no later than July 31, 1988, a leasehold interest in the COMMUNITY PROPERTY, expiring September 1, 2060, A.D., and renewable for an additional 99 years, free and clear of all encumbrances, but subject to all easements, restrictions, and conditions contained in or incorporated in this instrument.

IV. ACCEPTANCE: GRANTEE hereby accepts this grant and agreement to convey on behalf of and for the benefit of all beneficiaries described herein, and by so accepting agrees to the provisions of this instrument and such other provisions as are incorporated by reference herein.

V. COMMON WALLS: GRANTOR AND GRANTEE hereby mutually agree, grant, and reserve, each to and from the other, the following common or party wall rights:

A. Prior to the date GRANTOR conveys the COMMUNITY PROPERTY to GRANTEE, the Westernmost and Northernmost walls of The Islander, Phase I, building and any connecting walls, corners or facings, shall be a common or party wall shared by The Islander, Phase I, and those portions of the COMMUNITY PROPERTY, (including but not limited to elevator tower and administrative offices), which in fact share said walls as graphically represented in Exhibits to the Declaration of Condominium;

(1) GRANTOR and GRANTEE hereby mutually grant easements for encroachments or projections caused by the construction, mislocation, shifting or subsidence of any part of the Phase I building or COMMUNITY PROPERTY sharing such walls;

(2) Both parties mutually warrant the other's right to lateral support of and by said walls;

(3) Both parties grant easements for ingress and egress through doors and passageways, if any, placed in said walls;

(4) GRANTOR covenants to construct the walls; GRANTEE covenants to insure the walls and pay all the costs of maintenance, repair and replacement, on like terms as regards the COMMUNITY PROPERTY.

B. GRANTOR reserves the right to utilize any walls of the elevator lobby tower and administration building included in the COMMUNITY PROPERTY, not shared with The Islander, Phase I building, as a common or party wall for the Islander, Phase II building or other multi-level residential building, provided construction of such building is commenced by the Developer, its successors or assigns, prior to the date the COMMUNITY PROPERTY is conveyed toGRANTEE; and further reserves the right to convey the COMMUNITY PROPERTY to GRANTEE subject to any party wall agreement or grant of party wall rights entered into by GRANTOR, its successors, or assigns, as a means of effectuating such party wall plan.

C. GRANTEE hereby agrees to accept the conveyance of the COMMUNITY PROPERTY subject to the aforesaid party wall agreements; GRANTEE agrees to pay the entire cost of insuring, maintaining, repairing, and replacing the entire elevator tower and administration offices and lobby including all shared and unshared walls, provided however, that, if the walls are shared by a building other than The Islander, Phase I or Phase II, then the owners of units in such other building shall share a proportionate cost of such insurance, maintenance, repair, and replacement; the cost to the GRANTEE hereunder shall be a common expense.

VI. RESERVATIONS:

A. GRANTOR reserves unto itself ownership of the COMMUNITY PROPERTY, subject to the agreement to convey at a future date contained elsewhere in this instrument.

B. GRANTOR reserves unto itself and its successors the right to use the COMMUNITY PROPERTY in common with GRANTEE and The Islander Owners Association members. Users other than members of the Association, if any, shall pay a fair and reasonable share of the maintenance and repair obligations and other exactions due

for the use of the COMMUNITY PROPERTY.

C. GRANTOR reserves unto itself and its successor all rights and privileges appurtenant to the COMMUNITY PROPERTY, or interest therein, which are not granted herein to GRANTEE, including, but not necessarily limited to, the following:

(1) The right and privilege of granting similar use rights and privileges to persons who may, from time to time become members of the Association and who may own units in condominiums other than those presently operated by GRANTEE, provided that,

(a) The maximum number of units included within all of the condominiums that will use the COMMUNITY PROPERTY in common will be 198 units and;

(b) If The Islander, Phase II, is built as described in the Declaration of Condominium of The Islander, Phase I, to which this instrument is appended, the GRANTOR will build and furnish the additional land and facilities as stated in the declaration;

(i) This Grant of Use Rights shall automatically apply to such additional facilities, and

(ii) GRANTOR will convey these additional facilities to GRANTEE for the benefit of the Association members no later than July 31, 1988, and GRANTOR shall have no further obligation under this instrument regarding The Islander, Phase II; and

(c) For any project other than The Islander, Phase II, the minimum amount of dollars per unit to be spent by the GRANTOR for the enlargement of existing recreational or other facilities or for additional recreational or other facilities, which may be located on additional lands submitted pursuant to the subparagraph (2), is $600.00 per additional unit.

GRANTOR or its successor may discharge this obligation by furnishing land or improvements with market value of actual cost in the stated amount, or by making a cash payment to GRANTEE, or a combination of both.

(2) The right and privilege of expanding, altering or improving the COMMUNITY PROPERTY including the right and privilege of submitting additional lands and improvements located thereon to the restrictions, reservations and covenants set forth herein, said additional lands and improvements to be subject to and governed by this Agreement and deemed to be COMMUNITY PROPERTY as fully and completely as if described in this Agreement at the time of its initial execution; provided that, such expansion, alteration or improvement shall not result in a material increase of a unit owners maintenance expenses.

(3) The right and privilege of using the COMMUNITY PROPERTY in any manner which, in the opinion of the GRANTOR, may assist the construction or sales effort of the GRANTOR, including but not limited to, maintenance of a sales office, the showing of the property and the display of signs.

(4) If GRANTEE fails to promulgate or enforce regulations pursuant to paragraph E of RESTRICTIONS which, in the opinion of the GRANTOR, are sufficient to assure complaince as required by said paragraph E, then the GRANTOR shall have the right and privilege, until such time as GRANTEE shall comply with said paragraph E, of promulgating and enforcing such regulations.

(5) The automobile parking spaces provided on the COMMUNITY PROPERTY are for the use and benefit of the members of the Association and will be available for use by each unit owner according to such reasonable rules and regulations as may from time to time be promulgated by GRANTEE; provided, that at all times, each unit owner shall be entitled to the use of at least one automobile parking space without charge.

(6) All rights and privileges reserved to the GRANTOR shall be freely assignable, entirely or severably, by GRANTOR.

VII. COVENANTS:

A. In consideration for this grant of use rights and privileges, GRANTEE covenants to pay, in advance or as accrued, the actual costs of operating, maintaining, replacing, repairing or improving the COMMUNITY PROPERTY, including other costs as may be reasonably related thereto, for the purposes for which it is intended; and further including those costs reasonably related to providing GRANTOR with full enjoyment of the reserved rights; in further consideration for this Grant, GRANTEE hereby holds GRANTOR, its successors and assigns, harmless for the payment of said costs, except for a proportionate share of the actual cost of exercising any rights in common with Association members. The costs GRANTEE agrees to pay shall include, but are not necessarily limited to the following:

(1) TAXES. Any and all taxes levied or assessed at any and all times by any and all tax authorities including all taxes, charges, assessments, impositions, liens for public improvements, special charges and in general, all taxes or tax liens which may be assessed against the COMMUNITY PROPERTY which is now or hereafter placed thereon, including all interest, penalties and other charges which may accrue thereon.

(2) UTILITY CHARGES. All charges levied for utilities on the COMMUNITY PROPERTY whether they are supplied by

a public or private firm, including all charges for water, gas, electricity, telephone, sewer and any other type of utility, or any other type of service charge.

(3) LIABILITY INSURANCE. All premiums for a policy or policies of insurance in the form generally known as public liability or owners landlord and tenant policies insuring against any and all claims and demands made by any person or persons whomsoever of injuries received in connection with the operation and maintenance of the COMMUNITY PROPERTY and of the improvements and buildings, which may, from time to time, be located thereon or for any other risk insured against by such policies with limits of liability in amounts not less than those required by Paragraph XIV entitled INSURANCE of the Declaration of Condominium of The Islander, Phase I. All such policies will name the GRANTEE, its members, and the GRANTOR as named insured under such policies.

(4) WORKMEN'S COMPENSATION. A policy of Workmen's Compensation Insurance which meets the requirements of law shall be maintained and kept in force and GRANTEE shall pay all costs of such policy.

(5) FIRE, WINDSTORM, AND OTHER CASUALTY INSURANCE. The premiums for a policy or policies of insurance to keep insured any and all buildings or improvements now located or which may hereafter be located upon the COMMUNITY PROPERTY for protection against loss or damage caused by or resulting from fire, windstorm or other causalty in an amount equal to the maximum insurable replacement value, excluding foundation and excavation cost, and all personal property included as a part of the COMMUNITY PROPERTY shall be insured for its value, as determined by the GRANTOR. All policies issued and renewals thereof shall be payable in the event of loss jointly to GRANTEE, its members, mortgagees holding mortgages on individual condominium units in any condominium operated by GRANTEE, and the GRANTOR as their interest may appear. GRANTOR may require issuance of an endorsement making its mortgagee the loss payee of such policy. In the event of the destruction of any insured buildings, improvements or personal property by fire, windstorm, or other casualty for which insurance monies may be payable, such insurance monies shall be paid into an account with a banking institution doing business in the State of Florida, for the purpose of providing a trust fund for the repair and reconstruction of the damage. Immediately after such damage is sustained, GRANTEE shall have the responsibility for reconstruction and repair and GRANTEE shall immediately obtain reliable and detailed estimates of the cost to rebuild or repair. If the proceeds of insurance

are not sufficient to defray the estimated cost or reconstruction and repair by the GRANTEE, or if at any time during reconstruction or repair, the funds for the payment of the cost of reconstruction and repair are insufficient, assessment shall be made against the members of the Association in sufficient amounts to provide funds for the payments of such costs. Such assessments shall be in proportion to the members proportionate share of the cost as set forth in paragraph C of the COVENANTS. The GRANTOR shall not be required to provide any additional sums of money should such sums be necessary in order to provide sufficient amounts to repair or reconstruct damaged building, improvements or personal property.

The proceeds of insurance and the assessments described herein shall be paid to the insurance trustee appointed in the Declaration of Condominium and shall be subject to the terms and uses of the trust described therein.

(a) The estimates of cost or repair shall be reviewed by GRANTOR, who may direct GRANTEE to refuse to utilize services or materials pursuant to any estimate GRANTOR deems unreasonably high or unrealistically low.

(b) In the event GRANTEE fails to make the required assessments or fails to act promptly to commence repairs under this section, GRANTOR may on ten days written notice declare breach of this agreement and (i) pursue all remedies at law or equity, and for purposes of measuring GRANTOR'S damages for breach, GRANTOR'S expectations of sales in Phase II or other condominiums with common use rights in the COMMUNITY PROPERTY improvements shall be taken into account; (ii) or may in the alternative commence reconstruction and submit all bills for costs to the insurance trustee appointed under the Declaration of Condominium, and obtain reimbursement from the trust.

(c) In the event the improvements on the COMMUNITY PROPERTY are more than 40% destroyed, GRANTEE may apply to GRANTOR for consent to waive repair or reconstruction, and if GRANTOR so consents in writing, repair or reconstruction shall be waived.

(6) MAINTENANCE AND REPAIR. All expenses incurred in keeping and maintaining buildings or portions of buildings, swimming pools, patio areas, walkways, gardens, roads, parking areas, fixtures and improvements which may at any time be situated upon the COMMUNITY PROPERTY and all appurtenance thereto in good and substantial repair and a clean and sanitary condition in conformity with all requirements imposed by law.

(7) EMPLOYEES AND MATERIALS. The expenses of hiring such employees and purchasing such equipment and materials as may be needed to provide for the management and the

supervision of the COMMUNITY PROPERTY and improvements located thereon.

THESE COSTS SHALL NOT INCLUDE THE EXPENSE PAID OR INCURRED BY THE GRANTOR IN ORIGINALLY ACQUIRING THE COMMUNITY PROPERTY OR INITIALLY CONSTRUCTING THE IMPROVEMENTS LOCATED THEREON. THE FOREGOING EXPENSE SHALL BE PAID BY AND SHALL BE THE SOLE RESPONSIBILITY OF THE GRANTOR AND NO COSTS SHALL BE INCURRED BY GRANTEE FOR ANY INDIVIDUAL FACILITY UNTIL SUCH FACILITY IS IN THE OPINION OF GRANTOR COMPLETED AND AVAILABLE FOR USE.

B. The GRANTEE covenants that the portion of the consideration payable pursuant to paragraph A of the COVENANTS allocated to each condominium operated by GRANTEE shall be a common expense of such condominium, as provided by the Condominium Act, Florida Statutes Chapter 718, 1978, including Section 718.114 thereof.

C. GRANTEE covenants that the above mentioned consideration will be allocated among the condominiums operated by GRANTEE as follows: the amount borne by each condominium operated by GRANTEE shall be equal to the ratio of the total number of units in the condominium divided by the total number of units in all of the condominiums operated by GRANTEE. The number of units included within any condominium shall be the same as included on the building plans, or parts thereof, attached to the Declaration of Condominium covering the unit regardless of any changes subsequently occuring. The unit owners in each condominium will pay their proportionate share of the amount allocated to the condominium containing their unit as determined by their respective percentage share of the common expense of their condominium.

D. Subject to the provisions of paragraph A of the COVENANTS, GRANTEE covenants to operate, maintain, insure, improve and provide other services which may be in the opinion of the GRANTOR, reasonably related thereto, for the benefit of the use of the COMMUNITY PROPERTY for the purpose for which it was intended and which are consistent with the rights reserved by the GRANTOR.

E. The initial costs required by paragraph A of the COVENANTS to be paid by GRANTEE have been included in the budget incorporated in the Management Contract.

F. The GRANTOR covenants to convey a leasehold interest expiring September 1, 2060, A.D., and renewable for 99 years, to the COMMUNITY PROPERTY to GRANTEE subject to restrictions similar to all restrictions set forth under RESTRICTIONS

except for those restrictions set forth in paragraph C and F of RESTRICTIONS. Such leasehold shall not be subject to any lien or mortgage made by or payable by the GRANTOR for the improvement of said COMMUNITY PROPERTY by the GRANTOR. Said conveyance shall be executed and delivered by GRANTOR to GRANTEE no later than July 31, 1988.

G. The GRANTEE covenants to accept the lease assignment to the COMMUNITY PROPERTY pursuant to paragraph F of the COVENANTS and to cause said assignment to be recorded in the public records of Okaloosa County at the expense of the GRANTEE.

H. Beginning at such time as the GRANTEE acquires title to the COMMUNITY PROPERTY, the GRANTEE covenants to continue to keep in force insurance on the COMMUNITY PROPERTY and make decisions on the repair and reconstruction of the COMMUNITY PROPERTY after casualty pursuant to the provisions of paragraph XIV entitled "INSURANCE" and paragraph XV entitled "RECONSTRUCTION OR REPAIR AFTER CASUALTY" of the Declaration of Condominium of The Islander, Phase I. In complying with the provisions of said paragraphs of said Declaration of Condominium, the phrases, "COMMON ELEMENTS" and "condominium property" shall be read to include the "COMMUNITY PROPERTY".

I. The GRANTEE covenants that the GRANTOR shall have a lien upon the COMMUNITY PROPERTY and upon each unit in any condominium submitted to the jurisdiction of the GRANTEE in order to secure performance of the payment of the cost referred to in paragraph A of COVENANTS, which liens shall secure the full amount of the unit's unpaid share of these costs, interest at the highest lawful rate, and attorney's fees and cost of collection. Said lien shall be and the same is hereby subordinated to the lien of any institutional mortgagee (as same is defined in paragraph XXV(J) of the Declaration of Condominium of The Islander, Phase I), heretofore or hereinafter perfected upon the COMMUNITY PROPERTY or upon any unit in any condominium submitted to the jurisdiction of the GRANTEE.

J. The GRANTEE covenants that no amendment shall be made to the Articles of Incorporation or By-Laws of the Association, nor any other act performed or failed to be performed, that would abridge, limit or alter the rights reserved by or granted to GRANTOR, its successors or assigns, or any successor developer, by this Agreement, the Declaration of Condominium of any condominium operated by GRANTEE, or the Articles of Incorporation or By-Laws, including, but not limited to, the right to submit additional condominiums to the jurisdiction of the GRANTEE and to add additional lands and improvements to the COMMUNITY PROPERTY, without the prior written consent of GRANTOR, its successors or assigns, or a successor developer.

K. The GRANTEE covenants to abide by and perform the terms of the Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida, and to make and enforce reasonable regulations to carry out this covenant.

L. The GRANTEE covenants to indemnify and save harmless the GRANTOR from any and all claims, suits, damages or causes of action arising during the term of this Agreement for any personal injury, loss of life, damage to property or impairment of property rights sustained in or about the COMMUNITY PROPERTY, or the improvements which may from time to time be located thereon, and all costs, attorney's fees, expenses and liabilities incurred in relation to the same, unless the same shall result solely from the negligence of the GRANTOR.

M. All of the reservations, restrictions and covenants contained herein shall run with the COMMUNITY PROPERTY and shall inure to the benefit of the GRANTOR and GRANTEE and its members.

VIII. RESTRICTIONS:

A. The above described use rights and privileges granted herein shall be held in trust by GRANTEE for the use, benefit and enjoyment of all members of the Association, regardless of which phase of the condominium operated by the GRANTEE the member may own a unit.

B. The GRANTEE shall not allow any exercise of the above described use rights and privileges for purposes other than that for which they are intended.

C. The GRANTEE shall not make nor cause or allow any person to make any alterations or improvements to the COMMUNITY PROPERTY without written consent of GRANTOR.

D. The GRANTEE shall not allow any person to damage, injure or destroy any of the COMMUNITY PROPERTY.

E. The GRANTEE shall promulgate and enforce such regulations governing the exercise of the above described use rights and privileges as may be necessary or desirable to assure compliance with this Agreement.

F. The GRANTEE shall not allow any exercise of the above described use rights and privileges which, in the opinion of the GRANTOR, interferes with the construction or sales efforts of the GRANTOR.

G. The GRANTEE shall not assign, transfer, hypothecate or otherwise encumber the use rights or privileges granted herein.

IX. RESERVED RIGHTS. By executing this Grant of Use Rights, GRANTOR, as successor in interest to B.H.L., Inc., a Florida Corporation, hereby elects to exercise the reserved rights in that certain Grant of Easement of December 23, 1975, recorded at OR Book 827, pages 527-533, Official Records of Okaloosa County, Florida; and covenants to assign to each Unit Owner in the Islander, Phase I, and Phase II, if built, at the time each unit is first conveyed, the right to use the subject property described in said Grant of Easement, provided, however, that Developer does not warrant the right to use the existing Jetty East Condominium beach pavillion.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals this 8 day of June, 1981.

Signed, sealed and delivered in the presence of:

Doris D Bubley

Virgil Mauer

As to "Grantor"

THE ISLANDER GROUP, LIMITED
a Florida Partnership

By _____
General Partner

"GRANTOR"

Madeline Carroll Strickland

Bonita B. Bailey

As to "Grantee"

THE ISLANDER OWNERS ASSN., INC.

By _____
President

"GRANTEE"

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE me personally appeared CECIL W. BARRETT to me well known, and known to me to be the individual described in and who executed the foregoing instrument as General Partner of the above named Islander Group, Ltd., a Florida Partnership, and who acknowledged to and before me that he executed such instrument as such General Partner of said partnership, and that said instrument is the free act and deed of said Partnership.

WITNESS my hand and official seal this 15 day of June A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission expires: 3/19/84

STATE OF FLORIDA

COUNTY OF OKALOOSA

BEFORE ME personally appeared JEROME H. LACHAPELLE to me well known, and known to me to be the individual described in and who executed the foregoing instrument as President of the above named ISLANDER OWNERS ASSOCIATION, INC., an Association, and severally acknowledged to and before me that he executed such instrument as such President of said Association and that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that it was affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and official seal this 8 day of June, A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

EXHIBIT VII

BOOK 827 PAGE 510

OFFICIAL RECORDS

NON-DISTURBANCE AGREEMENT

This Agreement, made and entered this 15 day of December, A.D., 1975, by and between C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, by and through the Trustees of said dissolved corporation, hereinafter referred to as CBS; HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC., a non-profit Florida corporation, hereinafter referred to as the Association; WHITE SANDS INVESTMENT CORP., a Florida corporation, hereinafter referred to as White Sands; and BHL, INC., a Florida corporation, hereinafter called BHL,

WITNESSETH: THAT, WHEREAS, BHL, Inc., is the owner and holder of that certain Leasehold Estate in the following described real property, in Okaloosa County, Florida, to-wit:

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'W 1266 feet along Gulf Shore Drive, thence 505.45 feet along 905' radius deflecting right with chord N-75°16'W 498.91 feet, thence N-59°16'W 95.19 feet to POB, thence S-1°16'E 859.00 feet to a point marking the Gulf of Mexico, thence meander the Gulf S-85°09'W 150.29 feet, thence N-1°16'W, 962.12 feet to R/W, thence S-59°16'E 176.88 feet to POB.

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44' W 1266 feet along Gulf Shore Drive, thence 505.45 feet along a 905' radius deflecting right with chord N-75°16'W 498.91 feet, thence N-59°16'W 272.07 feet to the POB, thence continue N-59°16'W 119.33 feet, thence S-38°33.7'W 196.1 feet to Corps of Engineers Monument 101-E2-D, thence S23°41'W 112.6 feet to Corps of Engineers monument 101-E2-D1, thence continue S23°41'W 897.4 feet to a point marking the Gulf of Mexico, thence meander the Gulf N-85°09'E 654.13 feet, thence N-1°16'W 962.12 feet to POB.

COMMENCING at the Northwest corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'W 1266 feet along Gulf Shore Drive, thence 494.49 feet along a curve of 905' radius deflecting right with chord N-75°36.8'W 488.37 feet to the POB, thence S-1°16'E 792.25 feet to a point marking the Gulf of Mexico, thence meander the Gulf S-85°09'W 97.65 feet, thence N-1°16'W 859.00 feet to R/W, thence S-59°16'E 95.19 feet, thence 19.61 feet along 905' radius deflecting left with chord S-59°52.2'E 19.61 feet to POB.

Said leasehold estate having arisen out of that certain lease agreement between Okaloosa Island Authority, as Lessor, and C.B.S. Development Corporation, as Lessee, dated September 9, 1961, and recorded in Okaloosa County Official Records Book 209, Page 123, as amended by that certain Amendment to Lease, dated August 23, 1962, and recorded in Okaloosa County Official Records Book 244, Page 348, together with that certain Lease Agreement between C.B.S. Development Corporation, as Lessor, and White Sands Investment Corp., as Lessee, dated June 16, 1972, and recorded in Okaloosa County Official Records Book 657, Page 240, as amended by that certain Amendment of Lease Agreement between C.B.S. Development Corporation and White Sands Investment Corp. dated November 8, 1972, and recorded in Okaloosa County Official Records Book 676, Page 108, as subsequently assigned by White Sands Investment Corp. to Pointe Development Corporation, Inc., by that certain Assignment of Lease, dated November 28, 1972, and recorded in Okaloosa County Official Records Book 677, Page 910, as subsequently assigned by Pointe Development Corporation, Inc., to BHL, Inc., by that certain Assignment of Lease dated December 22, 1972, and recorded in Okaloosa County Official Records Book 702, Page 594; and

WHEREAS, C.B.S. and White Sands have previously approved the plans for and consent to the construction on a portion of subject property of Jetty East, Unit I, a Condominium, consisting of 198 condominium units and appropriate appurtenances and common elements, which condominium construction has been substantially completed in accordance with the approval of C.B.S. and White Sands, and the buildings and other improvements now so constructed fully comply with all applicable restrictions, as recorded in Official Records Book 256, Page 416, of the public records of Okaloosa County, Florida, as well as the terms and conditions of the said leasehold; and

WHEREAS, the following described portion of subject property (upon which the said condominium has been constructed) is being submitted to condominium by BHL, Inc., to-wit:

COMMENCING at the Northwest Corner of Lot 13, Block "B", Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38"33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet to the Point of Beginning; thence S63°02.8'E, 478.35 feet; thence N88°44'E, 156.95 feet; thence S01°16'E, 128.59 feet; thence S61°38'W, 137.98 feet; thence S74°52'W, 141.81 feet to the intersection with a 43' radius circle, the radius point of said circle being located S68°11'22.28"W, 43 feet; thence along said circle, 260.15 feet (the central angle being 346°38'44.56" and the chord being S15°12'30"E, 9.89 feet); thence N74°52'E, 142.97 feet; thence N61°38'E, 21.69 feet; thence S01°16'E, 194.14 feet to the waters' edge of the Gulf of Mexico; thence meander the Gulf S85°09'W, 787.29 feet; thence N23°41'E, 728.40 feet to the Point of Beginning, containing 346,700.23 square feet;

and

WHEREAS, as a part of the condominium documents, BHL has executed and intends to record that certain "Grant of Easement", copy of which is attached hereto as Exhibit A, by which Grant of Easement, BHL extends to the owners of said condominium units a non-exclusive right to use the "Beach Pavilion and Entrance Roadways" as described in said Grant of Easement (the property involved in said Grant of Easement being a part of the overall leasehold of BHL first described above, but not inlcuded within the property actually being submitted to condominium, except for the right of use as contained within said Grant of Easement); and

WHEREAS, the 1974 Florida Legislature, in its wisdom, passed Florida Statute 711.08(1), (f), 711.63, and other Amendments to the Florida Condominium Law, which require this "non-disturbance agreement" by the parties hereto,

NOW, THEREFORE, for and in consideration of Ten ($10.00) Dollars, and other valuable consideration, paid by BHL to the other parties hereto, the receipt and sufficiency whereof is hereby acknowledged, the parties agree as follows:

(1) The Buildings and other improvements of Jetty East, Unit I, a Condominium, as they have been constructed, and as they might be reasonably modified, or reconstructed after a

casualty loss or otherwise, fully comply with the above referenced restrictions recorded in Okaloosa County Official Records Book 256, Page 416, and the terms of the said leasehold.

(2) The parties acknowledge that neither CBS nor White Sands has any right to receive any rent or assessment of any kind or nature from the above described leasehold, such right having been assigned to the Association, and according to the terms of said leasehold, as modified, and the right of the Association is limited to the payment of rent or assessment of Seventy-five ($75.00) Dollars per condominium unit per year.

(3) The parties agree that the rights of each condominium unit owner of the condominium buildings and improvements presently existing or hereinafter added on the said leasehold are severable, and that the rights of any condominium owner shall not be affected by any default of any other condominium unit owner, or anyone else, including but without limitation default in the payment of their required $75 per year annual assessment or rent, and no party hereto or their successors in interest shall disturb the rights of any condominium unit owner for any default of any kind by any other unit owner or default of any other person. This non-disturbance agreement shall be applicable to and shall protect that portion of the leasehold being submitted to condominium, as well as the privileges accruing to each condominium unit owner by virtue of the "Grant of Easement" referred to above, a copy of which is attached hereto as Exhibit "A", and any rights accruing to any such unit owner as a result of any amendment to the said Condominium Documents. Further, this Non-disturbance Agreement shall be applicable to and shall protect the rights of any unit owner of any other condominium which may be hereafter established on subject leasehold.

(4) Other than $75 per unit for each condominium unit existing or hereinafter created on the above described leasehold, no rent or assessment of any kind, nature or amount is or shall be required to be paid to White Sands, or CBS, or their

successors in interest by virtue of the terms of said leasehold estate, as modified.

IN WITNESS WHEREOF, we have hereunto set our hands and seals, the day and year first above written.

Signed, sealed and delivered in the presence of:

Sharon K. Cray
Norman W Moore

Sharon K. Cray
Norman W Moore

As to Cox

As to Trawick

Marie B Brackin
Norman W Moore
As to Brackin

HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC.

By _____ President

WHITE SANDS INVESTMENT CORP.

By _____ President

BHL, INC.

By _____ President

C.B.S. DEVELOPMENT CORPORATION
a dissolved Florida corporation

By _____
Ben H. Cox or Robert L. F. Sikes

By _____
George Trawick

By _____
Newman C. Brackin, Jr.

A MAJORITY OF TRUSTEES OF SAID DISSOLVED FLORIDA CORPORATION.

This Document Prepared by:
L. Charles Hilton, Jr.
Attorney at Law
P. O. Box 70
Panama City, Florida, 32401

BOOK 827 PAGE 524

OFFICIAL RECORDS

STATE OF FLORIDA,

COUNTY OF Okaloosa.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H LaChapelle as President of HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for an in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 10th day of December, A.D., 1975.

Norman W Moore

Notary Public, My commission expires: 12/26/76

(Notary Seal)

NORMAN W. MOORE NOTARY PUBLIC FLORIDA STATE AT LARGE

STATE OF FLORIDA,

COUNTY OF Okaloosa.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared W B Hutchinson III as President of WHITE SANDS INVESTMENT CORP., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for an in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 11th day of December, A.D., 1975.

Norman W Moore

Notary Public, My commission expires: 12/26/76

(Notary Seal)

NORMAN W. MOORE NOTARY PUBLIC FLORIDA STATE AT LARGE

STATE OF FLORIDA,

COUNTY OF Okaloosa

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Jerome H. LaChapelle as President of BHL, INC., a Florida corporation, well known to me to be a party to the foregoing Non-disturbance Agreement, and he acknowledged before me that he executed same for and in the name of said corporation, affixing its corporate seal thereto, and that he is authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 10th day of December, A.D., 1975.

Notary Public, My commission expires: 12/2/76

NORMAN W. MOORE NOTARY PUBLIC STATE AT LARGE (Notary Seal)

STATE OF Florida,

COUNTY OF Okaloosa.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared Robert F. L. Sikes as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23rd day of December, A.D., 1975.

Notary Public, My commission expires: 12/2/76

NORMAN W. MOORE NOTARY PUBLIC STATE AT LARGE (Notary Seal)

STATE OF Florida,

COUNTY OF Franklin.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared GEORGE TRAWICK as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 12th day of December, A.D., 1975.

Notary Public, My commission expires: 6-7-78

(Notary Seal)

STATE OF Florida,

COUNTY OF Okaloosa

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared NEWMAN C. BRACKIN, JR., as Trustee for C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, and he acknowledged before me that he executed the foregoing Non-disturbance Agreement as such Trustee, for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 12th day of December, A.D., 1975.

Notary Public, My commission expires:

(Notary Seal)

EXHIBIT VIII

BOOK 827 PAGE 527
OFFICIAL RECORDS

GRANT OF EASEMENT

THIS AGREEMENT made and entered this 23 day of December, A.D., 1975, by and between BHL, INC., a Florida corporation, hereinafter referred to as "Grantor", and JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, hereinafter referred to as "Grantee",

W I T N E S S E T H: THAT, WHEREAS, the Grantor is the owner and holder of that certain leasehold estate arising out of that certain Lease Agreement between Okaloosa Island Authority as Lessor, and C.B.S. Development Corporation, as Lessee, dated September 9, 1961, and recorded in Okaloosa County Official Records Book 209, Page 123, as amended by that certain Amendment to Lease, dated August 23, 1962, and recorded in Okaloosa County Official Records Book 244, Page 348, together with that certain Lease Agreement between C.B.S. Development Corporation, as Lessor, and White Sands Investment Corp., as Lessee, dated June 16, 1972, and recorded in Okaloosa County Official Records Book 657, Page 240, as subsequently assigned by White Sands Investment Corp. to Pointe Development Corporation, Inc., by that certain Assignment of Lease, dated November 28, 1972, and recorded in Okaloosa County Official Records Book 677, Page 910, as subsequently assigned by Pointe Development Corporation, Inc., to BHL, Inc., by that certain Assignment of Lease dated December 22, 1972, and recorded in Okaloosa County Official Records Book 702, Page 594; and

WHEREAS, Grantor is simultaneously herewith submitting a portion of that leasehold estate to the condominium form of ownership, as more particularly described in the Declaration of Condominium executed simultaneously herewith; and

WHEREAS, the land described as Parcel B on the Survey attached to the Declaration as Exhibit "A" is not included in the land being submitted to condominium, and said Parcel B includes, among other property, the Beach Pavilion and Entrance Roadways

which are to be used by the unit owners, but Grantor desires to grant the Grantee on behalf of the unit owners of said condominium, the right to freely use the said Entrance Roadways and Beach Pavilion in common with the present and future owners of the adjacent property presently held by Grantor, subject to the terms of this agreement,

NOW, THEREFORE, for and in consideration of One ($1.00) Dollar and other good and valuable consideration, the receipt from the Grantee and the adequacy whereof, is hereby acknowledged by the Grantor, and in consideration of the purchase of each unit in said condominium which will be made in reliance upon this and other instruments, the parties agree as follows:

I. PROPERTY AND TERM: Grantor does hereby grant, bargain and convey unto Grantee a non-exclusive easement to use the real property in Okaloosa County, Florida, described as:

PARCEL NO. 1:
COMMENCING at the Northwest Corner of Lot 13, Block B, HOLIDAY ISLE RESIDENTIAL SECTION NO. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S88°44'W, 1266 feet along Gulfshore Drive thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet, thence N59°16'W, 391.40 feet, thence S38°33.7'W, 196.1 feet, thence S23°41'W, 281.60 feet to Point of Beginning, thence proceed N23°41'E, 281.60 feet, thence N38° 33.7'E, 196.1 feet to Gulfshore Drive, thence S59° 16'E, 55 feet along R/W, thence S42°44.3'W, 198.9 feet, thence S23°41'W 278.67 feet, thence N63°02.8'W, 40.07 feet to Point of Beginning; containing 20,477.48 square feet. (Shown on Survey as Easement No. One.)

PARCEL NO. 2:
COMMENCING at the Northwest Corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive; thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38°33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet; proceed S63°02.8'E, 478.35 feet; thence N88°44'E, 21.95 feet to the Point of Beginning; thence continue N88°44'E, 150 feet; thence N01°16'W, 414.34 feet to Gulfshore Drive; thence 19.61 feet along R/W being a 905' radius curve deflecting right with chord 19.61 feet bearing N59°52.2'W; thence N59°16'W, 20 feet along R/W; thence S01°16'E, 385 feet; thence S65°24.3'W, 126.65 feet to the Point of Beginning; containing 17,229.71 square feet. (Shown on Survey as Easement No. Two.)

PARCEL No. 3:
COMMENCING at the Northwest Corner of Lot 13, Block "B", Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida; proceed S88°44'W, 1266 feet along Gulfshore Drive;

thence 505.45 feet along a 905' radius deflecting right with a chord of N75°16'W, 498.91 feet; thence N59°16'W, 391.40 feet; thence S38°33.7'W, 196.1 feet; thence S23°41'W, 281.60 feet; thence S63°02.8'E, 478.35 feet; thence N88°44'E, 156.95 feet; thence S01°16'E, 128.59 feet; thence S61°38'W, 137.98 feet; thence S74°52'W, 141.81 feet to the intersection with a 43' radius circle and the Point of Beginning, the radius point of said circle being located S68°11' 22.28"W, 43 feet; thence along said circle 270.18 feet (the central angle being 360°00') to the Point of Beginning, containing 5,811.14 square feet. (Shown on Survey as Pavilion Parcel.)

For and during the term beginning at 12:01 A.M. on the 5 day of December, 1979, and ending at 11:59 P.M. on September 1, 2060.

II. USE OF PREMISES: Parcels 1 and 2 shall be used by the members of the Grantee's Association, their heirs, assigns and successors in interest and their invitees, licensees and guests, only for ingress and egress between Gulfshore Drive and the above described Jetty East Unit I Condominium; and also for the purpose of installing and maintaining appropriate utility lines from the said Gulfshore Drive to the said Condominium. Parcel 3 shall be used by the members of the Grantee's Association, their heirs, assigns and successors in interest and their invitees, licensees and guests, only for the purpose of maintaining and using the Beach Pavilion located thereon, and for related recreational activities.

III. ALL CHARGES TO BE PAID BY GRANTEE, AND GRANT SUBJECT TO TERMS OF LEASEHOLD ESTATE:

All consideration for this easement has been paid in full; provided, however, Grantee covenants and agrees to pay before they become delinquent all taxes, levies, licenses, and other governmental charges of every kind or character, including but without limitation, levies on the property in its present state and betterment assessments, together with any and all charges, assessments, rents or penalties due or to become due in connection with the premises described in Paragraph I above, as a result of the terms of Grantor's leasehold estate (described in the above mentioned lease, amendments and assignments thereto) during the term of this lease. This grant is given subject to any such charges which may be made and subject to the terms of Grantor's said leasehold estat

the above described lease, amendments thereto and assignments thereof, being made a part of this Agreement by reference, and the Grantee herein agrees to keep and perform any and all covenants required of BHL, Inc., by said lease insofar as the premises described in Paragraph I above is concerned.

This is not to suggest that there will be any separate assessment for tax purposes of the subject land, or that there will be any separate rental paid for subject land according to the terms of said leasehold estate, since the said land is appurtenant to each of the said condominium units, but in the event of any charge by any one of any nature whatsoever in connection with the said property described in Paragraph I above, the Grantee shall pay the same and hold the Grantor harmless therefrom.

IV. MAINTENANCE OF PREMISES: Grantee shall at its expense keep and maintain the subject property, and all improvements thereon, in good and substantial condition during the term of this grant. Grantor shall have no obligation whatsoever to maintain the said property or any of the improvements thereon.

V. COVENANT TO HOLD HARMLESS AND INDEMNIFY: Grantee shall indemnify and hold Grantor harmless from any and all liability of whatever nature and kind for damages to person or property in or upon the subject premises and improvements.

VI. GRANTOR'S INTEREST NOT SUBJECT TO MECHANIC'S LIENS: Grantee shall have no authority to subject the interest reserved by the Grantor in subject premises, (for the benefit of itself or others) to any mechanic's or materialmen's lien of any kind.

VII. RESERVATION OF RIGHT FOR USE OF LEASED PREMISES BY OTHERS: THIS GRANT OF EASEMENT AND THE RIGHTS GRANTED TO THE GRANTEE HEREBY FOR THE USE AND BENEFIT OF THE GRANTEE'S MEMBERS SHALL BE SUBJECT TO THE RIGHT WHICH IS HEREBY RESERVED IN THE GRANTOR FOR THE USE AND BENEFIT OF THE GRANTOR, ITS FUTURE SUBLESSEES, LICENSEES, ASSIGNS AND SUCCESSORS IN INTEREST TO USE THE SUBJECT PROPERTY DESCRIBED IN PARAGRAPH I ABOVE IN COMMON WITH

THE GRANTEE AND ITS MEMBERS FOR THE SAME PURPOSES STATED IN THIS GRANT OR EASEMENT, PROVIDED THAT SUCH USE BY PERSONS OTHER THAN THE GRANTEE OR ITS MEMBERS SHALL BE SUBJECT TO THE FOLLOWING LIMITATIONS:

(a) Such use shall be limited to the use and benefit of the present and future owners of Grantor's adjacent property (which is not now being submitted to condominium), their heirs, assigns, successors in interest, licensees, invitees, and guests, and such additional persons using the leased premises shall not exceed the owners, Grantees, and their licensees, invitees and guests, of more than One Hundred Ninety-eight (198) residential condominium units, motel rooms, and/or apartment units, or any combination thereof totaling 198 units.

(b) In the event the Grantor's said adjacent property (not now being submitted to condominium) is subsequently improved and the Grantor elects to exercise its rights reserved hereby, the Grantor (or its successors in interest) shall so notify the Grantee in writing, specifying the time when such use will commence, and including with such notice an agreement by the then owners of the said adjacent property, to pay one-half (1/2) of any taxes, or any charges by any governmental authority, and one-half (1/2) of the cost of maintenance, repair and upkeep of the subject premises and improvements which Grantee herein is obligated to pay hereby as and when the same becomes due from time to time.

(c) In the event of such use by such additional persons, the Grantee shall be the party in charge of administering the subject property and shall from time to time render appropriate accounting along with appropriate bills for the portion of the expenses which are to be paid by the owners of said adjacent property for such additional use of said property.

(d) In the event Grantor or its successors in interest have not elected to improve the said adjacent property and make use of the rights reserved hereby and filed for record an additional grant of easement, assignment of sublease, or other

document, on the public records of Okaloosa County, Florida, evidencing such election on or before ten (10) years from the date hereof, then in that event the rights so reserved shall be automatically extinguished and shall vest in the Grantee herein without further action on the part of either party.

VIII. RIGHTS AND REMEDIES FOR DEFAULT: This agreement may be enforced by the parties hereto, their successors and assigns, as well as any other person for whose use and benefit this agreement is made. In addition to the right of consequential damages and other remedies at law, the parties hereto, their assigns and successors in interest, shall have the right of specific performance, and all other equitable remedies which may be applicable to the circumstances then prevailing, it being acknowledged by the parties that remedies at law for breach will be inadequate. Further, to insure continuance of the right to use subject property and the improvements thereon, as contemplated hereby, any interested party shall have the right to the appointment by a court of competent jurisdiction of a trustee to administer the property subject to the terms hereof in the event the same is necessary to preserve the intent of this agreement.

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

BHL, INC.

By _____
President

Attest _____
Secretary

WITNESSES:

_____

_____

_____

_____

JETTY EAST CONDOMINIUM ASSOCIATION, INC.

By _____
President

Attest _____
Secretary

STATE OF FLORIDA,

COUNTY OF OKALOOSA.

I DO HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE and RICHARD R. BENNETT, as President and Secretary, respectively, of BHL, INC., a Florida corporation, and each of said individuals acknowledged before me that they executed the foregoing GRANT OF EASEMENT for and in the name of said corporation, affixing its corporate seal thereto, and that they are authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23 day of December, A.D., 1975.

Norman W. Moore
Notary Public
My Commission Expires Dec. 26, 1976

NOTARY PUBLIC • NORMAN W. MOORE • STATE AT LARGE • FLORIDA

STATE OF FLORIDA,

COUNTY OF OKALOOSA.

I DO HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE and RICHARD R. BENNETT, as President and Secretary, respectively, of JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, and each of said individuals acknowledged before me that they executed the foregoing GRANT OF EASEMENT for and in the name of said corporation, affixing its corporate seal thereto, and that they are authorized so to do by the Board of Directors of said corporation for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 23 day of December, A.D., 1975.

Norman W. Moore
Notary Public
My Commission Expires Dec. 26, 1976

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15 DEC 24 AM 11 13

CLERK CIRCUIT COURT OKALOOSA COUNTY FLA.

447751

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EXHIBIT IX

CERTIFICATE OF INCORPORATION

State of Florida

Department of State

I certify that the attached is a true and correct copy of the Articles of Incorporation of THE ISLANDER OWNERS ASSOCIATION, INC.

filed on May 22, 1981.

The Charter Number for this corporation is 758490.

Given under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the 22nd day of May, 1981.

George Firestone
Secretary of State

CORP 104 Rev. 5-79

EXHIBIT X

ARTICLES OF INCORPORATION
OF
THE ISLANDER OWNERS ASSOCIATION, INC.

FILED
MAY 22 1 39 PM '81
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

These Articles establish a corporation not for profit under the laws of Florida.

758490

Article I - NAME

The name of the corporation shall be THE ISLANDER OWNERS ASSOCIATION, INC., hereafter called the Association.

Article II - DURATION

This corporation shall exist perpetually, commencing with the date of filing.

Article III - MEMBERSHIP

The membership of the Association shall consist of the subscribers to these Articles and the record owners of every condominium unit in The Islander, Phase I, a condominium, and, when and if completed, the record owners of every condominium unit in The Islander, Phase II. Upon transfer of control of this Association to unit owners by Developer, pursuant to Florida Statue 718.301, only record owners of units in condominiums subject to the jurisdiction of the Association shall be members. All such record owners shall automatically be members; membership shall automatically terminate whenever any such record owner ceases to be a record owner.

Article IV - PURPOSE

A. The corporate purpose is to operate, as described in Section 718.11, Florida Statutes, THE ISLANDER, Phase I, a condominium on Holiday Isle, Destin, Florida, and any other Phase constructed in accordance with Phase Development provisions of THE ISLANDER, Phase I, Declaration of Condominium.

B. In the event THE ISLANDER, Phase II, is developed in accordance with the Phase Development provisions of the Declaration of Condominium of THE ISLANDER, Phase I, the operation of said Phase II shall be by this Association, and the unit owners of said Phase II shall automatically become members of this Association on an equal basis with the owners of units in THE ISLANDER, Phase I, condominium.

Article V

The Association shall have the authority to maintain or defend a class action as representative of the class constituted by the unit owners, or any substantial subclass of them, with reference to litigation and disputes involving the matters for which the Association can bring a class action.

Article VI - POWERS

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

A. The Association shall have all the powers described in Florida Statutes Chapter 617, and such other common law powers of a corporation not for profit not in conflict with the terms of these Articles or the Declaration of Condominium of any condominium operated by the Association.

B. The Association shall further have all the powers and duties set forth in the Florida Condominium Act, as amended, except as limited by these Articles, the By-Laws, or the Declaration of Condominium of any condominium operated by the Association, and all of the powers and duties reasonably necessary to operate condominiums pursuant to the declarations of any condominium operated by the Association and as it may be amended from time to time.

C. The Association shall further have the power to:

1. Renew the terms of the ground lease of the condominium on behalf of all the Unit Owners;

2. Reconstruct improvements after casualty and to further improve the property of any condominium operated by the Association or the property of the Association;

3. Approve or disapprove the transfer, mortgage and ownership of the units as may be provided by the Declaration of Condominium of any condominium operated by the Association and by the By-Laws;

4. Contract with The Islander Group, Limited, a Florida partnership, its successors and assigns, its officers and its directors and any corporation in which any of them may have any financial interest;

5. Acquire fee simple title to, to lease, acquire memberships or acquire other possessory or use interest in and to operate lands and facilities, including but not limited to the lands of any condominium operated by the Association intended but not limited to recreational facilities or other common elements, whether or not contiguous to the lands of any condominium operated by the Association 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;

5. Enter into, perform the obligations of, and accept the benefits of:

(a) The Grant of Use Rights and Privileges appended to the Declaration of Condominium of The Islander, Phase I; and accept the conveyance of the COMMUNITY PROPERTY as described therein;

(b) a contract for the management of the condominium and its property and any related property which may be used by the members, which contract may, by its terms, be exclusive or non-exclusive;

(c) a contract to provide a rental program and administration thereof for unit owners who desire to participate in a program of rental of their units; such contract may, by its terms, be exclusive or non-exclusive and may be combined with the management contract described above;

And to do any and all of these on behalf of, and as trustee for, the members.

D. 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 any condominium operated by the Association and by the By-Laws of the Association.

E. The powers of the Association shall be subject to and be exercised in accordance with the provisions of the Declaration of Condominium of any condominium operated by the Association and by the By-Laws of the Association.

Article VII - INCORPORATORS

The names and addresses of the persons signing these articles are:

Jerome H. LaChapelle
Post Office Box 1237
Destin, Florida 32541

Mr. Cecil Barrett
Post Office Box 310
Monticello, Florida 32344

Mr. Matthew Burns
Post Office Box 1226
Destin, Florida 32541

Article VIII - INITIAL BOARD OF DIRECTORS

A. The initial Board of Directors shall consist of:

Jerome H. LaChapelle

Cecil W. Barrett

Matthew W. Burns

B. Powers and duties of Initial Board of Directors:

The Initial Board of Directors shall adopt the By-Laws by majority vote and shall thereafter serve as directors until the time for the first election of directors as set forth in those By-Laws. Election of Directors shall occur in the manner prescribed in Section 718.301 of the Condominium Act and no earlier than required therein except by consent of Developer.

Article IX - OFFICERS AND REGISTERED AGENT

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

President:	Jerome H. LaChapelle Post Office Box 1237 Destin, FL 32541
Vice President and Assistant Secretary:	Cecil W. Barrett Post Office Box 310 Monticello, FL 32344
Secretary and Treasurer:	Matthew W. Burns Post Office Box 1226 Destin, FL 32541

The name and address of the corporation's agent for service of process is: Jerome H. LaChapelle
514 Gulfshore Drive
Destin, FL 32541

Article X - ADMINISTRATION AND BY-LAWS

A. The administration of the Association and the operation of the condominium property shall be prescribed by the By-Laws, which shall provide for:

1. The Board of Administration, its powers, tenure, and manner of election;
2. Officers, other than those named herein;
3. The constitution of a quorum;
4. Proxies;
5. The time and manner for holding elections;
6. Any other essential or desirable matters.

B. The By-Laws shall initially be adopted by the first Board of Directors, and prior to the first election of Directors, may be amended by majority vote of the first Board of Directors. After the first election of Directors, the By-Laws may be amended, altered, supplemented or modified by the membership at the Annual Meeting, or at a duly convened special meeting of the membership attended by a majority of the membership, by vote, as follows:

1. If the proposed change has been approved by the unanimous approval of the Board of Directors, then it shall require only a majority vote of the total membership to be adopted.

2. If the proposed change has not been approved by the unanimous vote of the Board of Directors, then the proposed change must be approved by three-fourths (3/4ths) of the total vote of the membership.

No amendment shall change the rights and privileges of the Developer referred to in the Declaration of Condominium without the Developer's written approval, nor the rights and privileges of the Management Firm referred to in said Declaration or its Exhibits without the Management Firm's written approval.

Article XI - INDEMNIFICATION

The corporation shall indemnify any officer or director or any former officer or director to the full extent permitted by law.

Article XII - AMENDMENT

Amendments to the Articles of Incorporation may be proposed by any member or director and shall be adopted in the same manner as is provided for the amendment of the By-Laws as set forth in Article X above. Said amendment(s) shall be effective when a copy thereof, together with an attached certificate of its approval by the membership, sealed with the Corporate Seal, signed by the Secretary or an Assistant Secretary, and executed and acknowledged by the President or Vice President, has been filed with the Secretary of State, and all filing fees paid.

Article XIII - ADMINISTRATION OF PHASE II

If THE ISLANDER, Phase II, is built as described in the Declaration, it shall be a part of the condominium operated by the Association, not an independent condominium. Single records and accounts shall be maintained. The powers and duties of the Association shall extend to each Phase II unit at the time such unit is first conveyed to an owner other than the Developer. Until such time, Developer and the unit shall be exempt from the jurisdiction and affairs of the Association with regard to Phase II.

A. Automatic Membership: Each owner of a Phase II unit, other than Developer, shall automatically become a member of the Association, and the unit with all appurtenances shall be submitted to the jurisdiction of the Association at the time the unit is conveyed.

B. Within 60 days of the earliest date upon which the majority of the units in Phase II are owned by owners other than Developer, a new election of Association directors and officers shall be held in the manner specified for the conduct of elections in the By-Laws. At this election, only, the owners of Phase II, other than Developer, shall be entitled to elect at least one (1) member of the Board of Direcrors.

C. No By-Law or regulation may exclude any member from access to the common elements except for misconduct or non-payment of assessment. All members of the Association may use all the common elements and shall have equal use rights with regard to recreational and other facilities regardless of which phase their unit belongs to.

Article XIV - NON-PROFIT STATUS

This corporation is a non-profit corporation under Florida Statutes Chapter 617. No shares of stock shall be issued. No dividend shall be paid, and, prior to the termination of the condominium regime, no part of the income of the corporation shall be distributed to its members, officers, or directors. The corporation may pay reasonable compensation to its members, directors and officers for services actually rendered.

A. Upon dissolution or final liquidation, the corporation shall make distributions to the members as permitted by the court having jurisdiction hereof, and no such distribution shall be deemed a dividend or distribution of income.

B. The corporation shall confer benefits upon its members in conformity with its purposes, and such benefits shall not be deemed a dividend or distribution of income.

Article XV - SEAL

The corporate seal shall bear the name of the Association, the word "Florida", the year of incorporation, and, regardless of subsequent alteration, shall always contain the words "Corporation not for profit".

IN WITNESS WHEREOF, the subscribers have hereto affixed their signatures, this 20th day of April, 1981.

Madeline Cowell Hinds

Jerome H. LaChapelle

Bonita B. Barkley

Cecil W. Barrett

Cynthia M. Conradt

Matthew W. Burns

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPELLE, CECIL W. BARRETT and MATTHEW W. BURNS well known to me to be the individuals described in the foregoing Articles of Incorporation as the Directors and Subscribers to said Articles of Incorporation, and each of said individuals after being duly deposed and sworn, stated that they are all of the Directors and One Hundred (100%) per cent of the membership of said non-profit corporation, and that they executed the foregoing instrument for the purposes therein set out.

WITNESS my hand and official seal, in the State and County last aforesaid, this 20th day of April A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 3/19/84

EXHIBIT XI

BY LAWS

OF

THE ISLANDER OWNERS ASSOCIATION, INC.

A Corporation Not For Profit under
the laws of the State of Florida

* *

SECTION I - GENERAL

1.1 PURPOSE.

These are the By-Laws of THE ISLANDER OWNERS ASSOCIATION, INC., called Association in these By-Laws, a Corporation Not For Profit under the laws of the State of Florida. The Association has been organized for the purpose of providing for the operation, management, maintenance, control and administration of such one or more condominiums as may, from time to time, be submitted to the jurisdiction of the Association, and is, with regard to such condominiums, the legal entity created pursuant to Chapter 718, the Florida Statutes, called the "Condominium Act" in these By-Laws.

1.2 OFFICES.

The office of the Association shall be at the development known as THE ISLANDER, PHASE I, of Destin, in Okaloosa County, Fl.

1.3 FISCAL YEAR.

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

1.4 MINUTES OF MEETINGS.

Minutes shall be kept of all meetings of unit owners and the board of directors. The minutes of all such meetings shall be kept in a book available for inspection by unit owners, or their authorized representatives, board members, and the representative of any individual or company providing management services to the condominium under a contract with the association. The association shall retain these minutes for a period of not less than seven (7) years. The written agreement reflecting any action taken by unit owners without a meeting shall be filed in the minutes.

1.5 PARLIAMENTARY RULES.

Roberts' Rules for 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.

SECTION II - MEMBERSHIP

2.1 DEFINED.

The membership shall be as defined in the Articles of Incorporation.

2.2 ANNUAL MEMBERS' MEETINGS.

The annual members meeting shall be held at the office of the corporation at 2:00 P.M. on the third Monday in June of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day that is not a holiday.

2.3 SPECIAL MEMBERS' MEETINGS.

Special meetings shall be hled whenever called by the President or Vice President or by a moajority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third (1/3) of the votes of the entire membership.

2.4 NOTICE.

Notice of all members meetings stating the time and place and the objects 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 on the condominium property at least fourteen (14) days prior to the meeting and shall be in writing to each member at his address as it appears on the books of the Association and in the case of the Annual Meeting, shall be mailed by Certified Mail not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. The foregoing requirements as to meetings are not to be construed, however, to prevent unit owners from waiving notice of meetings or from acting by written agreement without meetings. Notice of meetings may be waived before or after the meetings.

2.5 QUORUM.

A quorum of members meetings shall consist of persons entitled to cast a simple majority of the votes of the entire membership. The acts approved by a mojority of the votes present at a meeting at which a quorum is present shall constitute the act of the members, except when approval by a greater number of members is required by the Declaration of Condominium of any 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 persons present; however, no one person

shall be designated to hold more than three (3) proxies for any purpose, unless the Condominium has been registered with the Securities and Exchange Commission.

2.6 MEMBERS VOTE.

At any meeting of the members, the owners of units shall be entitled to cast one vote each, which shall not be cumulative.

2.7 MULTIPLE OWNERSHIP.

If a unit is owned by one person, his right to vote shall be established by the record title to his unit. If a unit is owned by more than one person, the person entitled to cast a vote for the unit shall be designated by a 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, 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 and filed with the Secretary of the Association. Such certificates shall be valid until revoked or until superceded by a subsequent certificate or a change in the ownership of the unit concerned. A certificate designating a person entitled to cast a 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.

2.8 PROXIES.

Votes may be cast in person or by proxy. A proxy may be made 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. The Board of Directors may determine to solicit one proxy from each unit owner for any general or special meeting of the unit owners and the reasonable expense incurred in soliciting such proxies shall be a common expense. No person shall be designated to hold more than three (3) proxies for any purpose unless the Condominium has been registered with the Securities and Exchange Commission.

2.9 LACK OF QUORUM.

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

2.10 ORDER OF BUSINESS.

The order of business at annual meetings and as far as practical at other members meetings, shall be:

A. Election of Chairman of the meeting.
B. Call of the roll and certifing of proxies.
C. Proof of notice of meeting or waiver of notice.
D. Reading and disposal of any unapproved minutes.
E. Report of officers.
F. Report of committees.
G. Election of inspectors of an election.
H. Election of directors.
I. Unfinished business.
J. New business.
K. Adjournment.

2.11 RESERVATION OF CONTROL BY DEVELOPER.

Until required by the Condominium Act, or until The Islander Group, Ltd., herein called the Developer, elects to terminate its control of the Association and the condominiums operated by it, whichever occurs first, the proceedings of all meetings of members of the Association shall have no effect unless approved by the Board of Directors.

2.12 DEVELOPER'S, MANAGER'S RIGHT TO ATTEND MEETINGS.

As long as the Developer retains ownership of the COMMUNITY PROPERTY or any unit in The Islander, Phase I, or Phase II, or any other condominium submitted to the jurisdiction of the Association, Developer or its representatives may attend any meeting of the members or directors, and is entitled to the same notice thereof as a unit member.

The representatives of any individual or company providing management services to the condominium under a contract with the Association may attend any meeting of the members or directors, and is entitled to the same notice thereof as a unit member.

SECTION III - DIRECTORS

3.1 NUMBER OF DIRECTORS.

The affairs of the Association shall be managed by a Board of not less than five (5) directors, the exact number to be determined at the time of the election.

3.2 ELECTION OF DIRECTORS.

Election of Directors shall be conducted in the following manner:

A. Subject to ARTICLE VIII of the Articles of Incorporation of the Islander Owners Association, election of Directors shall be held at the annual members meeting.

(1) A director shall be a unit owner entitled to vote at the meeting.

(2) An additional election of directors following the sale of units in The Islander, Phase II, shall be held in the manner prescribed in the Articles of Incorporation.

B. A nominating committee of three (3) members shall be appointed by the Board of Directors not less than thirty (30) days prior to the annual members meeting. The committee shall nominate one person for each director then serving. Nominations for additional directorships created at the meeting shall be made from the floor, and other nominations may be made from the floor.

C. The election shall be by ballot (unless dispensed by unamimous consent) and by a plurality of the votes cast, each person voting being entitled to cast his votes for each of as many nominees as there are vacancies to be filled. There shall be no cumulative voting.

D. Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of the members shall be filled by the remaining directors.

E. Any director may be removed upon the vote or written agreement of a majority of unit owners at a special meeting of the members called for that purpose. Such special meeting may be called by ten per cent of the unit owners giving notice of the meeting as required for a meeting of unit owners, and the notice shall state the purpose of the meeting. The vacancy on the Board of Directors so created shall be filled by an election conducted by the members of the Association at the same meeting.

F. Provided, however, that notwithstanding the provisions of Paragraph 3.2(A) through 3.2(E) axove to the contrary, and Paragraph 3.3 below, until required by the Condominium Act, or until the Developer elects to terminate its control of the Association or the condominiums submitted to its jurisdiction, whichever shall occur first, the directors shall be selected and/or removed from time to time by the Developer, and unless otherwise determined by the Developer, the first directors of the Association shall serve, and in the event of vacancies the remaining directors shall fill the vacancies, and if there are no remaining directors, the vacancies shall be filled by the Developer.

3.3 DIRECTOR'S TERM.

The terms or each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and quanified or until he is removed in the manner elsewhere provided.

3.4 DIRECTORS' ORGANIZATIONAL MEETING.

The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

3.5 MEETINGS.

A. 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, and notice of such meetings shall be posted conspiciously for forty-eight (48) hours in advance for the attention of unit owners, except in an emergency. Such meetings shall be open to all unit owners.

B. Special meetings of the directors may be called by the President and must be called by the Secretary at the written request of one-third (1/3), but not less than two (2) 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, and notice of such meetings shall be posted conspiciously forty-eight (48) hours in advance for the attention of unit owners, except in an emergency. Such meetings shall be open to all unit owners.

3.6 MEETINGS CONSIDERING ASSESSMENTS.

The notice of any Board of Directors meeting in which assessments against unit owners are to be considered for any reason shall specifically contain a statement that such assessments will be considered, and the nature of such assessments.

3.7 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.

3.8 QUORUM.

A quorum at directors' 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 is required by the Declaration of Dondominium of any condominium operated by the Association, the Articles of Incorporation of the Association, and these By-Laws.

3.9 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. At any adjourned meeting any business that might have been transacted at the meeting as originally called may be transacted without further notice.

SECTION IV - OFFICERS

4.1 OFFICERS.

The executive officers of the Association shall be a President, who shall be a director, a Vice President, who shall be a 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 preemptorily removed by vote of the directors at any meeting. Any person may hold two or more offices, except that the President shall not be also 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 shall find to be necessary or convenient to manage the affairs of the Association.

A. 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.

B. 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.

C. Secretary. The Secretary shall keep the minutes of all proceedings of the directors and the members. 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 the custody of the 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.

D. Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities and

evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of Treasurer.

4.2 OFFICER COMPENSATION.

The compensation of all officers and employees of the Association shall be fixed by the Directors. The provision that directors' fees shall be determined by members 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 any condominium operated by the Association, the Association or any portions of the property thereof.

SECTION V - FINANCIAL ADMINISTRATION

5.1 FISCAL MANAGEMENT.

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

A. Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications and shall be appropriate, all of which expenditures shall be common expenses:

(1) Current expense, which shall include all receipts and expenditures within the year for which the budget is made including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeding year.

(2) Reserve for deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually.

(3) Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation or obsolesence.

(4) Betterments, which include the funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements.

(5) Operations, which shall include the gross receipts, if any, from the use of the common elements. At this time no such revenue is anticipated. Only the additional direct expense required by the revenue producing operation will be charged to this account, and any surplus from such operation shall be used to reduce the assessments for current expenses in the year following the year in which the surplus is realized. Losses from

operations shall be met by special assessments against unit owners, which assessments may be made in advance in order to provide a working fund or to meet losses.

B. Budget. The Board of Directors shall adopt a budget for each calender year that shall include the estimated funds required to defray the common expenses and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices, as follows:

(1) Current expenses.
(2) Reserve for deferred maintenance.
(3) Reserve for replacement.
(4) Betterments.
(5) Operations.

Copies of a proposed annual budget of common expenses shall be mailed to the members not less than thirty (30) days prior to the meeting at which the budget will be considered, together with a notice of the time and place of that meeting, which shall be open to the members.

If a budget is adopted by the Board of Directors which required assessment against the members in any fiscal year or calendar year exceeding One Hundred Fifteen (115%) Per Cent of such assessment for the preceding year, upon written application of ten (10%) per cent of the members a special meeting of the members shall be held upon not less than ten (10) days written notice to each member, but within thirty (30) days of the delivery of such application to the Board of Driectors or any member thereof, at which special meeting members may consider and enact a revision of the budget or recall any and all members of the Board of Directors and enect their successors. In either case, the revision of the budget or the recall of any and all members of the Board of Directors shall require a vote of not less than a majority of the whole number of votes of all members. The Board of Directors may, in any event, propose a budget to the members at a meeting thereof or by writing, and if such budget or proposed budget be approved by the members at the meeting, or by a majority of their whole number by a writing, such budget shall not thereafter be re-examined by the members in the manner hereinabove set forth, nor shall the Board of Directors be recalled under the terms of this section. In determing whether assessments exceed One Hundred Fifteen (115%) per cent of similar assessments in prior years, there shall be excluded from the computation any provision for reasonable reserves made by the Board of Directors in respect of repair or replacement of the condominium property or in respect of anticipated expenses by the condominium association which are not anticipated to be incurred on a regular or annual basis;

and there shall be excluded from such computation assessment for betterments and reserves for betterments to the condominium property. However, so long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for any year greater than One Hundred Fifteen (115%) per cent of the prior fiscal or calendar year's assessment without approval of a majority of the unit owners.

C. Assessments. Assessments against the unit owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 30 preceding the year for which the assessments are made and such assessments shall be due in equal, monthly installments on the first day of each month of the year for which the assessments are made. If an annual budget requiring assessments is not adopted, a budget shall be presumed to have been made requiring assessments in the amount of the last previous year's and the monthly installments on such assessments shall be due on each installment payment day until changed by an amended budget. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the board of Directors in the same manner and subject to the same limitations as provided above for the adoption of the regular annual budget. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due on the date of the assessment if made upon or after July 1; and if made prior to July 1, one half (1/2) of the increase shall be due on the date of the assessment and the balance of the assessment upon the next July 1. The first assessment shall be determined by the Board of Directors of the Association.

5.2 ACCELERATION OF ASSESSMENT INSTALLMENTS UPON DEFAULT.

If a unit owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessments upon notice to the unit owner, and then the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the delivery of the notice to the unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall occur first.

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 due shall bear interest at the maximum legal rate, from the date when due until paid. All payments upon accounts shall first be applied to interest and then to the assessment payment first due.

5.3 ASSESSMENT FOR EMERGENCIES.

Assessment for common expenses of emergencies that cannot be paid from the annual assessment for common expenses shall be made only in the manner provided above for the adoption of the regular annual budget, or upon thirty (30) days written notice of the need for such emergency assessment given to the unit owners concerned, and approval in writing by persons entitled to cast more than one-half (1/2) of the votes of the unit owners concerned. Such assessment shall be due in such manner as the Board of Directors may require in the notice to the members that the assessment has been made.

5.4 DEPOSITORY.

The depository of the Association shall be the First National Bank of Destin; the Board of Directors may, by Resolution, designate other or additional depository banks. The monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

5.5 FINANCIAL STATEMENTS AND TAX RETURNS.

Financial statements and tax returns shall be prepared annually and a copy shall be furnished to each member. An audit of the accounts of the Association will be done at the request of the membership and will be at their expense.

5.6 LIENS FOR ASSESSMENTS.

The Association, through its Directors, shall be authorized to enforce liens for assessments to the extent provided in the Declaration of Condominium and the Florida Condominium Act, and to authorize and pay all expenses, including court and attorney fees, incurred thereby.

5.7 FINES.

In addition to all remedies provided in the Declaration of Condominium of any condominium operated by the Association, the Articles of Incorporation of the Association, or these By-Laws, the Board of Directors of the Association may fine, assess and charge any offending member a sum not to exceed One Hundred Fifty ($150.00) Dollars for each infraction of the provisions of said Declaration, Articles, By-Laws, or rules and regulations of the Association. Any such fines shall constitute a lien against the unit owner or occupied by the violator unless paid within ten (10) days.

5.8 ASSESSMENT FOR REPAIR OF COMMUNITY PROPERTY.

In the event the cost of repair or reconstruction after casualty of improvements to the COMMUNITY PROPERTY exceeds available insurance proceeds, a special meeting of the Directors shall be held to consider the matter of assessing the unit owners as required in the Declaration of Condominium and the Grant of Use Rights and Privileges appended thereto.

A. Notice of the meeting shall be made in the manner provided for notice of any directors' meeting considering emergency assessments. Such notice shall be made within five (5) days of the earliest date the directors know of the insufficiency of insurance proceeds; written notice of such insufficiency sent to the President of the Association by the Developer or the Insurance Trustee shall attribute the directors with knowledge of the insufficiency.

B. If no notice of meeting has been made during the time prescribed above, Developer may at any time thereafter call the meeting described above and make notice thereof in the manner provided for notice of any director's meeting considering emergency assessments, and Developer's signature on such notice in lieu of that of the Association's Secretary shall be good and valid. Developer shall be reimbursed by the Association for the expense of making such notice. At such meeting Developer or its representative, may preside in the absence of any Association officer authorized to preside. Developer may deem the absence of a quorum at such meeting to constitute a refusal by the Association to make an adequate assessment.

5.9 BONDS.

Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for the funds of the Association. The amount of such bonds shall be determined by the directors but shall be not less than one half of the amount of the total annual assessments against members for common expenses. The premiums of such bonds shall be paid by the Association.

SECTION VI - AMENDMENTS

6.1 AMENDMENTS.

These By-Laws and the Articles of Incorporation 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 members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writting, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by:

(1) Not less than seventy-five (75%) per cent of the entire membership of the Board of Directors and not less than seventh-five (75%) per cent of the votes of the entire membership of the Association; or

(2) By not less than eighty (80%) per cent of the votes of the entire membership of the Association; or

(3) Until the first election of Directors, by all of the Directors.

6.2 PROVISO.

Provided, however, that no amendment shall discriminate against any unit owner nor against any unit or class or group of units unless the unit owner so affected shall consent. No amendment shall be made that is in conflict with the Articles of Incorporation or the Declaration of Condominium of any condominium operated by the Association.

6.3 EXECUTION AND RECORDING.

A copy of each amendment shall be attached to 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. In case of an amendment to the Articles of Incorporation, a copy of each amendment shall be certified by the Secretary of State. The amendment shall be effective when such certificate and copy of the amendment are recorded in the public records of Okaloosa County, Florida.

THE FOREGOING were adopted as the By-Laws of THE ISLANDER OWNERS ASSOCIATION, INC., a corporation not for profit under the laws of the State of Florida, at the first meeting of the Board of Directors, on the 8 day of June A.D., 1981.

Secretary

President

EXHIBIT XII
REGULATIONS

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

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

Unit #_____
The Islander Condominium
502 Gulfshore Drive
Destin, Florida 32541

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

3. RESIDENTS AND GUESTS. The facilities of The Islander, Phase I, are for the use and enjoyment of residents and house guests only. Visitors will be permitted to use the facilities only as guests of residents who will remain responsible for acts of their guests.

4. CHILDREN'S ACTIVITIES. Children are welcome 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 elevators, the use of any common areas in the building for play areas, or any other conduct that will interfere with the quiet and comfort of the residents. No children under seventeen (17) years of age are permitted to occupy a unit unless a responsible adult is also in residence in the same unit at the same time. Adult residents with whom children are living will be held responsible for the observance of these rules and regulations by the children.

5. SECURITY. The management will attempt to provide security for residents of the building, but all residents must

cooperate if effective security is to be obtained. This requires that all unit doors be locked at all times; solicitors are not allowed to enter a unit without an appointment; and all suspicious appearing persons or incidents should be reported immediately to the management or night watchman.

6. USE OF UNITS.

A. Air Conditioning. When the air conditioning unit is operating it is not advisable to open windows or doors. This is because the moisture in the warm air which is admitted will condense with resultant dampness and mildew 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 of the exterior of the building, display of plants or other objects upon balconies or railings or exterior window sills or ledges, unless 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 residents 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. Owners are reminded that they will be assessed for any increase in the cost of insurance over the cost for residential use that is caused by their use of the condominium property.

E. Hanging of Objects. The hanging of bathing suits, clothing, rugs, towels or other items upon balconies or railings or from windows is prohibited.

F. Installations. Only such awnings, blinds, shades and sunscreens 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 buildings are the responsibility of the Association except for the interior of the unit. As authorized by the Declaration, the Board of Directors has determined that the maintenance, repair and replacement of windows and g ass 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 Declaration of Condominium. Occupants of units under lease with the unit owner are reminded that the responsibility of maintenance and repair as between the lessor and lessee is established by their leases. Regardless of the responsibility for maintenance and repair, it is recommended that need for 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 as per agreement between the parties.

H. Noise. In order to assure the comfort of all residents, the playing of phonographs, radios, television sets and musical instruments must not exceed a reasonable volume at any time, and between the hours of 10:00 P.M. and 10:00 A.M. shall be kept at a volume that cannot be heard outside the unit in which located. All residents and guests shall refrain from any activity that would disturb other residents.

I. Pets. In keeping with the recreational nature of the condominium, NO pets will be allowed.

J. Signs. A resident 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 signs of the Developer pending sale of the condominium units.

K. Use Restrictions. Residents are reminded of the restrictions upon the use of the condominium property that appear in the Declaration of Condominium. The restrictions require, among other things, that a unit may be used only as a residence either permanent or transient, and that no nuisances shall be allowed nor any practice followed that is the source of annoyance to other residents.

L. Waste Disposal. All waste is to be disposed by kitchen garbage disposal units or through the trash chutes in the manner elsewhere described. No waste, including cigars and cigarettes, is to be disposed at any time from balconies or from windows.

M. Windows. This area is subject to sudden rainstorms without warning. In order to aviod 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 the resulting damage.

7. USE OF COMMON AREAS, COMMUNITY PROPERTY AND OTHER FACILITIES.

A. 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 obstructed in any manner at any time. Exit lights 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 and is for the protection of residents in case of fire or other emergency and will be strictly enforced.

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

B. Elevators.

(1) The passenger elevators are for the use of residents and their guests. The beauty of the elevators can be preserved only if care is taken not to mar the finishes with bulky items. Use of the elevators to carry large packages, large quantities of items and freight must be by arrangement with the management in order that the car may be padded.

(2) The operation of the passenger elevator and the emergency and safety precautions will xe explained by the management upon request. It is recommended that elevator use be avoided during lightning storms as most power failures occur at that time.

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, illumination, plants or signs without approvan of the Board of Directors in writing.

D. Garbage and Refuse Receptacles. Garbage disposal units in each unit are to be used for disposition of most kitchen refuse. There is a chute for disposal of other refuse located on each floor. This chute will receive modest quantities of bottles, cans, waste paper and the like. All wet garbage placed in the chute must be securely wrapped in order to avoid fouling the chute and in order to avoid unpleasant odors from the chute and the garbage receptacles. The management should be called for aid in disposition of large quantities of matter that might overload the refuse chute.

E. Swimming Pool. The use of the swimming pool is limited to residents and their house guests. All bathers are required to observe the following regulations in order to comply with requirements of public health authorities and to ensure the comfort and safety of all concerned:

(1) The pool may be used only during the hours posted near the pool.

(2) All bathers must shower immediately before entering the pool.

(3) Bathers must remove suntan lotions, creams, and bobby pins before entering the pool.

(4) No food or drink may be consumed within the pool area.

(5) There shall be no running or shouting or boisterous games played within the pool area.

(6) Children under 12 years of age are not permitted within the pool area unless accompanied by an adult who is responsible for the children.

(7) No dogs or other animals shall be allowed in the pool or other parts of the pool enclosure.

(8) The bathing load of the pool is fifty persons and no more than this number may be in the pool at one time.

(9) The pool is not guarded and all persons using the pool do so at their own risk.

8. MANAGEMENT. The management is employed to serve the residents of the condominium, but the cost and quality of that service depends largely upon the cooperation of the residents. Excessive demands for service will either deny service to some residents or increase the cost of service to all. Observance of the following provisions will be of much assistance to management.

A. Office. The management office is open during the hours posted on the door. After office hours a security guard is available in case of emergency. All requests for service and reports concerning the condominium property should be made to the office.

B. Employees. Personnel of the management staff are to perform only such services as are made available to all residents and guests. All compensation for the staff will be paid by manager. Costs chargeable to a unit owner, such as maintenance of a unit, will be charged by management to the unit owner as per agreement between the parties. The management personnel, including all maintenance, office and service employees, are adequately compensated and no gratuities are to be given to them. This is not to preclude appropriate remembrances at Christmas or other particular occasions.

C. Maid Service. Maid service will be provided to units utilizing the Management's Rental Program. Otherwise, housekeeping within units is the responsibility of the unit owner. Unit owners are expected to keep their units neat and clean at all times. If a maid is to be employed directly, it is requested that the management be advised for security purposes.

9. RENTAL PROGRAM. The Manager will provide rental services to unit owners who request such services with regard to renting their units. Although individual unit owners may reserve the right to perform their own rental services, or may use off-premises rental agents of their choice, the MANAGEMENT is the exclusive on-premise rental agent, and no other rental solicitation activities are permitted on the condominium property.

EXHIBIT XIII

MANAGEMENT CONTRACT

MADE this 8 day of June, 1981, between the Islander Owners Association, Inc., a corporation not for profit under the laws of the State of Florida, hereinafter called "ASSOCIATION", and The Islander Management Services, Inc. a Florida Corporation, hereinafter called the "MANAGER".

WHEREAS, it is agreed as follows:

1. PURPOSE. Association is the governing body for The Islander, a condominium, located in Okaloosa County, Florida, and is the owner in trust for its members, of certain use rights and privileges (all of which are set forth in more detail in the Declaration of Condominium of The Islander, Phase I, a Condominium). Said property is referred to in the Declaration of Condominium and hereinafter in this contract as "Community Property" and includes but is not limited to the meeting room, party room, administration offices, parking areas and related improvements, recreational improvements and such other improvements as Grantor may from time to time construct thereon. Said Association is desirous of entering into a Management Contract for the management of said condominium and Manager is desirous of furnishing such management services. This contract is to provide for the maintenance and operation of the condominium by Manager as Agent for the Association.

2. TERM.

A. The term of this contract shall begin with the date on which the first closing of a sale of a unit in The Islander, Phase I, Condominium, takes place through 730 calendar days, provided however, the Manager may, upon 60 days written notice given to the Association, terminate and cancel this contract as of the last day of such month as is specified in the Notice of Cancellation. Thereafter, it shall be automatically renewed for successive two (2) year periods until terminated at a fuly authorized meeting of the Owners by a Seventy-Five (75%) per cent of the total votes of all the members of the Association, or by the Manager notifying the Association in writing that it will not renew the contract at such renewal date.

B. This contract is subject to the Condominium Act as far as its termination by unit owners is concerned.

3. DUTIES OF THE MANAGER.

A. Manager will provide for the maintenance and operation of all improvements and maintenance of the landscaping of the

grounds of the condominium and of the community property. The operation of the condominium shall include the performance of all duties and responsibilities required of the Association by the condominium documents, other than those duties and responsibilities reserved specifically to the Board of Directors of the Association. Manager's decisions regarding requirements under this contract shall be final. In order to provide for such maintenance and operation, Manager shall employ a minimum of one full time employee to perform and/or supervise the performance of the services, obligations and responsibilities according to the time schedule and at the cost set forth as follows:

Services to be performed and supervised by Manager	Frequency of Performance	*	Cost Basis
Hire and supervise necessary employees to maintain and operate condominium and community property	As Required	$ 15	Actual Cost Incurred
Maintain and repair property	As Required	10	Actual Cost
Purchase tools, equipment and supplies necessary to maintain and operate the property	As Required	2	Actual Cost
Maintain Association's financial records, books and accounts	Quarterly - More often if necessary	15	Actual Cost
Prepare operating budget	Annually	5	Included in Management Fee
Collect all funds and maintain bank accounts	As Required	5	Actual Cost
Make and collect special assessments	As Required	2	Actual Cost
Maintain records to describe services hereunder	Quarterly - More often if necessary	5	Included in Management Fee
Keep Insurance in force	As Required	5	Actual Cost
Promulgate rules and regulations for the property	Annually - More often if necessary	3	Included in Management Fee
Initiate necessary action to force residents to comply with rules, regulations, laws and ordinances	As Required	3	Actual Cost
Attend meetings of unit owners and Directors	As Required	0	Included in Management Fee
Retain and employ persons, corporations, firms and professionals to perform duties	As Required	5	Actual Cost

The amounts shown in the (*) column are the portion of the annual Management Fee allocated to each individual unit and are based on the fact that the total monthly management fee is $400.00 and the annual management fee is $4,800.00 for 64 units.

The foregoing only relates to the services supervised or performed by the Manager for and in consideration of the fee paid it under the Management Contract. For the estimated cost of maintaining, operating and administering the condominium and community property reference should be made to the budget for the condominium and the condominium association.

B. The Manager will provide a responsible person or persons who will be elected as officer or officers of the Association in order that the maintenance and operation of the condominium and the community property shall be conducted in the name of the Association.

C. All funds collected by the Manager from assessments against unit owners shall be deposited in bank accounts of the Association, and the person or persons furnished by Manager for the purpose shall be authorized by the Association to withdraw funds from such accounts in payment of the cost of maintenance and operation of the condominium and community property.

D. All persons handling or responsible for the funds of the Association shall be bonded at the expense of the Association.

E. Manager shall maintain the Association's financial record books, accounts and other records as provided by the Association's By-Laws and pursuant to the Condominium Act and shall issue certificates of account to members, their mortgagees and lienors without liability for errors unless as a result of gross negligence. Such records shall be kept at the office of the Manager and shall be available for inspection by unit owners or their authorized representatives at reasonable times. As a standard procedure, the Manager shall render to the Association a statement for each calendar year no later than the April 1st next thereafter. The Manager shall perform a continual internal audit of the Association's financial records for the purpose of verifying the same, but no independent or external audit shall be required of it. The consent of the Manager to an independent autitor shall not be reasonably withheld.

F. Manager shall cause a representative of its organization to attend meetings of the Unit Owners and of the Board of Directors of the Association; however, it is understood and agreed that the Minutes of all the Association's meetings, whether of Unit Owners or of the Board of Directors, shall be

taken by the Association's Secretary, and possession of the Minutes Book shall be in the custody of said Secretary, who shall always be responsible for preparing and furnishing the notices of all meetings to the required parties.

G. Manager may enter into Agreements upon such terms and conditions and for such purpose as the Manager determines in its sole discretion to be necessary subject to the approval of the Board of Directors as to the common elements of and the condominium, and by agreement grant concessions and licenses subject to the approval of the Board of Directors to persons to provide facilities and services as to and within the condominium and cause coin vending machines and coin operated equipment and pay telephones to be installed within the condominium and to purchase same on behalf of and at the cost and expense of the Association, or rent same or enter into agreements regarding same; however, all income derived by the Manager from the foregoing shall inure to the benefit of the Association; and all expenses appertaining thereto shall likewise be borne by the condominium association.

H. Manager may procure at the expense of the Association sufficient insurance with respect to risks and hazards entailed by all persons employed in the performance of this contract.

4. COMPENSATION. It is specifically understood and agreed that the Manager shall perform all of the services required of it hereunder at no cost and expense whatsoever to itself, but solely at the cost and expense of the Association and its members. All direct costs of the maintenance and operation of the condominium including the service of the Manager's employees directly engaged in such work, shall be paid by the Manager from the funds of the Association as an expense of the Association. As compensation, the Manager shall receive a net fee, free from all charges and expenses, of Four Hundred ($400.00) Dollars per month, such amount to be designated the "Management Fee". The Management Fee shall be taken into consideration in setting the common expense and maintenance fee assessment. The Management Fee is subject to renegotiation during each year of this contract.

5. ASSIGNMENT. This contract shall be fully assignable by the Manager, provided that the Manager gives notice of such assignment to the Association.

6. RENTAL MANAGEMENT SERVICES. The Manager will have the exclusive right to enter into contracts to provide on-premise rental service to unit owners.

It is specifically recognized that the Developer of The Islander Condominium, or some or all of the persons comprising the original Board of Directors of the Association are or may be stockholders, officers or directors of The Islander Management Services, Incorporated or may have some other financial or ownership interest in The Islander Management Service, Inc. and that such circumstances shall not and cannot be construed or considered as a breach of their duties and obligations to the Association, nor as possible grounds to invalidate this Management Contract, in whole or in part.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, and have caused these presents to be signed respectively by their proper Officers, and their respective Corporate Seals have been duly affixed, this 8 day of June, 1981.

Signed, sealed and delivered in the presence of:

Madeline Carroll Hinds

Bonita B. Bailey

THE ISLANDER MANAGEMENT SERVICES, INC.

By: Jerome H. La Chapelle
President

Attest: Cecil W. Barrett (SEAL)
Secretary

"MANAGER"

Madeline Carroll Hinds

Bonita B. Bailey

THE ISLANDER OWNERS ASSOC., INC.

By: Jerome H. La Chapelle
President

Attest: [illegible] (SEAL)
Secretary

"ASSOCIATION"

STATE OF FLORIDA
COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority, personally appeared JEROME H. LA CHAPELLE and CECIL W. BARRETT to me well known to be the persons described in and who executed the foregoing instrument as President and Secretary of The Islander Management Services, Inc. , a Florida Corporation, and they acknowledged before me that they executed such instrument as such Officers of said Corporation and that the seal affixed to said instrument by due and regular corporate authority, and that said instrument is the free act and deed of said corporation.

WITNESS my hand and Official Seal, at the County and the State aforesaid, this 15 day of June A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

STATE OF FLORIDA

COUNTY OF OKALOOSA

BEFORE ME, the undersigned authority, personally appeared JEROME H. LaCHAPELLE and MATTHEW W. BURNS to me well known to be the persons described in and who executed the foregoing instrument as President and Secretary respectively of THE ISLANDER OWNERS ASSOCIATION, INC., a Florida corporation not for profit, and they severally acknowledged before me that they executed such instrument as such Officers of said Corporation, and that the Seal affixed thereto is the Corporate Seal of said Florida Corporation, and that same was affixed to said instrument by due and regular Corporate authority, and that said instrument is the free act and deed of said Corporation.

WITNESS my hand and official seal, at the County and State aforesaid, this 8 day of June A.D., 1981.

Sharon Kay Cray
Notary Public
State of Florida at Large
My Commission Expires: 2/19/84

EXHIBIT XIV (A)

ESTIMATED OPERATING BUDGET
PHASE I - 64 UNITS

	MONTHLY		YEARLY	
	PER UNIT	TOTAL	PER UNIT	TOTAL
EXPENSE ACCOUNTS:				
(1)CURRENT EXPENSES:				
WATER & SEWER	11.50	736.00	138.00	8,832.00
COMMON ELECTRICITY	25.67	1,642.29	307.94	19,708.00
TRASH DISPOSAL	4.00	256.00	48.00	3,072.00
CABLE TV	9.00	576.00	108.00	6,912.00
ELEVATOR MNT. CONTRACT	-0-	-0-	-0-	-0- *
POOL SUPPLIES	1.88	120.00	22.50	1,440.00
LANDSCAPING, TENNIS COURTS, PARKING LOT MAINTENANCE	2.34	150.00	28.08	1,800.00
BLDG. MAINTENANCE SUPPLIES	2.34	150.00	28.08	1,800.00
OFFICE SUPPLIES & EQUIPMENT	1.56	100.00	18.75	1,200.00
OFFICE TELEPHONE EXPENSE	1.56	100.00	18.75	1,200.00
MANAGEMENT CONTRACT (5%)	6.25	400.00	75.00	4,800.00
SECRETARY/BOOKKEEPER	18.96	1,213.33	227.52	14,560.00
MAINTENANCE PERSONNEL	13.54	866.67	162.50	10,400.00
PAYROLL TAXES	3.27	209.08	39.20	2,509.00
LEGAL EXPENSE	.78	50.00	9.38	600.00
ACCOUNTING & TAX SERVICE	.78	50.00	9.38	600.00
INSURANCE -				
BLDG. MULTI PERIL	8.98	575.00	107.81	6,900.00
D. & O. LIABILITY	.98	62.50	11.72	750.00
WORKMANS COMP.	.77	49.42	9.27	593.00
TAXES & LICENSES	.42	26.83	5.03	322.00
CONTINGENCIES	1.56	100.00	18.75	1,200.00
TOTAL CURRENT EXPENSES	116.14	7,433.12	1,393.66	89,198.00
(2)RESERVE FOR DEFERRED MNT.	4.17	266.88	50.03	3,202.00
(3)RESERVE FOR REPLACEMENT	3.13	200.00	37.56	2,400.00
(4)BETTERMENTS	1.56	100.00	18.75	1,200.00
TOTAL EXPENSES	125.00	8,000.00	1,500.00	96,000.00
ASSESSMENT INCOME	125.00	8,000.00	1,500.00	96,000.00

*ELEVATOR MAINTENANCE CONTRACT NOT DUE THE FIRST YEAR.

ASSESSMENTS WILL BECOME DUE THE FIRST OF EACH MONTH. MAXIMUM PENALTY TO BE ADDED TO ASSESSMENTS IN ARREARS AFTER THE TENTH OF THE MONTH. PENALTY INCOME TO BE ADDED TO CONTINGENCIES ACCOUNT.

OF THE $1,000.00 PER UNIT TO BE COLLECTED AT CLOSING, $500.00 WILL BE PLACED IN A RESERVE ACCOUNT ON BEHALF OF THE ASSOCIATION AND $500.00 WILL BE USED TO PAY THE FIRST YEAR PREMIUM OF THE BUILDING INSURANCE AND TO SET UP AN OPERATIONAL ACCOUNT FOR THE ASSOCIATION FROM WHICH TO PURCHASE THE OFFICE COMPUTOR, OFFICE EQUIPMENT, MAINTENANCE EQUIPMENT, ETC.

EXHIBIT XIV (B)

ESTIMATED OPERATING BUDGET

PHASE I & II - 127 UNITS

	MONTHLY		YEARLY	
	PER UNIT	TOTAL	PER UNIT	TOTAL
EXPENSE ACCOUNTS:				
(1)CURRENT EXPENSES:				
WATER & SEWER	12.21	1,550.00	146.46	18,600.00
COMMON ELECTRICITY	27.56	3,500.00	330.71	42,000.00
TRASH DISPOSAL	4.17	530.00	50.08	6,360.00
CABLT TV	9.45	1,200.00	113.39	14,400.00
ELEVATOR MNT. CONTRACT	3.15	400.00	37.80	4,800.00
POOL SUPPLIES	2.36	300.00	28.35	3,600.00
LANDSCAPING, TENNIS COURTS, PARKING LOT MAINTENANCE	2.36	300.00	28.35	3,600.00
BUILDING MNT. SUPPLIES	2.36	300.00	28.35	3,600.00
OFFICE SUPPLIES & EQUIPN.	1.57	200.00	18.90	2,400.00
OFFICE TELEPHONE	1.57	200.00	18.90	2,400.00
MANAGEMENT CONTRACT (5%)	6.25	793.75	75.00	9,525.00
SEC/BOOKKEEPER	10.24	1,300.00	122.83	15,600.00
MAINTENANCE PERSONNEL	14.17	1,800.00	170.08	21,600.00
PAYROLL TAXES	2.69	341.61	32.28	4,100.00
LEGAL EXPENSES	.79	100.00	9.45	1,200.00
ACCT. & TAX SERVICE	.79	100.00	9.45	1,200.00
INSURANCE -				
BLDG. MULTI PERIL	8.53	1,083.33	102.36	13,000.00
D. & O. LIABILITY	.50	63.00	5.94	755.00
WORKMANS COMP.	.82	104.14	9.84	1,250.00
TAXES & LICENSES	.27	34.17	3.23	410.00
CONTINGENCIES	3.94	500.00	47.25	6,000.00
TOTAL CURRENT EXPENSES	115.75	14,700.00	1,389.00	176,400.00
(2)RESERVE FOR DEFERRED MNT.	4.52	575.00	54.24	6,900.00
(3)RESERVE FOR REPLACEMENT	3.15	400.00	37.80	4,800.00
(4)BETTERMENTS	1.58	200.00	18.96	2,400.00
TOTAL EXPENSES	125.00	15,875.00	1,500.00	190,500.00
ASSESSMENT INCOME	125.00	15,875.00	1,500.00	190,500.00

EXHIBIT XV

THE ISLANDER, Phase I
a Condominium
502 Gulfshore Drive
Destin, Florida 32541
904-837-2522

PRE-CONSTRUCTION SUBSCRIPTION AND PURCHASE AGREEMENT

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

SUBSCRIPTION AND PURCHASE AGREEMENT, hereinafter called Contract, made and entered into this ____ day of _____, A.D., 19____, by and between The Islander Group, Limited, a Florida limited partnership for profit referred to as Developer, and

_____

whose address is _____

_____

hereinafter called Buyer.

Developer and Buyer hereby agree to the sale and purchase of a condominium parcel referred to as the Unit, as set forth in this contract. The parties further agree that this contract shall be governed by Chapter 718 of Florida Statutes, known as The Condominium Act: words and phrases appearing in this contract have the same meaning as when used in the Condominium Act.

(1) SUBSCRIPTION AND PURCHASE: The Developer agrees to sell and the Buyer agrees to buy the unit which is specifically Unit #_____, as described in the Declaration of Condominium of The Islander, Phase I, a condominium to be constructed at 502 Gulfshore Drive, Holiday Isle, Destin, Florida. The price and terms of payment are:

THE PRICE OF THE UNIT IS $_____

DEPOSIT ON EXECUTION OF THIS AGREEMENT, THE RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED $_____

BALANCE OF PRICE (due at closing) $_____

In addition, the Buyer hereby subscribes for membership in The Islander Owners Association, Incorporated, referred to as the Association, a non-profit corporation which shall operate The Islander, Phase I, and which shall also participate in the operation of The Islander, Phase II, if so provided in the declaration of condominium, and Buyer agrees to pay at closing One Thousand ($1,000.00) Dollars as a non-refundable contribution to the working capital and reserves of the Association.

(2) All deposits towards the sale price shall be placed in an interest bearing account at Clearwater Federal Savings and Loan Association, Post Office Box 112, Milton, Florida, and shall be disbursed in accordance with Florida Statutes 718.202. The escrow agent is Diversified Property Sales, Inc., Post Office Box 1248, Destin, Florida 32541. Upon request, Buyer shall be furnished a receipt from the escrow agent. If the Buyer's good, diligent, and truthful application under the Mortgage Plan described below is rejected by the Lender passing on the application without default or omission on the Buyer's part, then, at Buyer's request, or upon termination by Developer, the deposit plus any interest will be refunded to the Buyer, and neither party shall have any further obligation under this contract; otherwise Buyer shall complete performance of this contract on date set for the closing.

(3) CLOSING DATE: Buyer agrees to close this sale at the time and place specified in a written notice of closing to be given by Developer. Developer may send such notice at any time after he is apprised Buyer has received a mortgage loan commitment or has made a cash deposit in the amount of the balance of the purchase price. Such notice shall be given ten days prior to the date specified for closing in the notice. If Buyer fails to make all payments and execute all documents due at closing on the date specified, Buyer shall forfeit to Developer all deposits plus interest, as liquidated damages and not as a penalty, and Developer shall have no further obligation under this contract. TIME IS OF THE ESSENCE OF THIS PARAGRAPH.

(4) MANNER OF CLOSING: The Buyer hereby authorizes the Developer to make the appropriate and necessary arrangements for the closing of the sale of the Unit. THE BUYER IS INVITED AND ENCOURAGED TO HAVE COUNSEL OF HIS OWN SELECTION ATTEND THE CLOSING AT HIS EXPENSE. Closing shall be effected in the following manner:

(a) The Buyer shall pay in cash the balance of the purchase price plus interest at the mortgage rate or maximum legal rate, for the period of any delay caused by Buyer; all other amounts specified as due at closing, and such additional deposit for utilities, taxes, and maintenance fees as Developer shall designate.

(b) The Developer shall deliver to the Buyer a good and sufficient Assignment/Sublease or shall convey a marketable lease-hold estate to Buyer; and said Assignment/Sublease or lease-hold shall continue until expiration September 1, 2060, and upon notice given to lessor at least six months prior to expiration, shall be renewable by Buyer for an additional 99 year period. A copy of the proposed Assignment/Sublease is attached as an Exhibit to this contract.

(c) The Assignment/Sublease or lease-hold estate delivered shall be 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 hereafter granted by the Developer;

(3) Zoning or other land use ordinances, if any;
(4) The conditions, covenants and agreements contained in the documents required by Florida Statutes 718.503 to be delivered to Buyer;
(5) The usual exception contained in an owners policy of title insurance issued by a title insurance company transacting business in Okaloosa County, Florida.

(d) Taxes will be pro rated to the day Developer is ready to close this sale according to the notice sent to Buyer.

(e) At Buyer's expense and request, Developer will provide Buyer with an owner's policy of title insurance in the amount of the purchase price and subject to the above exceptions.

(f) Buyer will pay all closing costs incurred in transferring title from Developer to Buyer and Buyer shall pay all costs including discount if any, incurred in obtaining any mortgage required to purchase the Unit.

(g) Buyer shall pay all costs of documentary stamps and recording fees.

(h) Any mortgage required to finance all or part of the balance of the purchase price shall be executed at closing.

(5) THE MORTGAGE PLAN: Buyer hereby applies to Clearwater Federal Savings and Loan Association, hereinafter called Lender, for a loan in the amount of $_____ to be secured by a first mortgage on the Unit and to be repayable in equal monthly installments of principal, interest, and required escrow contributions for a maximum period of thirty (30) years. Buyer further agrees to furnish the Lender with such additional documentation and information, and to perform such additional prerequisites to loan processing, as the Lender requires. Buyer retains the right to make application to other lenders of his choosing, but it is mutually agreed that prompt, diligent, and truthful completion of this application to the Lender is one of Buyer's material obligations under this contract.

In the event Lender commits to make a loan of less than entire loan amount set forth above, but in an amount no less than _____ per cent of such, Developer shall make available a second mortgage loan for the difference; said second mortgage loan shall be for like period and interest, and on like terms as Lender's first mortgage loan.

This Application shall be deemed rejected if Lender notifies Developer to that effect or if Lender has not committed a loan to Buyer within forty-five (45) days of the date of this contract or of the date Lender first makes a loan commitment for the purchase of any condominium parcel in The Islander, Phase I, whichever occurs later.

If the Application is rejected without default or omission by Buyer, the Developer may, at his option, notify Buyer (a) that this contract is immediately terminated, or (b) that this contract will terminate ten (10) days after the notice and without further notice unless Buyer presents assurance satisfactory to Developer of ability to perform the contract, such assurance shall be either a loan commitment in the balance of the purchase price from a financial institution legally qualified to do first mortgage lending business in Florida, and which loan will be closed within ten (10) days, or an additional cash deposit up to the full balance of the purchase price. In the event of termination, Developer shall refund Buyer's deposit plus interest, without awaiting Buyer's request, and neither party shall have any further obligation under the contract.

(6) THE ISLANDER, Phase I, a condominium, shall be a sixty-four unit residential condominium pursuant to The Condominium Act, and in accordance with the Declaration of Condominium and Exhibits. The Islander, Phase I, shall be built upon that certain parcel of real property in Okaloosa County, Florida, to-wit: A leasehold estate:

> Commencing at the NW corner of Lot 13, Block B, Holiday Isle Residential Section No. 3, Plat Book 4, Page 20, Okaloosa County, Florida, proceed S-88°44'-W 1266 feet along Gulfshore Drive, thence 485.84 feet along a 905' radius deflecting right with a chord of N-75°53'17"-W 480.03 feet, thence S-01°16'-E 171 feet to the POB, thence N-88°44'-W 92 feet, thence S-01°16'-E 85.0 feet, thence N-88°44'-W 201.67 feet, thence S-01°16'-E 45 feet, thence S-88°44'-E 243.67 feet, thence N-01°16'-W 40 feet, thence S-88°44'-E 50 feet, thence N-01°16'-W 90 feet to the POB.

said leasehold expires on September 1, 2060, A.D., is renewable for an additional 99 years, and is subject to that Grant of Easement dated December 23, 1975, and recorded at OR Book 827, pages 527 through 533, Official Records of Okaloosa County, Florida, and Easement No. 2 as in OR Book 826, page 927.

Buyer has examined the plans and specifications for The Islander, Phase I and agrees that the plans and specifications accurately describe the size and dimensions of the Unit and its relative location within the condominium. In accordance with Florida Statutes 718.503, the complete plans and specifications for the construction of The Islander Phase I, the Unit, and the common elements appurtenant to the Unit are available for the Buyer's inspection at Developer's office in Destin. Buyer is invited to examine these documents at his convenience. Developer agrees to deliver the Unit substantially as described in the plans and specifications. Developer is deemed to grant the warranties provided for in Florida Statutes 718.203 and no others.

The Developer reserves the right to make such substitutions of facilities, materials, and appliances as shall insure prompt and satisfactory completion of the Unit. No such substitution shall be made which does not result in delivery to the Buyer of the same or greater value than that expressly contracted for. No alteration shall change the Buyer's share of the common elements and voting rights in the Association, or increase the share of the common expenses, except as provided in any phase development plan. Buyer may request modifications of the Unit prior to the completion of construction; however, modifications shall be made only with the written consent and approval of the Developer, and shall be paid for by Buyer.

If construction of the Unit is not completed on or before December 31, 1982, this Agreement shall be voidable at the option of the Buyer upon giving written notice to the Developer.

(7) THIS CONTRACT IS FOR THE TRANSFER OF A UNIT THAT IS SUBJECT TO A LIEN FOR EXPENSES PAYABLE UNDER A GRANT OF RIGHTS IN COMMONLY USED FACILITIES: FAILURE TO PAY AN ASSESSMENT FOR SUCH EXPENSES MAY RESULT IN FORECLOSURE OF THE LIEN. Certain facilities available for the use of Unit Owners shall not be part of the condominium property, but are made available through a grant of use rights; the Association is obligated to assess units for all resulting expenses; the details of this grant are contained in the disclosure materials provided to Buyer in accordance with Florida Statutes 718.503.

(8) SUBSTANTIAL CHANGE: If Developer shall make substantial change in The Islander, Phase I, development, the Unit, or common elements, which shall adversely affect the rights of the Buyer, the Buyer shall have the right to void this Agreement within fifteen (15) days of notice of any such change. This right shall be in addition to any other rights of Buyer under this contract or the Florida Condominium Act. Voiding the Agreement under the provisions of this subsection shall entitle Buyer to a refund of all monies paid by him under this Agreement together with interest thereon at the highest rate then being paid upon savings accounts other than certificates of deposits by savings and loan association in the area in which the Unit is to be closed.

(9) RISK OF LOSS: The risk of loss or damage to the Unit by fire or other casualty is retained by the Developer until the time of closing.

(10) RENT: If the Developer allows the Buyer to occupy the Unit prior to settlement, rent shall be paid at the rate of $_____ per day from the date of occupancy to the date of closing. None of the rental shall be applied toward the purchase price or Buyer's costs. Rent shall be payable on the date of occupancy; the first rental payment shall be equal to the amount due if the rental continues to the last day of the month. Thereafter rent for the entire month shall be due and payable on the first of each month. At closing, surplus rent shall be refunded to Buyer.

(11) UNIT TO BE USED FOR RESIDENCE ONLY: The Unit shall be used for residential purposes only. The declaration of condominium shall provide that the unit owner may rent the unit to others for peaceable habitation for daily, weekly, monthly, or annual periods. Nothing in this paragraph shall limit the right of the Developer or the Association to place reasonable restrictions and regulations for the common good on the rental of units or the rights of lessors or lessees thereof.

(12) SALES OFFICES AND MODEL UNITS: So long as Developer owns any Unit in The Islander, Phase I or Phase II, Developer or his agent shall further have the right to have sales persons, advertising signs, and sales materials on the condominium property for the purpose of showing units for sale. Developer retains exclusive right to use the activities room or manager's office as a sales center and sales office until all Units are sold.

(13) PROJECTIONS: All projections of costs or expenses contained within this Agreement, including but not limited to estimated monthly maintenance expenses, are projections based upon the past experience of the Developer. The actual amount of such costs and expenses may vary from the estimates, depending upon future economic conditions.

(14) DEFAULT:

(a) If Developer defaults on any material obligation, Buyer's sole and exclusive remedy shall be termination of this contract and refund of his deposits plus interest.

(b) If Buyer defaults on any material obligation, the Developer shall have the remedies set forth in this contract and any other remedies as are available at law or equity; if Developer is required to bring action to enforce this contract or collect any of the money required to be paid by Buyer to Developer, Buyer will pay Developer the reasonable attorney's fees and costs incurred.

(15) ENTIRE AGREEMENT: This instrument constitutes the complete agreement between the parties, and shall be binding on the parties hereto, their heirs, assigns, and legal representatives. All understandings heretofore existing between the parties are merged in and governed by this Agreement, and no representation, oral or written, not contained herein shall be considered a part hereof. This Agreement may not be altered, enlarged, modified, or changed, except by an instrument executed in writing by the parties, PROVIDED HOWEVER, that the terms of this Agreement may be hereafter governed or made more particular with regard to details by the lawful recording of the documents required by Florida Statutes 718.503.

(16) NOTICE: Notice as required by this Agreement shall be in writing posted as First Class United States Mail with sufficient postage, properly addressed, and deliverable to the party being notified. Any party may appoint an agent for receipt of notice. Notice shall be deemed as given upon dispatch.

(17) LIEN STATUS: No lien shall arise as a result of this Agreement or any monies deposited hereunder. Buyer agrees that all terms of this Agreement are subject to the lien of any construction mortgage heretofore or hereafter placed on the condominium property by the Developer.

(18) NON-ASSIGNABILITY: The Buyer shall not assign this Agreement or the Buyer's rights hereunder without the prior written consent of the Developer. Any attempt to assign the Buyer's rights inconsistent with this paragraph shall be null and void and of no legal effect.

(19) THIS CONTRACT IS FOR THE TRANSFER OF THE UNIT SUBJECT TO A LEASE THAT EXPIRES ON SEPTEMBER 1, 2060, AND THE LESSEE'S (UNIT OWNER'S) INTEREST WILL TERMINATE UPON EXPIRATION OF THE LEASE UNLESS RENEWED.

(20) DOCUMENTS: Developer will deliver to Buyer a prospectus as provided for in Florida Statutes 718.503 and 718.504. Buyer agrees to sign a written acknowledgement that he has received and had the opportunity to read the prospectus. Buyer agrees that his interest in the Unit will be governed by the prospectus and the acknowledgement shall then be incorporated into this contract.

(21) BUYER'S RIGHT TO CANCEL:

THIS AGREEMENT IS VOIDABLE BY THE BUYER ANYTIME UNTIL SUCH TIME AS THE BUYER HAS RECEIVED ALL ITEMS TO BE DELIVERED TO HIM BY THE DEVELOPER UNDER SECTION 718.503 OF THE FLORIDA STATUTES AND THEREAFTER, THIS AGREEMENT IS VOIDABLE BY BUYER BY GIVING WRITTEN NOTICE OF BUYER'S INTENT TO CANCEL TO THE DEVELOPER WITHIN FIFTEEN

(15) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS AS REQUIRED BY CHAPTER 718.503 OF THE FLORIDA STATUTES. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER BUYER HAS RECEIVED ALL OF THE ITEMS THAT ARE REQUIRED. BUYER'S RIGHT TO VOID THIS CONTRACT SHALL TERMINATE AT CLOSING.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals this _____ day of _____, 19____.

WITNESSES:

_____

_____
As to Developer

_____

_____
As to Buyer(s)

THE ISLANDER GROUP, LTD.

By_____(SEAL)
Authorized Agent

_____(SEAL)

_____(SEAL)
Buyer(s)

RECEIPT OF DEPOSIT upon the terms set forth above is hereby acknowledged this _____ day of _____, 19_____.

_____
The Islander Group, Ltd.

EXHIBIT XVI

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: The Islander, Phase I

Address of Condominium: 502 Gulfshore Drive, Destin, Okaloosa County, Florida 32541

Place a check in the column by each document received or, for the plans and specifications, made available for inspection. If an item does not apply, place "N/A" in the column.

DOCUMENT	RECEIVED
Prospectus Text	
Declaration of Condominium	
Articles of Incorporation	
By-Laws	
Estimated Operating Budget	
Form of Agreement for Sale or Lease	
Rules and Regulations	
Covenants and Restrictions	
Ground Lease	
Management and Maintenance Contracts for More Than One Year	
Renewable Management Contracts	
Lease of Recreational and Other Facilities to be Used Exclusively by Unit Owners of Subject Condominium	
Form of Unit Lease if a Leasehold	
Declaration of Servitude	
Sales Brochures	
Phase Development Description (See 718.503(2)(k) and 504(14)	
Lease of Recreational and Other Facilities to be Used By Unit Owners with Other Condominiums (See 718.503(2)(h)	N/A
Description of Management for Single Management of Multiple Condominiums (See 718.503(2)(k)	N/A
Conversion Inspection Report	N/A
Conversion Termite Inspection Report	N/A
Plot Plan	
Floor Plan	
Survey of Land and Graphic Description of Improvements	
Executed Escrow Agreement	
	MADE AVAILABLE
Plans and Specifications	

THE 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 THE PURCHASE AGREEMENT BY THE BUYER AND RECEIPT BY THE BUYER OF ALL OF THE DOCUMENTS REQUIRED TO BE DELIVERED TO HIM BY DEVELOPER. 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 _____, 19____.

_____
Purchaser or Lessee

_____
Purchaser or Lessee

EXHIBIT XVII

ESCROW AGREEMENT

THIS AGREEMENT dated this 8 day of June, 1981, by and between THE ISLANDER GROUP, LIMITED, hereinafter referred to as the "DEVELOPER", and DIVERSIFIED PROPERTY SALES, INC., Realtor; Post Office Box 1248, Destin, Florida, 32541; physically located at 502 Gulfshore Drive, Destin, Florida; a Real Estate Broker registered under Chapter 475, Florida Statutes, hereafter referred to as "ESCROW AGENT".

WHEREAS, DEVELOPER owns certain lands situated in Okaloosa County, Florida, and is in the process of developing same by construction thereon of a certain condominium project known as The Islander, Phase I, a condominium, and

WHEREAS, the DEVELOPER desires to establish an escrow account as required by Florida Statutes, Section 718.202 with ESCROW AGENT in which to deposit funds to be received from the various purchasers of units in The Islander, Phase I, and

WHEREAS, the ESCROW AGENT has agreed to deposit all such funds deposited by DEVELOPER with it in a depository account or accounts in an insured institution, and

WHEREAS, ESCROW AGENT has agreed to make no disbursement of such escrowed funds except in accordance with this Agreement, and

WHEREAS, it is intended that such funds be deposited in accounts at Clearwater Federal Savings & Loan Association, hereinafter referred to as Depository Association.

WHEREAS, the parties hereto desire to define their mutual rights and obligations in writing,

NOW, THEREFORE, FOR AND IN CONSIDERATION of the premises and for good and valuable considerations, the receipt of which are hereby acknowledged by each of the parties, it is agreed as follows:

1. ESCROW ACCOUNT. The escrow account or accounts 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 at The Islander, Phase I, to be

forwarded to ESCROW AGENT. ESCROW AGENT agrees to deposit all funds forwarded to it in a special escrow account or accounts designated as DIVERSIFIED PROPERTY SALES, INC., ESCROW ACCOUNT.

A. The accounts referred to herein shall mean any type of account permitted by the Florida Condominium Act for the purposes stated herein. Such accounts may be in the form of certificates of deposit, at the discretion of the ESCROW AGENT. ESCROW AGENT may maintain more than one such account, and may, with a view toward optimizing the interest earned, divide any deposit among more than one account, transfer funds between accounts, and commingle funds hereunder with other funds held by ESCROW AGENT as a fiduciary, provided the Florida Condominium Act is not thereby violated. Regardless of any such permitted transactions, all funds initially deposited pursuant to this agreement and all interest earned thereon shall continuously be subject to the terms of this agreement until final distribution.

2. RECEIPT. All receipts forwarded to ESCROW AGENT shall be deposited by the ESCROW AGENT with the DEPOSITORY ASSOCIATION in the accounts referred to above. The transmittal of all receipts to the ESCROW AGENT shall be accompanied by a copy of the Subscription and Purchase Agreement signed by the purchaser. All receipts shall be in the form of a check made payable to Diversi-Property Sales, Inc. It is expressly understood that neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be under any duty to enforce the collection of any such receipts. Upon request, the ESCROW AGENT shall give a receipt for deposit to any purchaser depositing funds.

3. ACCOUNTING. The ESCROW AGENT shall account for the receipt and disbursement of all funds forwarded to it pursuant to this agreement and such obligation to account shall be deemed fully satisfied upon the forwarding, on a monthly basis, to the DEVELOPER, and such sales agent as the DEVELOPER shall specify in writing to the ESCROW AGENT, of a complete summary of all money received from purchasers of units at The Islander, Phase I, and disbursements made from the account referred to above. Said monthly reports shall include specific itemization of the names, dates and amounts of each purchaser's deposit or deposits including the unit number being purchased and when a final disbursement is made, shall include interest earned on purchaser's deposit through date of final disbursement (a final disbursement shall be a disbursement refunding deposits to a purchaser who voids his Subscription and Purchase Agreement or is entitled to a refund because of

a default of the DEVELOPER; or a disbursement of the funds as a portion of the purchase price paid at closing from purchaser to DEVELOPER). In addition, the monthly report shall include a specific itemization of the total interest earned on the account to date. Said monthly report shall be prepared and distributed by either the ESCROW AGENT or the DEPOSITORY ASSOCIATION.

4. INTEREST. ESCROW AGENT shall endeavor to obtain interest from DEPOSITARY ASSOCIATION at the rate established by the Association for other accounts of like nature.

5. DISTRIBUTION OF FUNDS.

A. The ESCROW AGENT shall provide written instructions to the DEPOSITORY ASSOCIATION to distribute escrow funds pursuant to the requirements as follows:

(1) Funds deposited from payments made by a purchaser who properly terminates his Subscription and Purchase Agreement pursuant to its terms or pursuant to the Florida Condominium Act, shall be paid to the purchaser free of all costs of the escrow together with any interest earned thereon within thirty (30) days of termination.

(2) Prior to the closing of the transaction of purchase and sale, no funds shall be paid to DEVELOPER from the escrowed funds except in case of default by the purchaser.

(3) If the purchaser defaults in the performance of his obligations under the Subscription and Purchase Agreement, the funds shall be paid to DEVELOPER together with any interest earned.

(4) The ESCROW AGENT may disburse the escrowed funds paid or deposited by the purchaser, together with interest earned thereon, at or after the closing of the transaction of the purchase and sale of the subject condominium unit to the DEVELOPER in the absence of written notice of a dispute between DEVELOPER and the purchaser.

(5) Upon receipt of written notice from the purchaser of a dispute between the purchaser and DEVELOPER, ESCROW AGENT shall retain all escrowed funds up to ten (10%) per cent of the sales price until the dispute is resolved. Funds in excess of ten (10%) per cent of the sales price may be disbursed during the pendancy of the dispute, subject to paragraph 7 below.

(6) Interest earned on the escrow funds shall be paid or credited to the DEVELOPER if he is entitled to receive the principal because of a default of the purchaser, or shall be paid to the purchaser if he properly voids the contract and is entitled to return of the principal. Upon the closing of the transaction of purchase and sale, interest earned on the escrowed funds shall be credited to the purchaser.

6. FEES. No fees or expenses shall be payable to the ESCROW AGENT or to the DEPOSITORY ASSOCIATION except for reasonable attorney's fees and court costs arising out of litigation or threatened litigation renative to this Agreement. If such litigation or threatened litigation results in a judgment or settlement in which the ESCROW AGENT or the DEPOSITORY ASSOCIATION are not determined to be in violation of the terms of this agreement, then such reasonable attorney's fees and court costs as shall have been incurred in connection therewith shall be reasonable expenses of the escrow and payable to the ESCROW AGENT or the DEPOSITORY ASSOCIATION as the case may be. Except for such attorney's fees and court costs, there shall be no other expenses of this escrow.

7. GENERAL CONDITIONS. The ESCROW AGENT and the DEPOSITORY ASSOCIATION act hereunder merely as depositories and are not responsible for the sufficiency, correctness, genuineness, or validity of any instrument deposited hereunder or upon which it either does act, or the identity or authority of any person executing or depositing the same. In the event of any disagreement, the DEVELOPER, ESCROW AGENT, DEPOSITORY ASSOCIATION or any other person, including purchasers having an interest in, or claiming an interest in, the money deposited pursuant hereto, resulting in adverse claims or demands being made with reference to such money the ESCROW AGENT or the DEPOSITORY ASSOCIATION may, at their option, continue to hold the same without liability until the rights of all adverse claimants have been adjudicated by a court of competent jurisdiction or all differences have been adjusted and settled between the parties and the ESCROW AGENT or DEPOSITORY ASSOCIATION are so advised by all such interested parties. Neither the ESCROW AGENT nor the DEPOSITORY ASSOCIATION shall be responsible for any act or omission in connection herewith in the absence of negligence or willful misconduct on their part.

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

Mary L. Cronk

Juliana C. Pennington

Bonita B. Bartley

Sharon Kay Gray

DIVERSIFIED PROPERTY SALES, INC., REALTOR

By _____

"ESCROW AGENT"

THE ISLANDER GROUP, LTD.

By _____

"DEVELOPER"

EXHIBIT XVIII

PARTIAL ASSIGNMENT OF LEASE

THIS PARTIAL ASSIGNMENT OF LEASE made and entered into this _____ day of _____, A.D., 19____, by and between THE ISLANDER GROUP, LIMITED, a Florida Partnership hereinafter called Assignor, and _____ whose mailing address is _____ _____ hereinafter called Assignee.

WITNESSETH: THAT, for and in consideration of the sum of Ten ($10.00) Dollars and other good and valuable consideration, paid by the Assignee to The Islander Group, Limited, the receipt whereof is hereby acknowledged, and in consideration of the other mutual covenants and conditions herein contained, the parties agree as follows:

1.

PROPERTY AND TERM: The Islander Group, Limited, does hereby lease unto the Assignee the following described condominium unit, lying and being in Okaloosa County, Florida, to-wit:

CONDOMINIUM PARCEL: Unit No._____ of The Islander, Phase I, condominium, according to the Declaration of Condominium thereof, recorded in Official Records Book , Page , of the Public Records of Okaloosa County, Florida, on the day of , A.D., 19 , together with all of its appurtenances according to said Declaration of Condominium;

For and during the term beginning at 12:01 A.M. on the day of A.D., 19 , and ending at 11:59 P.M. on September 1, 2060, and continuing during any extension or renewal of The Islander Group, Limited's leasehold estate described in Paragraph V of the Declaration of Condominium cited above.

2.

PARTIAL ASSIGNMENT OF LEASE SUBJECT TO TERMS OF THE ISLANDER GROUP, LTD.'S LEASEHOLD ESTATE: This sublease is subject to the payment by the Assignee of the assessment of Seventy-Five ($75.00) Dollars due Holiday Isle Improvement Association (or its successors in interest) and subject to all other terms of the leasehold estate of The Islander Group, Ltd., described in the lease, amendments and assignments thereof referred to in

Paragraph V of the Declaration of Condominium cited above. Assignee agrees to pay the said $75.00 annual assessment to Holiday Isle Improvement Association or its successors in interest, and further agrees to keep and perform each and every other covenant and condition required of The Islander Group, Ltd., by the terms of its said leasehold insofar as they pertain to the above described condominium unit, and Assignee will hold The Islander Group, Ltd. harmless therefrom.

3.

ASSIGNEE TO ABIDE BY PROTECTIVE COVENANTS AND RESTRICTIONS: Assignee agrees to abide by, keep and perform all of the covenants and restrictions dated December 21, 1961, and recorded in the Public Records of Okaloosa County, Florida, in Official Records Book 256 , Page 416 , and all recorded amendments thereto insofar as said covenants and restrictions pertain to the above described condominium.

4.

SUBJECT TO CONDOMINIUM DOCUMENTS: This Partial Assignment of Lease is subject to all of the provisions of the Declaration of Condominium, all exhibits thereto, and all other Disclosure Materials which were previously furnished to Assignee, the receipt whereof is hereby acknowledged. Whenever the term "Unit Owner" or "Owner" appears in said Declaration of Condominium, or any of the other condominium documents applicable to said unit, the same shall be construed to mean and include Assignee herein and other Assignees of units in said condominium. Assignee agrees to pay all common expenses, comply with, perform, and be bound by all other obligations, conditions, restrictions, reservations, terms and easements contained in said "Condominium Documents" which apply to a "Unit Owner" or "Owner" to the same extent as though Assignee was, in fact, the fee simple owner of said unit.

5.

ASSIGNEE TO PAY TAXES: Assignee shall pay before they become delinquent all taxes, levies, licenses and other governmental charges of every kind and character, including but without limitation, levies on the condominium unit described above in its present state, as well as any betterment assessments due or to become due in connection with said condominium unit or the use thereof, and will hold The Islander Group, Ltd., harmless therefrom.

6.

UTILITIES PAID BY ASSIGNEE: Assignee shall pay any and all charges for utilities applicable for said unit before they become delinquent, and will hold The Islander Group, Ltd., harmless therefrom.

7.

THE ISLANDER GROUP, LTD.'S INTEREST NOT SUBJECT TO MECHANICS' LIENS: Assignee shall have no authority to subject the interest of The Islander Group, Ltd., in the leased premises to any mechanics' or materialmans' liens of any kind.

8.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR DAMAGE OR INJURY TO PERSON OR PROPERTY ON PREMISES: The Islander Group, Ltd. shall not be liable for, and Assignee hereby, for himself, his family, his invitees, licensees and permitees, releases, discharges and acquits The Islander Group, Ltd. of any and all claims for loss, damage or injury of any nature whatsoever to person or property resulting in any way from or in any fashion arising from, connected with or resulting from occupancy and use of the leased premises, and the adjoining premises, or any part of the premises adjacent to or connected with the leased premises, whether caused by negligent acts of The Islander Group, Ltd., its agents, servants or otherwise; and Assignee shall indemnify and hold The Islander Group, Ltd., harmless from any and all such liability for damage to persons or property.

9.

THE ISLANDER GROUP, LTD. NOT LIABLE FOR ACTS OF OTHERS: Nothing contained herein or elsewhere shall be construed by the parties hereto, or any third party as creating the relationship of principal or agent, or of partnership, or of joint venture between the parties hereto, it being understood and agreed that the sole relationship between the parties hereto is that of Assignor and Assignee.

10.

ASSOCIATION MEMBERSHIP: It is agreed that by executing this instrument, Assignee immediately becomes a member of The Islander Owners' Association, Inc., and will abide by the By-Laws and Regulations of the Association, and pay Association assessments as they come due.

11.

MAINTENANCE OF PREMISES: The parties acknowledge that the Declaration of Condominium requires the Assignee to maintain certain portions of the leased premises, while other portions thereof are to be maintained by the unit owners' association. Assignee covenants and agrees to keep and maintain that portion of the leased premises which is the Assignee's responsibility according to the Declaration of Condominium, in good and substantial repair. Further, Assignee shall so vote his interest as a "unit owner", and so act in such other capacity for said Association as Assignee may be priviledged to serve, so as to require the said unit owners' association to keep and maintain all other portions of the leased premises in good and substantial repair. The parties acknowledge that The Islander Group, Ltd., has no obligation whatsoever to keep and maintain the leased premises or any improvements thereon. Assignee agrees to permit no waste to said leased premises.

12.

MORTGAGING OR ASSIGNING LEASEHOLD INTEREST: The Assignee shall have the right to freely mortgage and/or assign his leasehold interest acquired herein.

13.

REMEDIES FOR BREACH OF AGREEMENT: If either party shall fail to perform or shall breach any agreement of this lease for thirty (30) days after a written notice specifying the performance required shall have been given to the party failing to perform, the party so giving the notice may institute an action in a court of competent jurisdiction to terminate this lease or to compel performance of the agreement, and the prevailing party in that litigation shall be paid by the losing party all expense of such litigation, including a reasonable attorney's fee.

14.

ACCEPTANCE OF PREMISES: Assignee hereby formally accepts subject premises and acknowledges that The Islander Group, Ltd., has complied with all the requirements imposed upon it under the terms of this lease with respect to the condominium of said unit and all of the common elements of the condominium at the time Assignee commences occupancy and use of same.

15.

LEASE BINDING UPON PARTIES AND SUCCESSORS: The Partial Assignment of Lease shall be binding upon and inure to the benefit of the heirs, personal representatives, assigns, and successors in interest of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands, the day and year first above written.

ASSIGNOR: THE ISLANDER GROUP, LTD.

By:_____
General Partner

Attest:_____
General Partner

Signed, sealed and delivered in the presence of:

ASSIGNEE(S)

_____ _____

_____ _____

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared JEROME H. LACHAPELLE and CECIL W. BARRETT, General Partners of The Islander Group, Ltd., a Florida Partnership, well known to me to be the parties described as Assignor in the foregoing Partial Assignment of Lease, and each of said individuals acknowledged before me that they executed same for and in the name of said Partnership and that they are authorized so to do by the Board of Directors of said Partnership, for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this ____ day of _____A.D., 19___.

_____
Notary Public
State of Florida at Large
My Commission Expires:_____

STATE OF FLORIDA
COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day before me, an officer duly qualified to take acknowledgments, personally appeared _____ and _____ well known to me to be the individuals referred to as Assignee(s) in the foregoing Partial Assignment of Lease, and each of said individuals acknowledged before me that they executed same for the purposes therein set out.

WITNESS my hand and official seal, in the State and the County last aforesaid, this ___ day of _____A.D., 19___.

_____
Notary Public
State of Florida at Large
My Commission Expires:_____

RENTAL AGREEMENT

In consideration of the covenants and conditions contained herein _____, nereinafter call "Owner" and Islander Owners' Association, Inc., hereinafter call "Association," hereby covenant and agree:

1. The owner hereby employs the Association exclusively to manage and rent the improvement known as Unit _____, The Islander, 502 Gulfshore Drive, Destin, Florida 32541, for a period of twelve months beginning on the _____day of _____, 20__, and will thereafter be automatically renewed for annual periods or until terminated in the manner set forth hereafter. This agreement may be terminated by either party by giving 30 days written notice to the other party of the intention to terminate. Such termination will not affect any lease, contract or other obligation entered into under the terms of this agreement. Owner hereby confers on Association the exclusive right to rent this unit, and covenants not to compete with Association or to employ any other rental agents for the term of this agreement. Owner shall be liable to Association for the full amount of rental and management fee which would be earned pursuant to this contract for any period of occupancy of the unit in violation of this exclusive right, computed on the higher of a) any actual consideration paid for such occupancy, or b) Association's prevailing rental rates at the time of the occupancy, and Association shall have a lien on any of unit owner's funds passing into Association's possession to secure payment of such liability.

2. The owner shall pay to the Association as a rental and management fee, 28% of the net rental monies collected, or forfeited rental deposits; this fee shall be earned and due the Association whether tenant be procured by the Association, the Owner or other parties. Further, the Owner shall also perform and abide by all the express provisions of this agreement.

3. The Association accepts the aforesaid employment and agrees to furnish its services, to supervise all services rendered herein and will use all due diligence and reasonable efforts to rent the unit during the term of this agreement.

4. (a) The Association reserves the right to set all rental rates.
   (b) Rental rates are subject to applicable taxes.
   (c) The Association shall collect these taxes and remit same to their designated agencies as required.
   (d) The current rental rates are attached as Exhibit "A" and made a part hereof.

5. All rental units managed by the Association will be rented on a rotational basis except that specific request by tenants for a specific unit will be honored notwithstanding its position on the rotational list. Nothing herein, however, shall be construed to require the Association to equalize among the group of units by number of days each unit is rented nor the income received.

6. Owner hereby authorizes the Association to collect, demand, and receive and receipt for any and all rents, sales taxes, and other charges which may at any time be or become due during the term of this agreement.

7. The Association agrees to collect all monies and to deposit such in a rental escrow bank account. The Association shall not be required to initiate legal action or retain an attorney for the purpose of collection of rent, evicting tenants or other persons.

8. The Association shall not be liable for loss of owner's personal property located in said unit or rents collected resulting from theft, dishonored or uncollectible checks, bank failure, wind, storms, accidents or other causes or events beyond its control.

9. The Association shall render to owner by the 10th of each month during which this agreement is in effect, a statement of income collected and expenditures made during the preceding calendar month. The Association shall also disburse to owner rents collected, less disbursements made on behalf of and for the account of the owner which are: (a) Rental management fee, (b) Special cleaning expense, painting or repair, utilities, assessments, special assessments, etc., (c) Sales tax, (d) All other sums as are authorized under this agreement, and (e) Other sums held in reserve to meet obligations which are or may become due thereafter with respect to the unit.

10. The Owner shall be responsible for all utility deposits and the monthly payments of utilities and shall pay those expenses directly. If the unit loses any utility service because of non-payment of bills, the Association reserves the right to remove unit from the rental program, and it shall not be returned to the rental program until owner restores utility service to the unit, or the Association may at its option make payments in behalf of the owner from the unit owner's rental account as per Paragraph 9 above.

11. Owner and his family and guests may use and occupy the unit at any time, but only by prior reservation with the Association's Rental Department and only if unit has not been rented for any portion of such period by the time that a request of such reservation is received by the Association's Rental Department. Owner, or his guest, shall pay the Association upon departure, a fee for clean-up and expense of placing unit back on rental program. Clean-up fees charged shall be established by The Islander Owners' Association, Inc. Current fees are attached and are made a part hereof. No such guest may pay any consideration to Owner or his family for such occupancy. If this provision is violated, Association may deem the entire period of occupancy to be a rental on the terms, rents, and conditions then prevailing and Owner hereby guarantees payment of rent so due.

12. Owner agrees to, and hereby does assign to Association, its delegees and assigns, the exclusive use of the Unit for three (3) days of Association's selection during the initial term of this agreement, and three (3) additional such days during each annual renewal period. Association shall pay no rent to Owner for such use, provided that Association agrees to use, and does use, the unit during the assigned days solely and exclusively for advertising and promotion of the rental program at The Islander Condominium. Association hereby accepts this assignment of the use of the Unit, and agrees to use the unit on those days solely and exclusively for such advertising and promotion. Association further agrees that such use period shall not interfere with the personal use of the unit by the owner. Association shall provide a statement to the Owner outlining the time of this usage and the purpose thereof.

13. All furnishings, appliances, dishes, cookware, utensils, towels, linens, floor and wall coverings, drapes and decor items, as are in the unit at the commencement of the agreement shall remain in the unit for the duration of this agreement, and such items missing or damaged shall be promptly repaired or replaced to Association's satisfaction at Owner's expense. Owner shall at his expense, supply and maintain the furnishings and the unit in good order and repair. The Association shall advise Owner from time to time of the cleaning, repair or replacement required to keep the unit in good order and repair, and shall cooperate with Owner in minimizing the cost of same. In the event the unit is not kept up to acceptable standards, it will be removed from the rental program. When such deficiency determinations are made, the Association shall notify the Owner. Upon correction of the deficiencies, at Owner's expense, the unit will again be placed on the Association's Rental Program.

14. Owner authorizes Association, its agents and servants, to enter the premises at reasonable time, with, or if circumstances require, without notice to Owner or any occupant of the premises, to inspect, repair, inventory or perform any similar function on or about the premises or its contents. The Association is authorized to make, at Owner's expense and without prior approval, any emergency repair involving the danger to life or property or immediately necessary for the preservation of the safety of the unit, or for the safety of any person occupying the unit, or required to comply with an order or regulation of any governmental agency or court. The Association shall contact Owner for approval prior to contracting for the repair of major discrepancies that are not of an emergency nature. In the event of a failure of the heating or air conditioning system or any major appliances or in the event of disruption of essential service to the unit during the period the unit is rented to a tenant, the Association is authorized to make such rental rebates they see as deemed appropriate. The Association is also authorized to, and shall use its best efforts to correct any such problems in order to maximize rental income. In the event maintenance and repairs are necessary during months when no rental revenue is received, the Owner will be billed direct for such incurred expenses. Owner authorizes Association to change locks on the premises whenever necessary: (a) to protect the premises or its contents from unauthorized entry, (b) to accomplish eviction, collect rents, or to perfect by detention of personal property any lien for unpaid rents, and (c) because of damage or wear to the door or lock rendering the same unusable.

15. The Owner agrees to save the Association harmless from all damage, cost, expense, liability, cause or action or attorney's fees and court costs, in connection with the Association's performance or its services

provided for hereunder from liability from injury suffered by Owner or any agent of the Owner, tenant or other person whomsoever, and at the Owner's expense, take out and maintain in full force and effect, necessary public liability insurance adequate to protect the interests of the parties hereto, which policy or policies shall be written as to protect the Association in the same manner and to the same extent that they protect the Owner.

16. The Association shall collect a damage deposit from each tenant prior to occupancy of any unit rented herein. The amount of the damage deposit shall be established by The Islander Owners' Association, Inc. The current damage deposit is $150.00. Units will be inspected for damage as soon as reasonably practicable after tenant vacates said unit. The Association will, after deduction of the cost of repair of any damage to said premises, return any damage deposit to tenant. It is understood and agreed between the parties that it is not the responsibility of the Association to inspect and inventory each item in said unit upon the vacation of the unit by the tenant and the Association will not be responsible for any loss due to damage or theft to the premises.

17. Owner acknowledges that the Association makes no guarantee regarding rental income or expenses and that no inducements or representations have been made to Owner concerning rental or tax benefits to be derived by Owner through rental of this unit.

18. Unit owner will give immediate written notification of intent to sell, and the Association upon receipt of said notice will make no additional reservations for the unit from date of said notice, should the Owner request such. The Owner will honor all reservations made prior to the receipt of notice by Association, that said unit is being withdrawn from the rental program for the purposes of a sale. The unit will not be shown to prospects while rental guests occupy the unit.

19. Association may, without prior approval of Owner, repair furnishings in the unit and replace items of equipment as necessary to maintain rental service to the occupant, provided expenses for repair or replacement do not exceed one hundred and fifty dollars ($150.00). Fifty dollars from each unit owner shall be pooled and retained by the Association in a replacement account which will be used to pay for repairs and replacement items which do not exceed $50.00 per unit. At the end of each calendar month, all such expenditures shall be totaled and evenly deducted from each unit owner's rental income, and a statement shall be provided showing the detail of the deduction. Should an individual expense to one unit exceed $50.00, the fund will pay for the first $50.00, and the individual unit owner will be billed for the balance remaining. Upon termination of rental agreement, the $50.00 will be returned to Owner.

20. The initial supply of linens provided by the rental unit owner when the unit is placed in the Association's rental program become a part of the rental linen supplies. The linen supplies shall be adequately maintained at the owner's expense and replacements will be charged to the rental replacement fund or account as necessary. Should the Owner elect to remove his unit from the rental program, a complement of inventory items will be returned to the unit in average condition.

21. In the event of casualty to the unit rendering the unit uninhabitable in Association's sole discretion, this agreement shall be held in abeyance until all damage is repaired or replaced. In the event any casualty gives the unit Owner the right under the Declaration of Condominium to elect or vote not to reconstruct his unit, or to terminate the condominium, the unit owner may elect or vote as he chooses, and, if the unit is not to be reconstructed or the condominium is terminated, this agreement shall terminate, otherwise, this agreement shall remain in full force and effect.

22. No reservations, even at specific tenant request, will be made or honored for the unit while the unit is removed from the rental program, under the terms of this agreement, or otherwise.

23. This agreement incorporates by reference and is subject to the Declaration of Condominium and all exhibits thereto, and any lease of the unit or any other agreement for the use of the unit, during the term of this Rental Agreement or renewal thereof, and any reasonable regulations or House Rules promulgated thereunder. It is further agreed that any violation of any such material so incorporated in a lease or use agreement shall constitute conduct which disturbs the peace and comfort of other guests and injures the reputation, dignity and standing of the condominium.

24. The Islander Owners' Association, Inc., reserves the right to refuse rent, or to remove from, any apartment any person who fails to abide by the Rental Conditions or General Information and House Rules contained herein, in the condominium documents, or as reasonably promulgated hereafter. Owner hereby appoints Association as Owner's agent and attorney-in-fact and grants Association full power of attorney to remove from the Unit any person who fails to abide by or perform said Rental Conditions, General Information, House Rules, or the Declaration of Condominium or exhibits contained therein. In addition, Owner and Association further agree the Association is the "Operator" of the condominium for purposes of the rental of the Unit under this agreement and that Association shall exercise all the powers, rights, and remedies of an Operator under Chapter 509, Florida Statutes.

25. It is herein agreed and understood that the furnishings and decor will remain standard for said unit to remain in this rental agreement. Alterations may void this agreement.

26. Association may delegate performance of any one or more of its duties hereunder and may assign on a temporary basis any and all of its rights hereunder, provided, however, that Association shall not thereby be relieved of its obligation to supervise any delegee's performance.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed the _____ day of _____, _____

_____ _____
WITNESS "OWNER"

_____
"ASSOCIATION"

CLEANING AND MAINTENANCE CHARGES

Private Unit Cleaning $40.00

Rental Unit Cleaning $35.00
(After Owner Occupancy)

Deep Cleaning $150.00
(one per year or more if necessary)

Carpet Cleaning Hourly* *or*
per outside Contractor, if necessary

Unit Maintenance Work Order – Hourly*

*Fifteen minutes or less - No Charge
16-30 minutes = $8.00
31-60 minutes = $16.00
Over 1 Hour: Add $8.00 per ½ Hour

Islander Owners' Association, Inc. will absorb all Travel Agent Fees.

Credit Card Fees charged to the owner will be reduced from 2.5% to 2%.
Islander Owners' Association, Inc. will absorb all credit card fees above 2%.

Post in a Conspicuous Place

Business, Professional, or Occupational License

City of Destin, Florida

ISSUED TO: ISLANDER OWNERS ASSOC, INC
LOCATION: 502 GULF SHORE DRIVE

YEAR: 2006

LICENSE NO: 2066

RENTAL UNITS

RENTAL UNITS

UNITS
110.00

MAILING ADDRESS:
ISLANDER OWNERS ASSOC, INC.
502 GULF SHORE DRIVE
DESTIN, FL 32541-

749

OWNER/AGENT: ISLANDER OWNERS ASSOC I
C

DATE ISSUED: 08/18/2005
EXPIRE DATE: 09/30/2006

FEE PAID: 300.00

THIS LICENSE DOES NOT, IN AND OF ITSELF, INDICATE OR CONFER COMPLIANCE WITH LOCAL, STATE OR FEDERAL CODES. IT IS THE OBLIGATION OF THE BUSINESS ENTITY NAMED ABOVE TO INDEPENTLY CONFIRM COMPLIANCE WITH APPLICABLE LAND DEVELOPMENT, ZONING AND OTHER CODES OF CITY AND OTHER APPLICABLE JURISDICTIONS.

Post in a Conspicuous Place

Business, Professional, or Occupational License

City of Destin, Florida

ISSUED TO: ISLANDER OWNERS ASSOC, INC
LOCATION:
502 GULF SHORE DRIVE

YEAR: 2007
LICENSE NO: 2066

RENTAL UNITS
RENTAL UNITS

OWNER/AGENT: ISLANDER OWNERS ASSOC I
DATE ISSUED: 09/05/2006
EXPIRE DATE: 09/30/2007

UNITS
110.00

FEE PAID: 300.00

MAILING ADDRESS:
ISLANDER OWNERS ASSOC, INC.
502 GULF SHORE DRIVE
DESTIN, FL 32541-

749

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LIC# 2588830

STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
DIVISION OF HOTELS AND RESTAURANTS

SEQ# L06051700869

DATE	BATCH NUMBER	LICENSE NBR
05/17/2006	050762695	CND5600179 NBR. OF UNITS: 127

The GROUP RESORT CONDOMINIUM (2006)
Named below IS LICENSED
Under the provisions of Chapter 509 FS.
Expiration date: JUN 1, 2007

. NON- .
. TRANSFERABLE .

ISLANDER OWNER'S ASSOC INC
ISLANDER CONDOMINIUM (THE)
502 GULFSHORE DR
DESTIN FL 325413083

JEB BUSH
GOVERNOR

SIMONE MARSTILLER
SECRETARY

DISPLAY AS REQUIRED BY LAW

MAPS | LOCAL INFO | CONTACT US | OWNERS



HOME | TOUR | AMENITIES | RATES | SALES | RESERVATIONS

Islander Specials

Live Chat OFFLINE
LEAVE A MESSAGE

15% off: $88.40/night or $535/week

or

1 night FREE - SAVE $104

Click here for details!

The Islander Condominium is located in Destin, Florida and provides 2 bedroom 2 bath beach front vacation condo rentals. Each condo vacation rental is fully equipped and our beach resort features 2 heated pools, whirlpools, tennis courts, high speed internet, movie rentals, games, and more!

With over 120 feet of beach, we are proud to say that we have the largest and the best beach on Holiday Isle. See the photos!

Islander guests can enjoy nearby entertainment, restaurants, shopping, and major attractions for the entire family.

Become an Islander - find the best beach deal in your Email:

Join

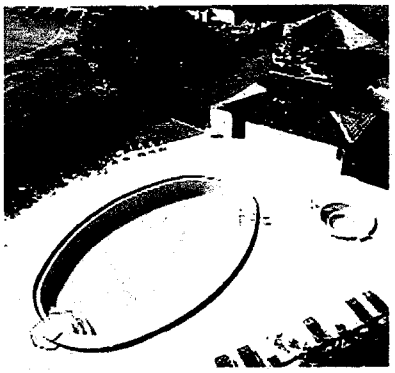
trip
Popularity Index
#1
Read the Reviews

We would like to hear from you. Please take the time to fill out our online survey.

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Tripadvisor logo and marks property of Tripadvisor. Popularity Index rating as of 7/7/06
SITE METER



Tour



Fun Activities

The Islander has two heated swimming pools and two whirlpool spas. Our ground floor units offer direct access to the pool and the beach. Other activities available at The Islander include lighted tennis courts, a full game room for the kids, movie rentals, pavilion with grills, and much more.

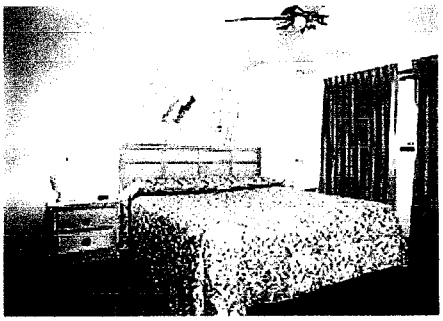
"From the first warm welcome at the check-in, I could already surmise that our stay would be cordial and accommodating. With our key of freedom in hand, we were eager to see our 2 BR/2B completely furnished haven. Everyone headed for the balcony to share the most spectacular sight as the sun was just setting on the water with the relaxing sound of waves lapping in the background."

"As for me...the blue skies, sugar-white sand, emerald-colored water, soft breeze, and fresh scents of saltwater created the kind of relaxation I had longed for. I had escaped to endless pleasures and timeless treasures."

Are you ready for a getaway like no other? The Islander is located on quiet Holiday Isle in Destin, on a sugar-white, sandy beach with clear, emerald green waters. No matter what room you are in, there are plenty of windows with beautiful views.

Comfortable Bedrooms

All units are 987 square feet, with two spacious bedrooms and two bathrooms and are fully furnished. Visitors can enjoy cable television, phone, and VCR with an extensive variety of movies available. High speed internet is also available at no additional charge.





Fully Equipped Kitchens

The kitchen is equipped with the latest in appliances and kitchenware including dishwasher, stove and

microwave. A convenient coin operated laundry facility is also available.

Relaxing Living Room

All units have a fully furnished living room with a comfortable sleeper-sofa, cable television, DVD/VCR player.





Inviting Dining Area

The dining area, located next to the Kitchen, is the perfect place for your family gatherings; in the mornings for breakfast and in the evenings for dinner.

Breathtaking Balcony Views



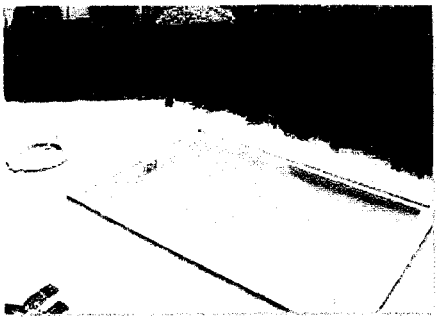
Day View from the Gulf Front

Sip your morning coffee on your private balcony and enjoy the scenery of the worlds most beautiful beaches, with sugar white sandy beaches and sparkling emerald green water.

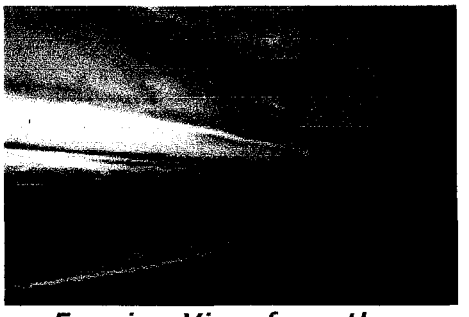


Day View from the Gulf View/Sunset

Take in the picturesque view of the Gulf, the Destin Pass and jetties, and the pool. Watch the dolphins play while Destin's finest fishing charter boats drift into the Destin Harbor.



Day View from the Gulf Front
While taking in the view of the Gulf, watch your people play a game of tennis or swim in the pool.



Evening View from the Gulf View/Sunset
This is also the perfect location to watch see some of the most gorgeous sunsets.

Become an Islander - find the best beach deal in your Email:
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Additional Photos

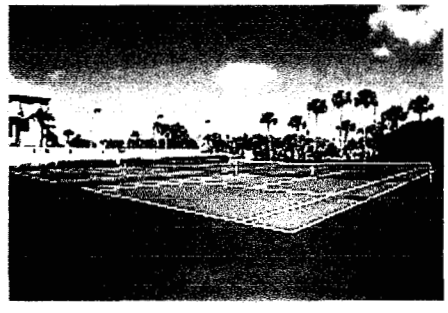
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Amenities

Located on Holiday Isle, one of the most sought after vacation destinations, The Islander is a place where you can relax and take in a gorgeous view of emerald green waters and sugar white beaches. The Islander is perfectly located next to the Destin Harbor, where you can enjoy a sunset dolphin cruise, snorkeling, parasailing, and riding jet skis. At night, visit the best restaurants on the Emerald Coast with well-known chefs, live entertainment, and fun for the children. The Islander is sure to have all of the elements for your perfect Destin vacation!

- Two spacious bedrooms, two baths, an equipped kitchen, living room, dining area, and balcony. Accommodates six people.
- Cable TV in living room and both bedrooms, and DVD/VCR player
- Two lighted tennis courts

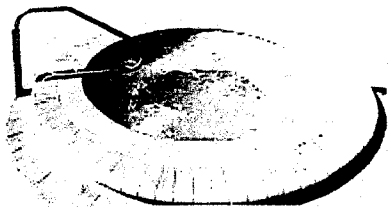


- Free high speed Internet access
- Two heated swimming pools
- Two whirlpool spas
- Pavilion with barbecue grills and tables
- Two shuffleboard courts and basketball court
- Centralized laundry facility

"During our stay, we played beach volleyba and tennis, made a fe stops in the game room, and cooked out on the barbecue grills under the pavilion while playing shuffleboard. There were two of everything: heated swimming pools, whirlpool spas, and tennis courts. Additional inexpensive amenities we enjoyed were sailing on The Islander Hobie Cats and watching the grea variety of VCR movie rentals available.

"The next morning, th family awoke and excitement took over as we walked down to the beach, where our chaise lounges and umbrella were already up and ready for us. The kids built sand castles, ran in and ou of the water, and had the time of their life!"





- Beach chair and umbrella rentals
- Movie rentals
- Kayak rentals
- Game room
- Championship golf courses nearby.
- Child Care equipment



Become an Islander - find the best beach deal in your Email:

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Rates

2006 Rental Rates
Effective January 1, 2006

Gulf Font East Units	March 1 - May 25	May 25 - August 6	Aug 6 - Oct 8	Oct 8 - March '07
Weekly	$1034	$1457	$1034	$629
Daily 3 Night Minimum	$180	$245	$180	$104
4-Night Special Sunday - Monday Arrival Only	$648	$819	$648	N/A

Gulf View/Sunset West Units	March 1 - May 25	May 25 - August 6	Aug 6 - Oct 8	Oct 8 -March '07
Weekly	$961	$1,356	$961	$629
Daily 3 Night Minimum	$169	$228	$169	$104
4-Night Special Sunday - Monday Arrival Only	$603	$762	$603	N/A

Rates are subject to change without notice.

Online Reservations! Click Here

Rental and Occupancy Rules

1. The Islander is a family-oriented condominium. The regulations do not allow rental to single persons under the age of 25 unless registered and accompanied by parents during the entire rental period. Reservations made by groups under the required age

or obtained under other false pretenses will not be honored on arrival and are subject to loss of deposit.

2. Maximum occupancy is six (6), including children and babies. Occupancy is ideal for two couples or a family of four.

3. No pets allowed.

4. A reservation/security deposit of $150.00 (U.S. funds) is due upon making the reservation. It converts automatically to a Security deposit at check-in. The deposit is NOT a part of the rent. It is fully refundable with 14 days after departure in the manner in which it was received and provided certain provisions are met.

5. Cancellations must be made fourteen (14) days prior to check-in or deposit will not be refunded. Monthly renters must cancel sixty (60) days prior to check-in date.

6. Rental payments are due upon check in and are subject to a Florida sales tax. Acceptable forms for deposit and rental payments are traveler's check, Visa, MasterCard, Discover, or cash.

7. Check-in time is 3:00 p.m. Checkout time is 10:00 a.m.

8. Provisions Regarding Refund of Security Deposit:

a. Violation of The Islander Rules and General Policies can cause early termination/eviction, and the security deposit will not be refunded.

b. Any damage to the unit or its contents beyond normal wear and tear will be deducted from the deposit.

c. Any missing items—linens, ashtrays, beach towels, etc.—will be deducted from the deposit.

d. Upon checkout, please lock doors, return keys to front desk, and pay any outstanding charges. Failure to check out can result in an administrative fee deducted from the deposit.

Unadvertised Specials

* These special offers are not valid in conjunction with any other discounts or specials.

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Sales

The Islander currently has condominium units for sale including:

#404	$425.000
#407	$450.000
#609	$485.000
#705	$450.000
#706	$499.900
#708	$435.000
#111	$369.000
#217	$389.000
#211	$419.990
#310	$495.000
#612	$425.000

Estimated Monthly Expenses

Association Dues.....$326.00
(includes water, sewer, cable, insurance, management, etc.)

Electricity (approx).>>>>>..... $85.00

Taxes (approx).....$380.00

Holiday Isle Fee.....$12.50
(annual fee of $150 to Holiday Isle Homeowner's Assoc)

Note: The rental management fee is 28% year round and includes housekeeping for rental occupancies. Though the information provided above is deemed accurate, it is subject to change without notice.

Sales Contact

For more information on the condominiums for sale, contact us at sales@islander-resort.com

"It was a day I had looked forward to for the last year...the day we left from our home headed to the destination of a lifetime...Destin, Florida. I'd earned a week of total relaxatic and fun."

"My friends told me about The Islander Condominium located on Holiday Isle and said it was the perfect spot."

"They say all good things must come to an end, and my spirits have been renewed! A we were checking out we realized we had ju experienced the vacation of a lifetime, so when the gracious reservationists asked us what date next year, we all said, "Same time!" I don't think we can top it, bu we are definitely goin to try!"

Online Reservations! Click Here

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The Islander Availability Search and Online Reservations

Find out if the accommodations you desire are available, right now!

Arrival Date: 11/8/2006

Number of nights: 3

View: Any

Floor Preference: Any

Number of adults: 1

Number of children: 0

Unit Number (if known):

Please note, minimum stay requirements may apply

Search for my accommodations now!

All units at the Islander have 2 bedrooms and 2 bathrooms and are fully furnished. They include cable TV, phone, VCR/DVD player, and high speed Internet access with an extensive variety of movies available. The kitchen is equipped with the latest in appliances and kitchenware. A convenient centralized laundry facility is also available. Please note, maximum of 6 persons per unit. Minimum stay requirements may apply.

The Islander Homepage
The Islander
502 Gulfshore Drive
Destin, FL 32541
http://www.islander-resort.com
Phone: 800.477.8837
Fax: 850.837.7385
E-Mail: info@islander-resort.com
Optimized to work with IE and Netscape 4.0 or higher



FAQ/Updates

Below are frequently asked questions for your convenience and information.

Q. What is the current condition of the beach at The Islander right now?

A. Our beach restoration project is now complete. With over 120 feet of beach we are proud to say that we have the largest and the best beach on Holiday Isle. See the photos to the right.



Morning of April 13, 2006: The Beach at The Islander Condominium looking towards the East
Click here for larger view

Q. How far is The Islander's building from the Gulf of Mexico?

A. The Islander is located on the Gulf of Mexico; just a short walk and you are on the beach.



Morning of April 13, 2006: The Beach at The Islander Condominium looking towards the East
Click here for larger view

Q. How large are the units?

A. The units are 980 Square Feet and contain two bedrooms and two baths.

Q. What nearby restaurants and activities are available?

A. Destin, the luckiest fishing village, is known for its fresh seafood and variety of fish available at local restaurants. Destin not only offers wonderful restaurants nearby, but the family can enjoy Big

Kahunas Water Park, The Track Family Recreation Center, dolphin cruises, kayaking, snorkeling, charter boat fishing, golfing, putt-putt golf, shopping, and much more. Take a look at our online Destin map and activities.

Q. Is the beach service (chairs and umbrella) included with the cost of the room?

A. The beach service costs $25.00 for the first day and $20.00 per day there after as long as they are reserved. This service includes two chairs and an umbrella. The cost can be charged to your room at the front desk, but must be paid with cash or check since it is run by the Holiday Isle.

Q. Can you rent jet skis or parasail?

A. Yes, there are rentals on the beach nearby The Islander.



Morning of April 13, 2006: The Beach at The Islander Condominium looking towards the West
Click here for larger view



May - Memorial Weekend: Over 120 ft of beach! The largest on Holiday Isle and one of the largest in Destin.
Click here for larger view

Become an Islander - Be the first to find the best beach deal

Email: Join

502 Gulf Shore Drive | Destin, Florida 32541 | 850.837.1000 (Phone) | 800.477.8837 | 850.837.7385 (Fax)
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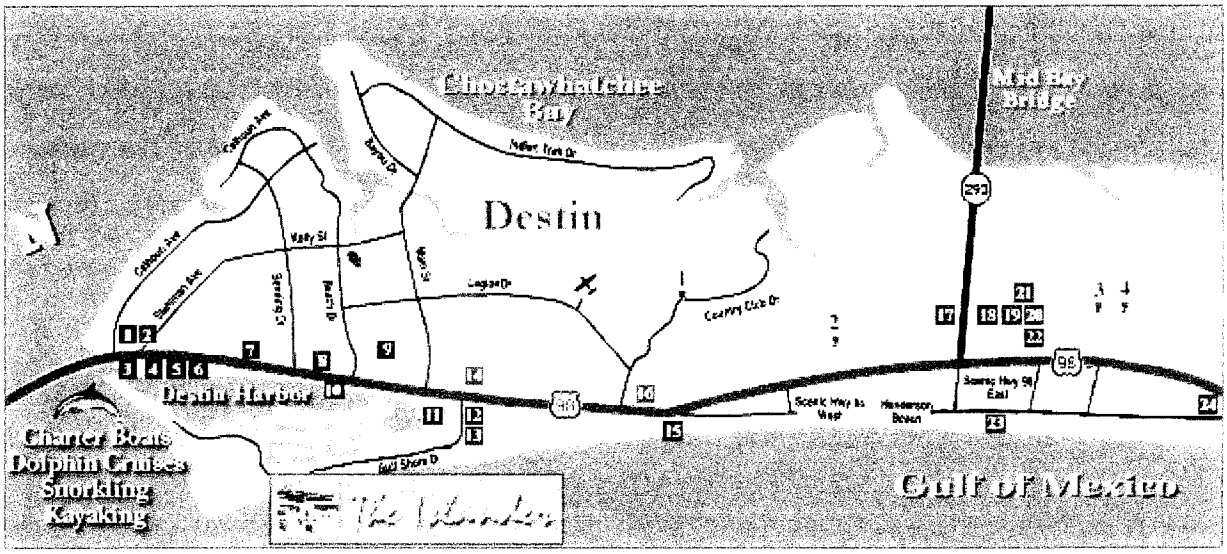
Maps

Destin is easily accessible by U.S. 98 and U.S. 331 from Montgomery. Destin is also 35 miles south of I-10 at the DeFuniak Springs exit. Several major airlines connect into Destin via the Okaloosa County Municipal Terminal.

Once in Destin, you find The Islander by turning south from U.S. 98 onto Gulfshore Drive (at the Shoreline Shopping Center). Continue on Gulfshore onto Holiday Isle. The Islander is beachside on the left. Refer to map below.

Click here to retrieve exact driving directions and maps from your home to Destin.

Driving Distances to The Islander		
Origination City	**Hours**	**Miles**
Atlanta, GA	6	332
Austin, TX	12	736
Birmingham, AL	5	302
Chicago, IL	15.5	960
Columbia, NC	14	905
Jackson, MS	6	298
Little Rock, AR	12	642
Memphis, TN	9	506
New Orleans, LA	4	250
Orlando, FL	6.25	416
St. Louis, MO	13	800
Tallahassee, FL	2.75	163



Restaurants

2 McGuire's Irish Pub
3 Lucky Snapper
4 AJs Seafood & Oyster Bar
5 Marina Cafe
6 Destin Chops
7 The Donut Hole
8 Hog's Breath Saloon
10 Harbor Docks
11 Louisiana Lagniappe (on Holiday Isle)
13 LaPaz (on Holiday Isle)
15 Grazie Italian Restaurant
17 Bonefish Grill
19 Tony's Ristorante'
20 Hard Rock Cafe of Destin
21 Blue Point Fish Club
23 Beach Walk Cafe
24 Bianco Restaurant

Shopping

1 Harborwalk Shopping Center
12 Shoreline Shopping Center
16 Paradise Key Shopping Center
18 Destin Commons
22 Bass Pro Shops
Silver Sands Outlet Mall

Fun Activities

14 Big Kahunas Water Park
16 The Track Family Rec. Center
Charter Boats
Dolphin Cruises
Snorkeling at the Jetties
Scuba Diving
Kayaking
Bowling at Destin Lanes

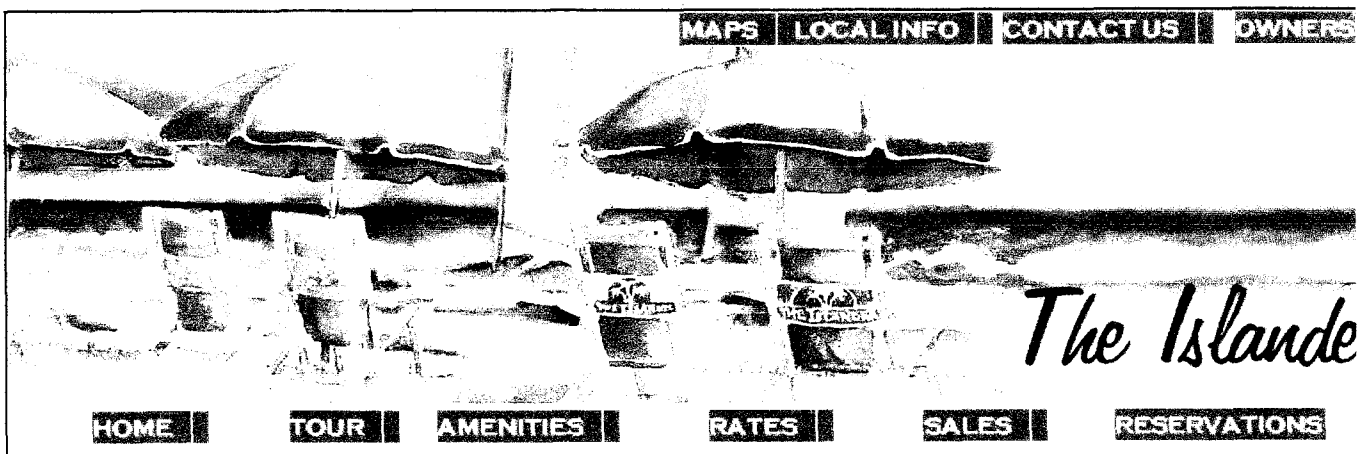
Golf Courses

1 Indian Bayou Golf Course
2 Kelly Plantation Golf Course
3 Regatta Bay Golf Course
4 Emerald Bay Golf Course

Online Reservations! Click Here

Become an Islander - find the best beach deal in your Email:
Join

502 Gulf Shore Drive | Destin, Florida 32541 | 850.837.1000 (Phone) | 800.477.8837 | 850.837.7385 (Fax)
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Destin Florida Info:

DESTIN SEAFOOD FESTIVAL

The 28th Annual Destin Seafood Festival is October 6-8, 2006!
Book your reservation now and CATCH THE FUN!

- Weather
- Shuttle Service
- Flag System
- Other Links

Just a few more reasons to visit Destin's Beaches:

With over 120 feet of beach, The Islander is proud to say that we have the largest and the best beach on Holiday Isle.

- "Golden Shell Award 2005: Voted top 10 for "Best Value", "Family Beach", & "Snowbird Beach" by Florida Beaches Guide
- Recently picked as the "#1 Beach in America" by USA Today Readers.
- AJC.com's best of the Big Winner "Best Place to Hit The Beach" - AccessAtlanta.com
- Selected for the 9th year in a row as the "Best Beach in the

South" and "Top Family Destination" by Southern Living Readers.

- "#1 Favorite Beach Destination" for the 3rd year in a row by middle Tennessee families. Best of Parenting Poll 2005.

- "Top 10 Favorite Beach Destinations" by The Southern Accents Reader Travel Awards

Become an Islander - find the best beach deal in your Email:

Join

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Contact Us

Have comments about your vacation with us? Please take a moment to fill out our guest questionnaire. We appreciate your time in letting us know how to improve.

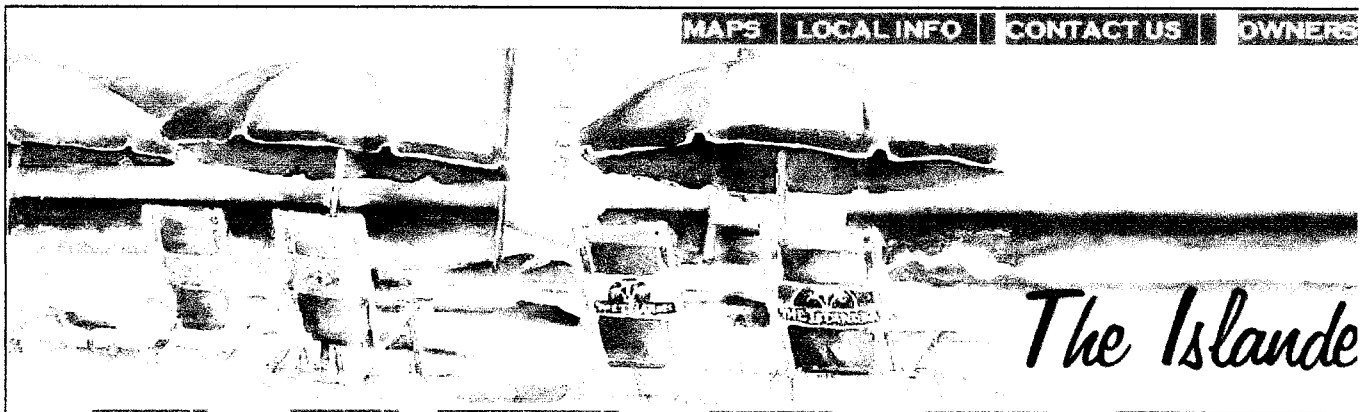
Rental Inquiries:	Rentals@Islander-resort.com
Rental Manager:	Stephen@islander-resort.com
Sales Inquiries:	Sales@Islander-resort.com
Maintenance:	Maint@Islander-resort.com
General Manager:	Manager@Islander-resort.com
Bookkeeper:	Tina@islander-resort.com
Marketing:	brandi@islander-resort.com

Would you like to be added to our e-mail list to receive information and special offers from The Islander? If so, please complete the following form below.

Become an Islander - find the best beach deal in your Email:

Join

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Owners

All Board of Director Meetings and the annual homeowner meeting will be located at 502 Gulf Shore Drive in the Palm Room.

Schedule of Meetings:
Feb. 10, 2006 at 9:00 AM - Strategic Planning
Feb. 11, 2006 at 9:00 AM - BOD Meeting

May 19, 2006 at 9:00 AM - Strategic Planning
May 20, 2006 at 9:00 AM - BOD Meeting

Aug. 18, 2006 at 9:00 AM - Strategic Planning
Aug. 19, 2006 at 9:00 AM - BOD Meeting

Nov. 10, 2006 at 9:00 AM - Strategic Planning
Nov. 11, 2006 at 9:00 AM - Annual Homeowners Meeting

Owners' Bookings! Click Here

Emergency Phone Contact

Bill Butler Cell 850-598-0322

E-Mail Contact List for Owners at The Islander

Bill Butler/General Manager: billbutler@islander-resort.com
Tina Jones/Accountant: tina@islander-resort.com
Brandi Bradley/Marketing: brandi@islander-resort.com
Stephen Parish/Rental Manager: stephen@islander-resort.com

Meeting Minutes

August 20, 2005 Meeting Minutes
May 20, 2006 Meeting Minutes

502 Gulf Shore Drive | Destin, Florida 32541 | 850.837.1000 (Phone) | 800.477.8837 | 850.837.7385 (Fax)
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System Features

Abbreviated Dial (System Speed Call)
Abbreviated Dial Entry via CDE Form[1]
Account Codes (non-verified)
Account Codes (verified)[1]
Associated Modem Line[1]
Automatic Diagnostics
Automatic Route Selection (ARS)
Conflict Dialing
Console-less Operation
Customer Programming and Security
Customer Data Entry
(Console or Terminal)
CDE Separate Access[1]
Customer Database Printouts[1]
Dictation Trunks
Direct In Lines (DILs)
Direct Inward Dialing (DID)
DID with Intercept to Recording[1]
DID Trunk Support
Direct Inward System Access (DISA)
Discriminating Ringing
E&M Trunk Support
Fixed/Flexible Night Service
Hotel/Motel Features[1]
Hunt Groups
Message Waiting with Printouts[1]
Multi-Attendant Positions
Multiple Trunk Groups (50)
Music on Hold
Night Bells
Node Identification[1]
OPS Line Support[1]
Paging Access (9 zones plus all)
Range Programming
Remote Maintenance
Resale Package[1]
Station Message Detailed Recording
(SMDR)
Superset support
Tenanting (25)
Toll Control (Multi-Digit)
Tone Demonstration Package
Traffic Measurement
Trunk Answer from Any Station
(TAFAS) – Day and Night
Trunk Group Labels[1]
Trunk Interconnection (CDE Forms)[1]
Uniform Call Distribution (UCD)[1]
Verified Account Codes[1]
336-Port Configuration[1]
480-Port Configuration

Attendant Features

Alarm Readout
Automatic Wake-Up[1]
Busy Override
Call Blocking[1]
Callback Busy/No Answer
Call Forward Setup and Cancel
Call Selection: LDN Keys, Recall,
Dial 0
Called/Calling Name, Number,
COS and COR Display
Calls Waiting Display
Camp-on
Date Display
Direct Trunk Select
DISA Code Setup Enable
Display of *Superset* Messages
DND Setup and Cancel
Flash over Trunk
French Console Operation[1]
Guest Room Features[1]
Hold Slots (8)
Individual Directory Number
Last Number Redial
Message Registration[1]
Message Register Printout[1]
Message Waiting Printout[1]
Message Waiting Setup and Cancel
Night/Day Switching
Page Access
Programmable LDN Keys
Room Status[1]
Room Status Printout[1]
Serial Call
Time Display
Timed Recall
Training Jack
Tone Signaling[1]
Trunk Group Busy Display[1]
Wake-up, Automatic with Printout[1]

Extension Features

Automatic Wake-Up[1]
Call Forwarding (5 options)
Call Hold
Call Park[1]
Call Retrieve
Callback Busy
(extension and outgoing trunk)
Camp-on
Conferencing (up to 5 parties)
Data Security
Dialed Call Pickup (50 groups)
Directed Call Pickup
Discriminating Dial Tone
External Call Forwarding
Hot Line
Paging Access
Speed Call
Transfer, Consultation Hold/Add On

Superset Features

Advisory Messages
ARS Most Expensive Route Warning
Message
Auto-Answer
Background Music
Call Announce
Call Duration Display
Call-Me-Back Messages
Call Hold (via *hold* button)
Call Split
Call Swap
Called/Calling Party Identification
Callback (Busy and No Answer)
Camp-on
Camped-on Party Identification
Date/Time Display
English and French
Executive Busy Override
Handsfree Operation
Help Function
Last Number Redial
Messages Waiting Indication
Multiline Appearance
(key line and multiple call)
Name Function
Night Switching (for Tenants)[1]
Paging Access (all zones)
Pickup
Privacy Release
Room Status Display[1]
Speed Call Feature Codes[1]
Sub-Attendant Recall
Swap Camp-on
Timed Reminder
Transfer/Conference

[1] Available with Generic 1001 software only.

This is just a partial listing of *SX-200 DIGITAL* features. For the complete listing, see the *SX-200 DIGITAL* General Information Book.

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DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
Division of Hotels and Restaurants
1940 North Monroe Street
Tallahassee, Florida 32399-1012
www.hospitalityeducation.org

NOTICE TO GUESTS

The operator of this establishment is responsible for providing safe and sanitary lodging, under the provisions of Chapter 509, Florida Statutes. In a licensed public lodging establishment, the operator is obligated to: properly inform you of the room rates, refrain from false or misleading advertising, maintain fire safety precautions and maintain adequate locking devices. A telephone surcharge may be imposed; however, notice of such surcharge must be posted in a conspicuous place by each telephone. The lodging establishment is under no obligation to accept for safekeeping valuables, wearing apparel, or other property of the guest, and by law, has limited liability for the loss thereof.

For further information regarding your rights, or if you have questions regarding the safekeeping of your property, please inquire at the front desk of this establishment. The operator shall maintain at all times a current copy of Chapter 509, Florida Statutes, in the office of the licensed establishment which shall be made available to the public upon request.

Please locate fire escapes and lock your door before retiring. Your health and safety are important to us!

MAXIMUM RATE FOR UNIT NUMBER ALL

DATE	SINGLE		DOUBLE		
Jan. 1,2005	ONE PERSON		TWO IN ONE BED		TWO IN TWO BEDS
	DAY	WEEK	DAY	WEEK	DAY WEEK
	$257.	$1545.	$257.	$1545.	$257. $1545.

1 + Long Distance Calls are subject to $1.50 surcharge and a 50% mark up on rate.

CHECK OUT TIME IS **11:00 AM.** The above rates must be the maximum actually charged, and may not exceed the rates filed with the Division of Hotels and Restuarants.

During special events, a 5 day minimum stay may be required.

DBPR Form HR 5022-018 Revised 2000 February 4

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	$257.	$1545.	$257.	$1545.	$257. $1545.

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CHECK OUT TIME IS **11:00 AM.** The above rates must be the maximum actually charged, and may not exceed the rates filed with the Division of Hotels and Restuarants.

During special events, a 5 day minimum stay may be required.

DBPR Form HR 5022-018 Revised 2000 February 4

SALES TAX RETURN **S56038389** 756038389
Sep-06 **PONOPANI** 76667264

RENTALS

Gross Rent	**$ 67,353.58**	***SHORT STAYS NOW 10% TAX INCLUDE HERE***		
Less Exemptions	**$ -**			**County Tax**
Net Rent	**$ 67,353.58**	**State Tax**		**$ 2,694.14**
Sales Tax 6%		**$ 4,041.21**	**Total Tax Due**	
			$ 6,735.36	

SALES

Long Distance markup	$ -	**50% long distance**		
Ice Sales	$ 38.75			
Charcoal	$ 9.44	***DON'T***	***FORGET !!!***	
Towel Exchange	$ 2.00	***INCOME***	***ACCRUED***	
Merchandise-soap,NIB,Tote,keys	$ 50.28	***END OF***	***MONTH***	
FAX, copies	$ 33.10			
Video Rentals	$ -	actual	$ -	
Beach Service Income	$ 1,064.82	28%-assoc	$ 63.89	
Video Rental Income	$ -	60% ABOVE		
Total Sales	**$ 1,198.39**		$ 63.89	

Sales Tax @ 6% **$ 71.90**

TOTAL PURCHASES

H & S Telecommunication	$ 1,117.50		
	$ 1,117.50		
Sales Tax @ 6%		**$ 67.05**	
TOTAL SALES TAX		**$ 4,180.17**	
ESTIMATED SALES TAX PREV. MONTH		**$ -**	
ESTIMATED SALES TAX CURRENT MONTH		**$ -**	
TOTAL SALES TAX DUE WITH RETURN		**$ 4,180.17**	
COLLECTION ALLOWANCE=$1200 X 2.5%		**$ (30.00)**	**$ (30.00)**
NET SALES TAX		**$ 4,150.17**	**$ 2,664.14**

Property Management Audit Report 2 Summary for 09/01/06 to 09/30/06

Acct	Costc	Description			Amount
2000		Advance Deposits			
		Balance as of		08/31/06	-82618.81
	*EC	Phone Charge			88.00
	*SC	Phone Charge			566.00
	*SE	Rent			28732.31
	*ST	Rent			37967.27
		Selected Activity	09/01/06 to	09/30/06	67353.58
		Other Activity	09/01/06 to	09/30/06	-81700.43
		Total Activity	09/01/06 to	09/30/06	-14346.85
		Balance as of		09/30/06	-96965.66
2000		Advance Deposits			
3000		Due To Owners			
		Balance as of		08/31/06	26069.81
	*EU	Rent			0.00
	*SU	Rent			0.00
	*SU/	Complimentary Stay			0.00
	*SU1	Owner Stay			0.00
	*SU2	Owner Guest Stay			0.00
		Selected Activity	09/01/06 to	09/30/06	0.00
		Other Activity	09/01/06 to	09/30/06	20702.79
		Total Activity	09/01/06 to	09/30/06	20702.79
		Balance as of		09/30/06	46772.60
3000		Due To Owners			
3501		Sales Tax Payable			
		Balance as of		08/31/06	77438.76
	*CA	Bed Tax - 4 Percent			-2698.58
	*CA1	Bed Tax - 2 Percent			0.00
	*CA6	Bed Tax - 2 Percent			0.00
	*TX	Sales Tax			-4047.91
	*TX1	Sales Tax			0.00
	*TX6	Sales Tax			0.00
		Selected Activity	09/01/06 to	09/30/06	-6746.49
		Other Activity	09/01/06 to	09/30/06	-83.99
		Total Activity	09/01/06 to	09/30/06	-6830.48
		Balance as of		09/30/06	70608.28
3501		Sales Tax Payable			

Property Management Audit Report 8 Summary for 09/01/06 to 09/30/06

Acct	Costc	Description			Amount
2000		Advance Deposits			
		Balance as of		08/31/06	-82618.81
	BCHTX	Beach Tax			62.82
	BEACH	Beach Charges *			1002.00
	CCOAL	Bar-B-Que Supplies *			9.44
	COMP	computer rental			0.00
	COPY	Copier Charges *			0.00
	CRBTX	Crib Rental Tax			0.00
	CRIB	Crib Rental *			0.00
	DVD	DVD RENTALS			0.00
	DVDTX	DVD TAX			0.00
	FAX	Fax Charges *			33.10
	ICE	Ice Charges *			38.75
	KEYS	Extra Key Charge *			20.00
	NIB	NOTES-IN-A-BOTTLE			0.00
	OTHER	Misc Folio Charges *			15.23
	PHONE	Telephone Charge			0.00
	POSTR	Poster Purchase *			0.00
	SOAP	TIDE & BOUNCE			11.90
	STAMP	Postage/Shipping Charge *			3.15
	TOTE	TOTE BAGS			0.00
	TOWLX	Towel Exchange *			2.00
	TOWTX	Towel Tax			0.00
	VCRTX	Video Rental Tax			0.00
	VIDEO	VCR and Video Rental *			0.00
	VISOR	Visor Purchase *			0.00
		Selected Activity	09/01/06 to	09/30/06	1198.39
		Other Activity	09/01/06 to	09/30/06	-15545.24
		Total Activity	09/01/06 to	09/30/06	-14346.85
		Balance as of		09/30/06	-96965.66
2000		Advance Deposits			
3501		Sales Tax Payable			
		Balance as of		08/31/06	77438.76
	TAX 6	MISC TAX - 6%			-21.17
		Selected Activity	09/01/06 to	09/30/06	-21.17
		Other Activity	09/01/06 to	09/30/06	-6809.31
		Total Activity	09/01/06 to	09/30/06	-6830.48
		Balance as of		09/30/06	70608.28
3501		Sales Tax Payable			

COLLECTION PERIOD: 9/1-9/30/06		DUE BY: 10/20/06	TAX RATE: 4%	
1. GROSS RENTALS	**2. EXEMPT RENTALS**	**3. TAXABLE AMOUNT**	**4. TAX COLLECTED**	
67,353.58	0.00	67,353.58	2,694	14

5	- COLLECTION ALLOWANCE		
6	+ PENALTY		
7	+ INTEREST		
8	+ / - ADJUSTMENTS	30	00
9	**AMOUNT DUE**	2,664	14

Make check payable to: **Okaloosa Clerk of Court**

Mail to:

Clerk of Court Tourist Development Tax

101 E. James Lee Blvd, Room 118

Crestview, FL 32536-3502 (850) 689-5896

Tina Jones
SIGNATURE

10/20/06
DATE

CO-506 D
THE ISLANDER OWNERS ASSOCIATION, INC
502 GULF SHORE DRIVE
DESTIN, FL 32541

Proper Collection of Tax: Florida's general sales tax rate is 6%, however, there is an established **"bracket system"** for calculating the tax due when any part of each total taxable sale is less than a whole dollar amount. Other rates may also apply. See instructions.

Discretionary Sales Surtax: *Certain counties levy a discretionary sales surtax on most transactions subject to sales and use tax.* These taxes are distributed to local governments throughout the state. The amount of money distributed is based on how you complete your tax return, especially the lines on the back of the return. Dealers should impose discretionary sales surtax on taxable sales when delivery occurs in a county that imposes surtax. For your convenience, Form DR-15DSS is enclosed. This form provides you with each county's discretionary sales surtax rate(s).

Fraud Penalties: There are specific penalties imposed for **fraud, fraudulent claim of exemption, failure to collect and pay over, or an attempt to evade or defeat the sales tax.** Please see the instructions for detailed information regarding the penalties, fines, and punishments for certain sales tax offenses.

I hereby certify that this return has been examined by me and to the best of my knowledge and belief is a true and complete return.

Signature of Taxpayer | 10/20/06 Date | Signature of Preparer | Date

Discretionary Sales Surtax (Lines 15(a) through 15(d))

15(a).	Exempt Amount of Items Over $5,000 (included in Column 3)	15(a).
15(b).	Other Taxable Amounts **NOT** Subject to Surtax (included in Column 3)	15(b).
15(c).	Amounts Subject to Surtax at a Rate Different Than Your County Surtax Rate (included in Column 3)	15(c).
15(d).	**Total Amount of Discretionary Sales Surtax Collected** (included in Column 4)	15(d).
16.	Total **Enterprise Zone Jobs Credits** (included in Line 6)	16.
17.	Taxable Sales/Untaxed Purchases of **Electric Power or Energy** — 7% Rate (included in Line A)	17.
18.	Taxable Sales/Untaxed Purchases of **Dyed Diesel Fuel** — 6% Rate (included in Line A)	18.
19.	Taxable Sales from **Amusement Machines** (included in Line A)	19.
20.	Rural and/or Urban High Crime Area Job Tax Credits	20.
21.	Other Authorized Credits	21.

I hereby certify that this return has been examined by me and to the best of my knowledge and belief is a true and complete return.

Signature of Taxpayer | Date | Signature of Preparer | Date

Discretionary Sales Surtax (Lines 15(a) through 15(d))

15(a).	Exempt Amount of Items Over $5,000 (included in Column 3)	15(a).
15(b).	Other Taxable Amounts **NOT** Subject to Surtax (included in Column 3)	15(b).
15(c).	Amounts Subject to Surtax at a Rate Different Than Your County Surtax Rate (included in Column 3)	15(c).
15(d).	**Total Amount of Discretionary Sales Surtax Collected** (included in Column 4)	15(d).
16.	Total **Enterprise Zone Jobs Credits** (included in Line 6)	16.
17.	Taxable Sales/Untaxed Purchases of **Electric Power or Energy** — 7% Rate (included in Line A)	17.
18.	Taxable Sales/Untaxed Purchases of **Dyed Diesel Fuel** — 6% Rate (included in Line A)	18.
19.	Taxable Sales from **Amusement Machines** (included in Line A)	19.
20.	Rural and/or Urban High Crime Area Job Tax Credits	20.
21.	Other Authorized Credits	21.

FLORIDA
DEPARTMENT OF REVENUE

Sales and Use Tax Return

DR-15CS
R. 01/06

Please complete this return.
Attach your check or money order and mail to:

Florida Department of Revenue
5050 W. Tennessee Street
Tallahassee, FL 32399-0120

Make certain you read the instructions for each line before completing any of your 2006 sales tax returns.

Certificate Number: 50-801204-2770 SALES AND USE TAX RETURN HD/PM Date: 10 / 20 / 06 DR-15 R. 01/06

Florida	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Collected
A. Sales/Services	67,353 .58	0.00	67,353 .58	4,180 .17
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →		.	.
C. Commercial Rentals	.	.	.	.
D. Transient Rentals	.	.	.	.
E. Food & Beverage Vending	.	.	.	.

Transient Rental Rate: Surtax Rate:

Collection Period: 9/1-9/30/06

5.	Total Amount of Tax Collected	4,180 .17
6.	**Less Lawful Deductions**	.
7.	Total Tax Due	.
8.	**Less Est Tax Pd / DOR Cr Memo**	.
9.	Plus Est Tax Due Current Month	.
10.	Amount Due	.
11.	**Less Collection Allowance**	30 .00
12.	Plus Penalty	.
13.	Plus Interest	.
14.	**Amount Due with Return**	4,150 .17

Name: Islander Owners Association
Address: 502 Gulf Shore Drive
City/St/ZIP: Destin, FL 32541

Verify/Correct Capture Copy

Due:
Late After:

☐ Check here if payment was made electronically.

Do Not Write in the Space Below

0100 0 20069999 0001003031 7 4999999999 0000 5

Certificate Number: SALES AND USE TAX RETURN HD/PM Date: / / DR-15 R. 01/06

Florida	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Collected
A. Sales/Services	.	.	.	.
B. Taxable Purchases	Include use tax on Internet / out-of-state untaxed purchases →		.	.
C. Commercial Rentals	.	.	.	.
D. Transient Rentals	.	.	.	.
E. Food & Beverage Vending	.	.	.	.

Transient Rental Rate: Surtax Rate:

Collection Period

5.	Total Amount of Tax Collected	.
6.	**Less Lawful Deductions**	.
7.	Total Tax Due	.
8.	**Less Est Tax Pd / DOR Cr Memo**	.
9.	Plus Est Tax Due Current Month	.
10.	Amount Due	.
11.	**Less Collection Allowance**	.
12.	Plus Penalty	.
13.	Plus Interest	.
14.	**Amount Due with Return**	.

Name
Address
City/St/ZIP

Due:
Late After:

☐ Check here if payment was made electronically.

Do Not Write in the Space Below

0100 0 20069999 0001003031 7 4999999999 0000 5

ISLANDER OWNERS' ASSOCIATION, INC.

11763

Okaloosa Clerk of Court

Check Number: 11763
Check Date: Oct 20, 2006
Check Amount: $2,664.14

Item to be Paid - Description	Discount Taken	Amount Paid
Sales Tax Expense		2,664.14

ISLANDER OWNERS' ASSOCIATION, INC.

11764

Florida Dept of Revenue

Check Number: 11764
Check Date: Oct 20, 2006
Check Amount: $4,150.17

Item to be Paid - Description	Discount Taken	Amount Paid
Sales Tax Payable		4,150.17

THE ISLANDER CONDOMINIUM

502 GULF SHORE DRIVE • DESTIN, FL 32541

Visit us at Islander-resort.com to book your reservations on-line or call us at 800-477-8837 for information and booking assistance.

EFFECTIVE: JANUARY 1, 2006

All accommodations are fully equipped 2 bedroom/2 bath condominium units and are subject to a 3 night minimum.

(Rates are subject to change without notice)

	March 1, 2006 To May 25, 2006	May 25, 2006 to August 6, 2006	August 6, 2006 to October 8, 2006	October 8, 2006 to March 1, 2007
GULF VIEW EAST				
DAILY	$180	$245	$180	$104
4 NIGHT SPECIAL (Sun. or Mon. arrival only)	$648	$819	$648	N/A
WEEKLY	$1034	$1457	$1034	$629
GULF VIEW WEST				
DAILY	$169	$228	$169	$104
4 NIGHT SPECIAL (Sun. or Mon. arrival only)	$603	$762	$603	N/A
WEEKLY	$961	$1356	$961	$629

PLEASE CALL & ASK ABOUT OUR UNADVERTISED SEASONAL SPECIALS (INCLUDING MONTHLY RATES)

The Islander is a family-oriented condominium. Our regulations do not allow us to rent to single persons under the age of 25 unless registered and accompanied by their parents during the entire rental period. Reservations obtained under false pretenses will not be honored, and are subject to loss of deposit.

NO REFUNDS for eviction (see rental contract and rules).

MAXIMUM OCCUPANCY IS SIX PERSONS including children and babies — NO EXCEPTIONS. Our luxury accommodations and services are the most reasonable in Destin. OCCUPANCY IS IDEAL for two couples, or a family of FOUR.

NO PETS ALLOWED.

RENTAL PAYMENTS ARE DUE IN ADVANCE, BEGINNING ON THE DAY OF OCCUPANCY. Payment may be made by personal check, traveler's check, VISA, MasterCard, Discover or cash. (Sorry, we cannot take credit cards for monthly rates.)

SECURITY/RESERVATION DEPOSIT is $150.00 (U.S. Funds). This must be received within fourteen (14) days of booking the reservation. This converts automatically to a Security Deposit at check in. The deposit is NOT a part of the rent. The deposit is fully refundable by mail provided certain provisions are met (see back).

RENTAL RATES ARE SUBJECT TO A FLORIDA SALES TAX.

Monthly renters must cancel sixty (60) days prior to check-in and daily or weekly renters must cancel fourteen (14) days prior to check-in or DEPOSIT WILL NOT BE REFUNDED.

WARNING: NO LIFEGUARD AT POOLS.

Tents and canopies are not permitted on our beach in order to maximize the beach enjoyment of all Islanders.

CHECK-IN TIME: 3:00 P.M. **CHECK-OUT TIME: 11:00 A.M.**

HOUSE RULES AND GENERAL POLICIES

PROVISIONS REGARDING REFUND OF DAMAGE DEPOSIT:

a. Warning - **NO PROFANITY.** Please respect the other guests by keeping noise at a minimum after 10 pm. Excessive noise, offensive or bothersome behavior will not be tolerated. Behavior which endangers, unduly annoys, or interferes with the enjoyment of the premises by other guests or unit owners is prohibited. Violations could cause early termination of your stay. **NO REFUNDS For Violation and Early Terminations. See Your Receipt.**

b. No damage to unit or its contents will be tolerated beyond normal fair wear and tear.

c. Upon check-out, please lock doors, return keys to front desk, and pay any outstanding charges.

d. The apartments are inventoried and any items missing will be deducted from the Security Deposit, i.e. linens, ash trays, beach towels, etc.

MAXIMUM OCCUPANCY - Our luxury accommodations and services are the most reasonable in Destin. Occupancy is ideal for a couple and guests, or a family of **four persons**. Six persons including children and babies is maximum occupancy.

NO PETS.

NO LITTERING. Please help us keep your vacation home attractive.

RATES DO NOT INCLUDE MAID SERVICE. Fresh linens including beach towels are available by exchange at the laundry room. The laundry room is located opposite unit 110 and open 9 am to 3 pm.

Please do not transfer any furnishings from one unit to another or the loss of these items will be deducted from your deposit. Do not remove the furniture from the pool side.

Fresh water showers are provided to wash off sand and saltwater prior to entering the pool area. Please remove sand from apparel and beach equipment prior to entering lobby, elevators, etc. Do not enter building dripping wet.

DO NOT HANG TOWELS, BATHING SUITS, ETC. OVER BALCONY RAILINGS.

Coin operated laundry facilities are located on the 2nd floor across from unit # 210.

The ash stands at the elevators are provided to extinguish smoking material. **Please** do not use them as waste baskets. Waste baskets are provided in the main lobby of each level.

The grocery and valet carts are provided for the convenience of everyone and should be returned to the designated spot in the elevator areas as soon as possible.

Please dispose of **GARBAGE IN "CHUTE" LOCATED ON EAST AND WEST ENDS OF THE BUILDING.** Be sure garbage is in plastic bags. Note: Ground floor must go to second floor drop chute - Sorry.

NO COOKING ON BALCONIES.

DO NOT FEED THE SEAGULLS FROM THE BALCONY.

PARENTS ARE RESPONSIBLE FOR THEIR CHILDREN. Operating elevators as a game or using them unnecessarily, boisterous behavior, running along corridors and other common areas cannot be tolerated.

Please report any malfunctioning equipment to the office as soon as possible.

Telephones are furnished in each unit. Long distance calls can be made on a paid or charge basis. There is a 50% markup on rates and a $1.50 surcharge on all direct dial long distance calls. To place a credit card call, follow the directions on your card.

The Islander Management Services, Inc. will rent only to families. **Reservations Made By Groups Of Boys Or Girls Will Not Be Honored On Arrival. No Reservation Refunds.**

Glass containers are not permitted on the beach or pool area.

BALCONY SLIDING GLASS DOORS ARE TO BE KEPT CLOSED or automatic equipment will shut off your A/C or heating. Thank you for your help.

We solicit your help: If at any time you are bothered by excessive noise, offensive or bothersome behavior, please notify the front desk **immediately** so we may take action to correct the situation promptly. Thank you for your cooperation and effort. We appreciate great Guests!

P.S. Your comments are needed. Please help us to be the best!

CHECK-OUT TIME: 11:00 A.M.

ISLANDER OWNERS' ASSOCIATION, INC.
Vendor Ledgers
For the Period From Jan 1, 2006 to Nov 30, 2006

Filter Criteria includes: 1) IDs from 048 to 048. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
048	1/1/06	Balance Fwd					2,370.49
Gulf Power Company	1/12/06	11554	CDJ		1,113.34		1,257.15
	1/26/06	11570	CDJ		55.58		1,201.57
	1/31/06	C0103106	PJ	*	321.66		879.91
	2/26/06	11581	CDJ		879.91		0.00
	2/26/06	031306	PJ	*		1,109.88	1,109.88
	3/14/06	11607	CDJ		1,109.88		0.00
	3/28/06	41106	PJ	*		1,127.33	1,127.33
	4/4/06	11628	CDJ		1,127.33		0.00
	5/3/06	11654	CDJ		1,285.23	1,285.23	0.00
	6/8/06	11683	CDJ		1,160.88	1,160.88	0.00
	7/11/06	11715	CDJ		1,560.69	1,560.69	0.00
	9/1/06	11737	CDJ		1,852.83	1,852.83	0.00

ISLANDER OWNERS ASSOC. RENTAL MGMT
Vendor Ledgers
For the Period From Jan 1, 2006 to Nov 30, 2006

Filter Criteria includes: 1) IDs from 048 to 048. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
048	1/1/06	Balance Fwd					1,688.25
Gulf Power Company	1/12/06	20531	CDJ		742.24		946.01
	1/23/06	20593	CDJ		801.04		144.97
	1/25/06	021306	PJ	*		587.50	732.47
	1/26/06	20618	CDJ		144.97		587.50
	1/26/06	26430-67003b	PJ	*		2.06	589.56
	1/26/06	20619	CDJ		2.06		587.50
	1/29/06	20621	CDJ		111.01	111.01	587.50
	2/26/06	031306	PJ	*		739.92	1,327.42
	2/26/06	20693	CDJ		587.50		739.92
	3/14/06	20781	CDJ		739.92		0.00
	3/28/06	41106	PJ	*		751.56	751.56
	4/4/06	20911	CDJ		751.56		0.00
	4/10/06	20455V	CDJ		55.58	55.58	0.00
	5/2/06	21088	CDJ		857.00	857.00	0.00
	6/8/06	21296	CDJ		773.91	773.91	0.00
	7/11/06	21458	CDJ		1,040.46	1,040.46	0.00
	8/11/06	21686	CDJ		2,869.33	2,869.33	0.00
	9/1/06	21804	CDJ		1,235.22	1,235.22	0.00

ISLANDER OWNERS ASSOC. RENTAL MGMT
Vendor Ledgers
For the Period From Jan 1, 2006 to Nov 30, 2006

Filter Criteria includes: 1) IDs from 230 to 230. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
230	4/18/06	21022	CDJ		6,905.18	6,905.18	0.00
Okaloosa County Tax Col	8/21/06	21716	CDJ		17,631.28	17,631.28	0.00
	8/21/06	21716V	CDJ		17,631.28	17,631.28	0.00
	10/21/06	11779	CDJ		831.43	831.43	0.00

ISLANDER OWNERS ASSOC. RENTAL MGMT
Vendor Ledgers
For the Period From Jan 1, 2006 to Nov 30, 2006

Filter Criteria includes: 1) IDs from Okaloosa Clerk of Co to Okaloosa Clerk of Co. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
Okaloosa Clerk of Co	7/20/06	21539	CDJ		14,885.65	14,885.65	0.00
Okaloosa Clerk of Court	8/21/06	21717	CDJ		17,631.28	17,631.28	0.00
	9/20/06	21880	CDJ		7,610.68	7,610.68	0.00
	10/20/06	11763	CDJ		2,664.14	2,664.14	0.00

ISLANDER OWNERS ASSOC. RENTAL MGMT
Vendor Ledgers
For the Period From Jan 1, 2006 to Nov 30, 2006

Filter Criteria includes: 1) IDs from 034 to 034. Report order is by ID.

Vendor ID Vendor	Date	Trans No	Type	Paid	Debit Amt	Credit Amt	Balance
034	1/4/06	12042077	CDJ		3,514.09	3,514.09	0.00
Florida Dept of Revenue	1/17/06	682955	CDJ		3,299.33	3,299.33	0.00
	1/19/06	12042077	CDJ		150.00	150.00	0.00
	1/20/06		CDJ		2,089.37	2,089.37	0.00
	1/28/06	010906	PJ	*		6,144.65	6,144.65
	1/28/06	20620	CDJ		6,144.65		0.00
	2/17/06	355577	PJ	*		150.00	150.00
	2/17/06	20697	CDJ		150.00		0.00
	2/17/06	EB-DRAFT S/T	CDJ		5,854.45	5,854.45	0.00
	3/17/06	Sales Tax & F	PJ	*		6,319.75	6,319.75
	3/17/06	EB/S/T-Draft	CDJ		6,319.75		0.00
	5/1/06		CDJ		4,986.26	4,986.26	0.00
	5/19/06	21188	CDJ		21,118.76	21,118.76	0.00
	5/27/06	21240	CDJ		61.78	61.78	0.00
	6/20/06	21327	CDJ		9,050.98	9,050.98	0.00
	7/10/06	21443	CDJ		756.06	756.06	0.00
	7/20/06	21538	CDJ		22,343.48	22,343.48	0.00
	8/21/06	21718	CDJ		27,470.38	27,470.38	0.00
	9/1/06	21800	CDJ		882.06	882.06	0.00
	9/20/06	21879	CDJ		12,175.04	12,175.04	0.00
	10/20/06	11764	CDJ		4,150.17	4,150.17	0.00
	10/21/06	11772	CDJ		1,009.22	1,009.22	0.00

Check Register - Property Management - Accounts Payable

Check #	Vendor	Description	Amount
CK 24186	ELECT	Gulf Power	2808.08
		Total All Checks	2808.08

43 Invoices included on this check

10/12/06 CK 24186 Gulf Power 2808.08

**********TWO THOUSAND EIGHT HUNDRED EIGHT DOLLARS AND 08 CENTS***

10/12/06 CK 24186 $$$$$2808.08

Gulf Power

Homeowner Electric

43 Invoices included on this check

10/12/06 CK 24186 Gulf Power 2808.08

Vendor	Invoice	Prop/Tnt	Saledate	Description	Amount
ELECT		404	09/30/06	Utility Charge	104.68
ELECT		214	09/30/06	Utility Charge	59.05
ELECT		413	09/30/06	Utility Charge	66.14
ELECT		409	09/30/06	Utility Charge	70.06
ELECT		211	09/30/06	Utility Charge	57.00
ELECT		406	09/30/06	Utility Charge	117.67
ELECT		202	09/30/06	Utility Charge	125.19
ELECT		701	09/30/06	Utility Charge	119.79
ELECT		416	09/30/06	Utility Charge	68.27
ELECT		508	09/30/06	Utility Charge	44.43
ELECT		514	09/30/06	Utility Charge	73.50
ELECT		407	09/30/06	Utility Charge	51.69
ELECT		411	09/30/06	Utility Charge	54.95
ELECT		215	09/30/06	Utility Charge	66.99
ELECT		417	09/30/06	Utility Charge	65.45
ELECT		503	09/30/06	Utility Charge	46.39
ELECT		112	09/30/06	Utility Charge	71.95
ELECT		709	09/30/06	Utility Charge	75.97
ELECT		218	09/30/06	Utility Charge	44.43
ELECT		703	09/30/06	Utility Charge	51.27
ELECT		317	09/30/06	Utility Charge	23.06
ELECT		110	09/30/06	Utility Charge	46.49
ELECT		604	09/30/06	Utility Charge	33.49
ELECT		513	09/30/06	Utility Charge	70.49
ELECT		118	09/30/06	Utility Charge	66.40
ELECT		605	09/30/06	Utility Charge	79.00
ELECT		609	09/30/06	Utility Charge	67.25
ELECT		602	09/30/06	Utility Charge	51.87
ELECT		612	09/30/06	Utility Charge	116.73
ELECT		517	09/30/06	Utility Charge	43.83
ELECT		515	09/30/06	Utility Charge	38.87
ELECT		507	09/30/06	Utility Charge	38.11
ELECT		611	09/30/06	Utility Charge	26.15
ELECT		708	09/30/06	Utility Charge	69.39
ELECT		607	09/30/06	Utility Charge	39.73
ELECT		107	09/30/06	Utility Charge	27.00
ELECT		303	09/30/06	Utility Charge	32.13
ELECT		711	09/30/06	Utility Charge	72.97
ELECT		705	09/30/06	Utility Charge	123.56
ELECT		715	09/30/06	Utility Charge	58.11
ELECT		209	09/30/06	Utility Charge	69.30
ELECT		613	09/30/06	Utility Charge	87.76
ELECT		217	09/30/06	Utility Charge	91.52
				ELECT Check Total =	2808.08

Total All Checks = 2808.08

Vendor	Invoice	Prop/Tnt	Saledate	Description	Amount
ELECT		404	09/30/06	Utility Charge	104.68
ELECT		214	09/30/06	Utility Charge	59.05
ELECT		413	09/30/06	Utility Charge	66.14
ELECT		409	09/30/06	Utility Charge	70.06
ELECT		211	09/30/06	Utility Charge	57.00
ELECT		406	09/30/06	Utility Charge	117.67
ELECT		202	09/30/06	Utility Charge	125.19
ELECT		701	09/30/06	Utility Charge	119.79
ELECT		416	09/30/06	Utility Charge	68.27
ELECT		508	09/30/06	Utility Charge	44.43
ELECT		514	09/30/06	Utility Charge	73.50
ELECT		407	09/30/06	Utility Charge	51.69
ELECT		411	09/30/06	Utility Charge	54.95
ELECT		215	09/30/06	Utility Charge	66.99
ELECT		417	09/30/06	Utility Charge	65.45
ELECT		503	09/30/06	Utility Charge	46.39
ELECT		112	09/30/06	Utility Charge	71.95
ELECT		709	09/30/06	Utility Charge	75.97
ELECT		218	09/30/06	Utility Charge	44.43
ELECT		703	09/30/06	Utility Charge	51.27
ELECT		317	09/30/06	Utility Charge	23.06
ELECT		110	09/30/06	Utility Charge	46.49
ELECT		604	09/30/06	Utility Charge	33.49
ELECT		513	09/30/06	Utility Charge	70.49
ELECT		118	09/30/06	Utility Charge	66.40
ELECT		605	09/30/06	Utility Charge	79.00
ELECT		609	09/30/06	Utility Charge	67.25
ELECT		602	09/30/06	Utility Charge	51.87
ELECT		612	09/30/06	Utility Charge	116.73
ELECT		517	09/30/06	Utility Charge	43.83
ELECT		515	09/30/06	Utility Charge	38.87
ELECT		507	09/30/06	Utility Charge	38.11
ELECT		611	09/30/06	Utility Charge	26.15
ELECT		708	09/30/06	Utility Charge	69.39
ELECT		607	09/30/06	Utility Charge	39.73
ELECT		107	09/30/06	Utility Charge	27.00
ELECT		303	09/30/06	Utility Charge	32.13
ELECT		711	09/30/06	Utility Charge	72.97
ELECT		705	09/30/06	Utility Charge	123.56
ELECT		715	09/30/06	Utility Charge	58.11
ELECT		209	09/30/06	Utility Charge	69.30
ELECT		613	09/30/06	Utility Charge	87.76
ELECT		217	09/30/06	Utility Charge	91.52
				ELECT Check Total =	2808.08

Total All Checks = 2808.08

43 Invoices included on this check

10/12/06 CK 24186 Gulf Power 2808.08

**********TWO THOUSAND EIGHT HUNDRED EIGHT DOLLARS AND 08 CENTS***

10/12/06 CK 24186 $$$$$2808.08

Gulf Power

Homeowner Electric

www.gulfpower.com
ACCOUNT ACCESS CODE: 838368
ACCOUNT NUMBER 42600-67001
CUSTOMER NAME CYNTHIA A RAMSEY
SERVICE ADDRESS 502 GULF SHORE DR APT 112

R009943

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373561	Tot kWh	22548	23265	1	717

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 717 kWh * 0.04911	35.21
Fuel Charge 717 kWh * 0.03092	22.17
Total Electric Svc Costs	67.38
Florida Gross Receipts Tax	1.73
Franchise Fee for Destin	2.84

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	118.52

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 717	25
Last Mth	33 1262	38
1 Yr Ago	33 547	17

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $71.95

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010410

ACCOUNT ACCESS CODE: 086883
ACCOUNT NUMBER 43860-67003
CUSTOMER NAME MARK S VIGNA
SERVICE ADDRESS 502 GULF SHORE DR APT 118

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373563	Tot kWh	98632	99284	1	652

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 652 kWh * 0.04911	32.02
Fuel Charge 652 kWh * 0.03092	20.16
Total Electric Svc Costs	62.18
Florida Gross Receipts Tax	1.60
Franchise Fee for Destin	2.62

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	91.18

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	652	22
Last Mth	33	942	29
1 Yr Ago	33	812	25

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $66.40

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 323821
ACCOUNT NUMBER 22860-67027
CUSTOMER NAME JAMES SAAI
SERVICE ADDRESS 502 GULF SHORE DR APT 202

R010198

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	211219	Tot kWh	34099	35439	1	1,340

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1340 kWh * 0.04911	65.81
Fuel Charge 1340 kWh * 0.03092	41.43
Total Electric Svc Costs	117.24
Florida Gross Receipts Tax	3.01
Franchise Fee for Destin	4.94

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	131.09

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1340	46
Last Mth	33	1409	43
1 Yr Ago	33	46	1

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $125.19

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www.gulfpower.com
ACCOUNT ACCESS CODE: 958373
ACCOUNT NUMBER 24330-67006
CUSTOMER NAME E LINUS CARROLL JR
SERVICE ADDRESS 502 GULF SHORE DR APT 209

M000437

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	537982	Tot kWh	38750	39436	1	686

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 686 kWh * 0.04911	33.69
Fuel Charge 686 kWh * 0.03092	21.21
Total Electric Svc Costs	64.90
Florida Gross Receipts Tax	1.67
Franchise Fee for Destin	2.73

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	117.67

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 686	24
Last Mth	33 1252	38
1 Yr Ago	33 594	18

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $69.30

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 083180
ACCOUNT NUMBER 44280-67023
CUSTOMER NAME JAMES R LAUDERDALE
SERVICE ADDRESS 502 GULF SHORE DR APT 211

R010193

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373522	Tot kWh	621	1163	1	542

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 542 kWh * 0.04911	26.62
Fuel Charge 542 kWh * 0.03092	16.76
Total Electric Svc Costs	53.38
Florida Gross Receipts Tax	1.37
Franchise Fee for Destin	2.25

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	117.16

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 542	19
Last Mth	33 1246	38
1 Yr Ago	33 974	30

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $57.00

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R009965

ACCOUNT ACCESS CODE: 973084
ACCOUNT NUMBER 44910-67017
CUSTOMER NAME DAVID J KRIEGHOFF
SERVICE ADDRESS 502 GULF SHORE DR APT 214

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373537	Tot kWh	5075	5641	1	566

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 566 kWh * 0.04911	27.80
Fuel Charge 566 kWh * 0.03092	17.50
Total Electric Svc Costs	55.30
Florida Gross Receipts Tax	1.42
Franchise Fee for Destin	2.33

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	136.38

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	566	20
Last Mth	33	1471	45
1 Yr Ago	33	911	28

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $59.05

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 44910-67017

www.gulfpower.com
ACCOUNT ACCESS CODE: 986257
ACCOUNT NUMBER 45120-67019
CUSTOMER NAME THOMAS J SULLIVAN
SERVICE ADDRESS 502 GULF SHORE DR APT 215

R010730

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373508	Tot kWh	95216	95875	1	659

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 659 kWh * 0.04911	32.36
Fuel Charge 659 kWh * 0.03092	20.38
Total Electric Svc Costs	62.74
Florida Gross Receipts Tax	1.61
Franchise Fee for Destin	2.64

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	117.16

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	659	23
Last Mth	33	1246	38
1 Yr Ago	33	1177	36

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $66.99

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 768953
ACCOUNT NUMBER 45540-67000
CUSTOMER NAME IMOGENE H HUMPHRYS
SERVICE ADDRESS 502 GULF SHORE DR APT 217

R016672

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373507	Tot kWh	4642	5588	1	946

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 946 kWh * 0.04911	46.46
Fuel Charge 946 kWh * 0.03092	29.25
Total Electric Svc Costs	85.71
Florida Gross Receipts Tax	2.20
Franchise Fee for Destin	3.61

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	119.71

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 946	33
Last Mth	33 1276	39
1 Yr Ago	33 662	20

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $91.52

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010135

ACCOUNT ACCESS CODE: 808842
ACCOUNT NUMBER 45750-67000
CUSTOMER NAME HENRY C HILL
SERVICE ADDRESS 502 GULF SHORE DR APT 218

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	409286	Tot kWh	62885	63280	1	395

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 395 kWh * 0.04911	19.40
Fuel Charge 395 kWh * 0.03092	12.21
Total Electric Svc Costs	41.61
Florida Gross Receipts Tax	1.07
Franchise Fee for Destin	1.75

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	83.66

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	395	14
Last Mth	33	854	26
1 Yr Ago	33	804	24

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $44.43

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

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www.gulfpower.com R009894

ACCOUNT ACCESS CODE: 563163
ACCOUNT NUMBER 21180-67004
CUSTOMER NAME CHARLES J GRANT
SERVICE ADDRESS 502 GULF SHORE DR APT 303

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	528267	Tot kWh	56734	56985	1	251

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 251 kWh * 0.04911	12.33
Fuel Charge 251 kWh * 0.03092	7.76
Total Electric Svc Costs	30.09
Florida Gross Receipts Tax	0.77
Franchise Fee for Destin	1.27

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	123.14

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	251	9
Last Mth	33	1316	40
1 Yr Ago	33	430	13

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $32.13

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

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www.gulfpower.com R010273
ACCOUNT ACCESS CODE: 007361
ACCOUNT NUMBER 47430-67016
CUSTOMER NAME JOSEPH F WATHEN
SERVICE ADDRESS 502 GULF SHORE DR APT 317

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373534	Tot kWh	98101	98246	1	145

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 145 kWh * 0.04911	7.12
Fuel Charge 145 kWh * 0.03092	4.48
Total Electric Svc Costs	21.60
Florida Gross Receipts Tax	0.55
Franchise Fee for Destin	0.91

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	105.86

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	145	5
Last Mth	33	1114	34
1 Yr Ago	33	343	10

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $23.06

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www.gulfpower.com R010557

ACCOUNT ACCESS CODE: 200788
ACCOUNT NUMBER 19290-67006
CUSTOMER NAME RICHARD G FLOOD
SERVICE ADDRESS 502 GULF SHORE DR APT 404

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	499187	Tot kWh	705	1805	1	1,100

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1100 kWh * 0.04911	54.02
Fuel Charge 1100 kWh * 0.03092	34.01
Total Electric Svc Costs	98.03
Florida Gross Receipts Tax	2.52
Franchise Fee for Destin	4.13

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	123.48

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1100	38
Last Mth	33	1320	40
1 Yr Ago	33	688	21

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $104.68

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

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www.gulfpower.com R010197

ACCOUNT ACCESS CODE: 323821
ACCOUNT NUMBER 19920-67009
CUSTOMER NAME JAMES SAAI
SERVICE ADDRESS 502 GULF SHORE DR APT 406

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349523	Tot kWh	44418	45670	1	1,252

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1252 kWh * 0.04911	61.49
Fuel Charge 1252 kWh * 0.03092	38.71
Total Electric Svc Costs	110.20
Florida Gross Receipts Tax	2.83
Franchise Fee for Destin	4.64

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	144.33

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1252	43
Last Mth	33	1564	47
1 Yr Ago	33	844	26

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $117.67

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010609

ACCOUNT ACCESS CODE: 589613
ACCOUNT NUMBER 20130-67020
CUSTOMER NAME RON L KRESS
SERVICE ADDRESS 502 GULF SHORE DR APT 407

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373575	Tot kWh	40467	40947	1	480

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 480 kWh * 0.04911	23.57
Fuel Charge 480 kWh * 0.03092	14.84
Total Electric Svc Costs	48.41
Florida Gross Receipts Tax	1.24
Franchise Fee for Destin	2.04

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	86.91

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	480	17
Last Mth	33	892	27
1 Yr Ago	33	163	5

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $51.69

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ACCOUNT NUMBER 20130-67020

www.gulfpower.com R010110

ACCOUNT ACCESS CODE: 662529
ACCOUNT NUMBER 20550-67011
CUSTOMER NAME GERDES & FLESCH CONSTRUCTION
SERVICE ADDRESS 502 GULF SHORE DR APT 409

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
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1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349532	Tot kWh	35683	36378	1	695

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 695 kWh * 0.04911	34.13
Fuel Charge 695 kWh * 0.03092	21.49
Total Electric Svc Costs	65.62
Florida Gross Receipts Tax	1.68
Franchise Fee for Destin	2.76

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	100.83

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 695	24
Last Mth	33 1055	32
1 Yr Ago	33 365	11

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $70.06

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 20550-67011

www.gulfpower.com R010624

ACCOUNT ACCESS CODE: 216265
ACCOUNT NUMBER 48060-67009
CUSTOMER NAME ROSEMARY S BUBIEN
SERVICE ADDRESS 502 GULF SHORE DR APT 411

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367859	Tot kWh	90557	91075	1	518

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 518 kWh * 0.04911	25.44
Fuel Charge 518 kWh * 0.03092	16.02
Total Electric Svc Costs	51.46
Florida Gross Receipts Tax	1.32
Franchise Fee for Destin	2.17

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	86.13

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	518	18
Last Mth	33	883	27
1 Yr Ago	33	1222	37

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $54.95

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R009997
ACCOUNT ACCESS CODE: 336131
ACCOUNT NUMBER 48690-67009
CUSTOMER NAME DENNIS R SCHLOTT
SERVICE ADDRESS 502 GULF SHORE DR APT 413

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367856	Tot kWh	95443	96092	1	649

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 649 kWh * 0.04911	31.87
Fuel Charge 649 kWh * 0.03092	20.07
Total Electric Svc Costs	61.94
Florida Gross Receipts Tax	1.59
Franchise Fee for Destin	2.61

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	67.34

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 649	22
Last Mth	33 663	20
1 Yr Ago	33 1063	32

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $66.14

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R009969

ACCOUNT ACCESS CODE: 113440
ACCOUNT NUMBER 49320-67013
CUSTOMER NAME DAVID L KINZELER
SERVICE ADDRESS 502 GULF SHORE DR APT 416

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367908	Tot kWh	67611	68285	1	674

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 674 kWh * 0.04911	33.10
Fuel Charge 674 kWh * 0.03092	20.84
Total Electric Svc Costs	63.94
Florida Gross Receipts Tax	1.64
Franchise Fee for Destin	2.69

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	100.66

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 674	23
Last Mth	33 1053	32
1 Yr Ago	33 850	26

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $68.27

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. *See Update for* details.

ACCOUNT NUMBER 49320-67013

www.gulfpower.com R009807

ACCOUNT ACCESS CODE: 495747
ACCOUNT NUMBER 49530-67004
CUSTOMER NAME BARBARA E RILEY
SERVICE ADDRESS 502 GULF SHORE DR APT 417

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367858	Tot kWh	4533	5174	1	641

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 641 kWh * 0.04911	31.48
Fuel Charge 641 kWh * 0.03092	19.82
Total Electric Svc Costs	61.30
Florida Gross Receipts Tax	1.57
Franchise Fee for Destin	2.58

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	146.54

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	641	22
Last Mth	33	1590	48
1 Yr Ago	33	701	21

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $65.45

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R009915

ACCOUNT ACCESS CODE: 131744
ACCOUNT NUMBER 17190-67018
CUSTOMER NAME CHRISTINE M FRICHTEL
SERVICE ADDRESS 502 GULF SHORE DR APT 503

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349534	Tot kWh	47676	48094	1	418

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 418 kWh * 0.04911	20.53
Fuel Charge 418 kWh * 0.03092	12.92
Total Electric Svc Costs	43.45
Florida Gross Receipts Tax	1.11
Franchise Fee for Destin	1.83

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	98.69

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 418	14
Last Mth	33 1030	31
1 Yr Ago	33 751	23

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $46.39

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 17190-67018

www.gulfpower.com R010386

ACCOUNT ACCESS CODE: 952767
ACCOUNT NUMBER 18030-67004
CUSTOMER NAME LYLE W LIEDER
SERVICE ADDRESS 502 GULF SHORE DR APT 507

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349531	Tot kWh	42906	43227	1	321

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 321 kWh * 0.04911	15.76
Fuel Charge 321 kWh * 0.03092	9.93
Total Electric Svc Costs	35.69
Florida Gross Receipts Tax	0.92
Franchise Fee for Destin	1.50

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	101.09

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	321	11
Last Mth	33	1058	32
1 Yr Ago	33	734	22

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $38.11

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010524

ACCOUNT ACCESS CODE: 001690
ACCOUNT NUMBER 18240-67004
CUSTOMER NAME R SCOTT WHITLEY
SERVICE ADDRESS 502 GULF SHORE DR APT 508

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	385804	Tot kWh	56942	57337	1	395

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 395 kWh * 0.04911	19.40
Fuel Charge 395 kWh * 0.03092	12.21
Total Electric Svc Costs	41.61
Florida Gross Receipts Tax	1.07
Franchise Fee for Destin	1.75

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	95.87

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 395	14
Last Mth	33 997	30
1 Yr Ago	33 319	10

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $44.43

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010397

ACCOUNT ACCESS CODE: 249769
ACCOUNT NUMBER 50580-67016
CUSTOMER NAME MARGARET S ROGERS
SERVICE ADDRESS 502 GULF SHORE DR APT 513

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367903	Tot kWh	94631	95331	1	700

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 700 kWh * 0.04911	34.38
Fuel Charge 700 kWh * 0.03092	21.64
Total Electric Svc Costs	66.02
Florida Gross Receipts Tax	1.69
Franchise Fee for Destin	2.78

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	102.45

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 700	24
Last Mth	33 1074	33
1 Yr Ago	33 368	11

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $70.49

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 50580-67016

www.gulfpower.com R010558

ACCOUNT ACCESS CODE: 854216
ACCOUNT NUMBER 50790-67034
CUSTOMER NAME RICHARD G JOYCE
SERVICE ADDRESS 502 GULF SHORE DR APT 514

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367906	Tot kWh	7491	8226	1	735

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 735 kWh * 0.04911	36.10
Fuel Charge 735 kWh * 0.03092	22.73
Total Electric Svc Costs	68.83
Florida Gross Receipts Tax	1.77
Franchise Fee for Destin	2.90

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	91.69

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	735	25
Last Mth	33	948	29
1 Yr Ago	33	980	30

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $73.50

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 50790-67034

www.gulfpower.com R009953

ACCOUNT ACCESS CODE: 616526
ACCOUNT NUMBER 51000-67002
CUSTOMER NAME DANNY L JEWELL
SERVICE ADDRESS 502 GULF SHORE DR APT 515

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367884	Tot kWh	85753	86083	1	330

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 330 kWh * 0.04911	16.21
Fuel Charge 330 kWh * 0.03092	10.20
Total Electric Svc Costs	36.41
Florida Gross Receipts Tax	0.93
Franchise Fee for Destin	1.53

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	73.82

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	330	11
Last Mth	33	739	22
1 Yr Ago	33	804	24

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $38.87

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

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www.gulfpower.com
ACCOUNT ACCESS CODE: 413226
ACCOUNT NUMBER 51420-67011
CUSTOMER NAME WILLIAM E ERICKSON
SERVICE ADDRESS 502 GULF SHORE DR APT 517

R010792

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	367904	Tot kWh	3856	4244	1	388

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 388 kWh * 0.04911	19.05
Fuel Charge 388 kWh * 0.03092	12.00
Total Electric Svc Costs	41.05
Florida Gross Receipts Tax	1.05
Franchise Fee for Destin	1.73

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	76.90

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 388	13
Last Mth	33 775	23
1 Yr Ago	33 1022	31

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $43.83

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 51420-67011

www.gulfpower.com R010511

ACCOUNT ACCESS CODE: 569555
ACCOUNT NUMBER 15090-67011
CUSTOMER NAME PETER DUBNITZKI
SERVICE ADDRESS 502 GULF SHORE DR APT 602

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350631	Tot kWh	34748	35230	1	482

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 482 kWh * 0.04911	23.67
Fuel Charge 482 kWh * 0.03092	14.90
Total Electric Svc Costs	48.57
Florida Gross Receipts Tax	1.25
Franchise Fee for Destin	2.05

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	105.02

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 482	17
Last Mth	33 1104	33
1 Yr Ago	33 30	1

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $51.87

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010326

ACCOUNT ACCESS CODE: 675403
ACCOUNT NUMBER 15510-67005
CUSTOMER NAME KEVIN S STRAND
SERVICE ADDRESS 502 GULF SHORE DR APT 604

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350393	Tot kWh	45201	45468	1	267

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 267 kWh * 0.04911	13.11
Fuel Charge 267 kWh * 0.03092	8.26
Total Electric Svc Costs	31.37
Florida Gross Receipts Tax	0.80
Franchise Fee for Destin	1.32

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	126.47

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	267	9
Last Mth	33	1355	41
1 Yr Ago	33	535	16

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $33.49

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

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www.gulfpower.com R010450

ACCOUNT ACCESS CODE: 076843
ACCOUNT NUMBER 15720-67014
CUSTOMER NAME MICHAEL J BURGHER
SERVICE ADDRESS 502 GULF SHORE DR APT 605

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350391	Tot kWh	53232	53936	1	704

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 704 kWh * 0.04911	34.57
Fuel Charge 704 kWh * 0.03092	21.77
Total Electric Svc Costs	66.34
Florida Gross Receipts Tax	1.70
Franchise Fee for Destin	2.79

EXPLANATION OF TOTAL DUE

Budget Billing	79.00

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	67.00

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 704	24
Last Mth	33 1100	33
1 Yr Ago	33 874	26

BUDGET BILLING

Current Actual Amount	$70.83
Current Budget Bill Amount	$79.00
Current Difference	-$8.17
Previous Difference	$80.99
Total Difference	$72.82

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $79.00

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 643081
ACCOUNT NUMBER 16140-67016
CUSTOMER NAME STEPHEN A PAGE
SERVICE ADDRESS 502 GULF SHORE DR APT 607

R010538

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350394	Tot kWh	59675	60015	1	340

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 340 kWh * 0.04911	16.70
Fuel Charge 340 kWh * 0.03092	10.51
Total Electric Svc Costs	37.21
Florida Gross Receipts Tax	0.95
Franchise Fee for Destin	1.57

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	135.10

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	340	12
Last Mth	33	1456	44
1 Yr Ago			

CURRENT AMOUNT DELINQUENT AFTER 10/17/2006

TOTAL DUE $39.73

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 16140-67016

www.gulfpower.com
ACCOUNT ACCESS CODE: 076843
ACCOUNT NUMBER 16560-67016
CUSTOMER NAME MICHAEL J BURGHER
SERVICE ADDRESS 502 GULF SHORE DR APT 609

R010451

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	208678	Tot kWh	46647	47309	1	662

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 662 kWh * 0.04911	32.51
Fuel Charge 662 kWh * 0.03092	20.47
Total Electric Svc Costs	62.98
Florida Gross Receipts Tax	1.62
Franchise Fee for Destin	2.65

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	122.88

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 662	23
Last Mth	33 1313	40
1 Yr Ago	33 641	19

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $67.25

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R009970

ACCOUNT ACCESS CODE: 514357
ACCOUNT NUMBER 53730-67027
CUSTOMER NAME DAVID M CLAUSEN
SERVICE ADDRESS 502 GULF SHORE DR APT 611

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350071	Tot kWh	85593	85774	1	181

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 181 kWh * 0.04911	8.89
Fuel Charge 181 kWh * 0.03092	5.60
Total Electric Svc Costs	24.49
Florida Gross Receipts Tax	0.63
Franchise Fee for Destin	1.03

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	80.66

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	181	6
Last Mth	33	819	25
1 Yr Ago	33	832	25

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $26.15

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 53730-67027

www.gulfpower.com R010513

ACCOUNT ACCESS CODE: 144237
ACCOUNT NUMBER 53940-67009
CUSTOMER NAME PHILIP J BIERBAUM
SERVICE ADDRESS 502 GULF SHORE DR APT 612

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	360347	Tot kWh	17087	18328	1	1,241

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1241 kWh * 0.04911	60.95
Fuel Charge 1241 kWh * 0.03092	38.37
Total Electric Svc Costs	109.32
Florida Gross Receipts Tax	2.81
Franchise Fee for Destin	4.60

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	144.16

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1241	43
Last Mth	33	1562	47
1 Yr Ago	33	1863	56

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $116.73

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 958373
ACCOUNT NUMBER 54150-67029
CUSTOMER NAME E LINUS CARROLL JR
SERVICE ADDRESS 502 GULF SHORE DR APT 613

M000438

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349588	Tot kWh	79309	80211	1	902

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 902 kWh * 0.04911	44.30
Fuel Charge 902 kWh * 0.03092	27.89
Total Electric Svc Costs	82.19
Florida Gross Receipts Tax	2.11
Franchise Fee for Destin	3.46

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	93.65

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 902	31
Last Mth	33 971	29
1 Yr Ago	33 858	26

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $87.76

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010764

ACCOUNT ACCESS CODE: 993119
ACCOUNT NUMBER 11940-67001
CUSTOMER NAME WAGNER PROPERTIES
SERVICE ADDRESS 502 GULF SHORE DR APT 701

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350630	Tot kWh	29019	30296	1	1,277

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1277 kWh * 0.04911	62.71
Fuel Charge 1277 kWh * 0.03092	39.48
Total Electric Svc Costs	112.19
Florida Gross Receipts Tax	2.88
Franchise Fee for Destin	4.72

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	132.79

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1277	44
Last Mth	33	1429	43
1 Yr Ago	33	23	1

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $119.79

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010190

ACCOUNT ACCESS CODE: 451225
ACCOUNT NUMBER 12360-67012
CUSTOMER NAME JAMES P DELAGARZA
SERVICE ADDRESS 502 GULF SHORE DR APT 703

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350628	Tot kWh	69675	70150	1	475

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 475 kWh * 0.04911	23.33
Fuel Charge 475 kWh * 0.03092	14.69
Total Electric Svc Costs	48.02
Florida Gross Receipts Tax	1.23
Franchise Fee for Destin	2.02

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	105.35

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	475	16
Last Mth	33	1108	34
1 Yr Ago	33	1253	38

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $51.27

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 12360-67012

www.gulfpower.com R010726

ACCOUNT ACCESS CODE: 454546
ACCOUNT NUMBER 12780-67012
CUSTOMER NAME THOMAS DERISO
SERVICE ADDRESS 502 GULF SHORE DR APT 705

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350422	Tot kWh	71033	72354	1	1,321

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 1321 kWh * 0.04911	64.87
Fuel Charge 1321 kWh * 0.03092	40.85
Total Electric Svc Costs	115.72
Florida Gross Receipts Tax	2.97
Franchise Fee for Destin	4.87

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	154.92

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	1321	46
Last Mth	33	1688	51
1 Yr Ago	33	937	28

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $123.56

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 12780-67012

www.gulfpower.com R010126

ACCOUNT ACCESS CODE: 276963
ACCOUNT NUMBER 13410-67008
CUSTOMER NAME H DAVID ROGERS
SERVICE ADDRESS 502 GULF SHORE DR APT 708

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350419	Tot kWh	58258	58945	1	687

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 687 kWh * 0.04911	33.74
Fuel Charge 687 kWh * 0.03092	21.24
Total Electric Svc Costs	64.98
Florida Gross Receipts Tax	1.67
Franchise Fee for Destin	2.74

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	119.89

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 687	24
Last Mth	33 1278	39
1 Yr Ago	33 770	23

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $69.39

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com
ACCOUNT ACCESS CODE: 821584
ACCOUNT NUMBER 13620-67017
CUSTOMER NAME GARY B FISHER
SERVICE ADDRESS 502 GULF SHORE DR APT 709

R010093

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	350634	Tot kWh	68232	68996	1	764

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 764 kWh * 0.04911	37.52
Fuel Charge 764 kWh * 0.03092	23.62
Total Electric Svc Costs	71.14
Florida Gross Receipts Tax	1.83
Franchise Fee for Destin	3.00

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	165.94

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	764	26
Last Mth	33	1817	55
1 Yr Ago	33	949	29

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $75.97

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010008

ACCOUNT ACCESS CODE: 463626
ACCOUNT NUMBER 55620-67006
CUSTOMER NAME DEWEY W DUKE
SERVICE ADDRESS 502 GULF SHORE DR APT 711

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	537980	Tot kWh	38835	39564	1	729

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 729 kWh * 0.04911	35.80
Fuel Charge 729 kWh * 0.03092	22.54
Total Electric Svc Costs	68.34
Florida Gross Receipts Tax	1.75
Franchise Fee for Destin	2.88

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	92.72

HISTORICAL DATA

	Days KWH	KWH/DAY
This Mth	29 729	25
Last Mth	33 960	29
1 Yr Ago	33 1188	36

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $72.97

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010680

ACCOUNT ACCESS CODE: 643081
ACCOUNT NUMBER 56460-67017
CUSTOMER NAME STEPHEN A PAGE
SERVICE ADDRESS 502 GULF SHORE DR APT 715

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	360335	Tot kWh	14815	15370	1	555

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 555 kWh * 0.04911	27.26
Fuel Charge 555 kWh * 0.03092	17.16
Total Electric Svc Costs	54.42
Florida Gross Receipts Tax	1.40
Franchise Fee for Destin	2.29

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	138.25

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	555	19
Last Mth	33	1493	45
1 Yr Ago	33	758	23

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $58.11

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 56460-67017

www.gulfpower.com
ACCOUNT ACCESS CODE: 829183
ACCOUNT NUMBER 42180-67026
CUSTOMER NAME JOSEPH J MAYER JR
SERVICE ADDRESS 502 GULF SHORE DR APT 110

R010275

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	373538	Tot kWh	4217	4636	1	419

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 419 kWh * 0.04911	20.58
Fuel Charge 419 kWh * 0.03092	12.96
Total Electric Svc Costs	43.54
Florida Gross Receipts Tax	1.12
Franchise Fee for Destin	1.83

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	111.01

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	419	14
Last Mth	33	1174	36
1 Yr Ago	33	1125	34

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $46.49

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

www.gulfpower.com R010512

ACCOUNT ACCESS CODE: 131167
ACCOUNT NUMBER 25800-67010
CUSTOMER NAME HERBERT G DEMOTT
SERVICE ADDRESS 502 GULF SHORE DR APT 107

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797 24 Hrs. Day, 7 Days Wk

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
RS	08-22-06	09-20-06	349564	Tot kWh	75699	75890	1	191

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

	08/22-09/20
RS - Residential Service	
Customer Charge	10.00
Energy Charge 191 kWh * 0.04911	9.38
Fuel Charge 191 kWh * 0.03092	5.91
Total Electric Svc Costs	25.29
Florida Gross Receipts Tax	0.65
Franchise Fee for Destin	1.06

PAYMENTS SINCE LAST BILLING

Thank You!	09/13/06	115.62

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	191	7
Last Mth	33	1228	37
1 Yr Ago	33	977	30

CURRENT AMOUNT DELINQUENT AFTER 10/17/2006

TOTAL DUE $27.00

Energize Education! By contributing monthly to the Solar for Schools program you can help kids in Northwest Florida learn about solar technology. Check $1.75, $3.00 or $5.00 at the top of this bill and you'll be automatically enrolled beginning next month. See Update for details.

ACCOUNT NUMBER 25800-67010

10/11/06
Gulf Power
$2,336.48

PALM60 MULTI-PURPOSE CHECK (9/03) OCReady PTR010 (12/05) 529990

www.gulfpower.com R010148
ACCOUNT ACCESS CODE: 369802
ACCOUNT NUMBER 26430-67003
CUSTOMER NAME ISLAND OWNERS ASSN INC
SERVICE ADDRESS 502 GULF SHORE DR APT COMM

GULF POWER COMPANY
140 Hollywood Blvd. SW
Fort Walton Beach, FL 32548
For Customer Service, Please Call:
1-800-225-5797

RATE NAME	SERVICE PERIOD FROM	TO	METER NUMBER	READING TYPE	METER READING PREVIOUS	PRESENT	METER CONSTANT	USAGE
GSD	08-22-06	09-20-06	451371	Tot kWh	9748	161	80	33,040
				Pk kW		0.859	80	68.72

Next Scheduled Billing Date: 10/19/2006

EXPLANATION OF CHARGES

GSD - General Service Demand	08/22-09/20
Customer Charge	35.00
Demand Charge 69 kW * 5.42	373.98
Energy Charge 33040 kWh * 0.02293	757.61
Fuel Charge 33040 kWh * 0.03092	1021.60
Total Electric Svc Costs	2188.19
Florida Gross Receipts Tax	56.15
Franchise Fee for Destin	92.14

PAYMENTS SINCE LAST BILLING

Thank You!	09/07/06	3088.05

HISTORICAL DATA

	Days	KWH	KWH/DAY
This Mth	29	33040	1139
Last Mth	33	44400	1345
1 Yr Ago	33	39280	1190

CURRENT AMOUNT DELINQUENT AFTER 10/11/2006

TOTAL DUE $2,336.48

Gulf Power fuel sources used to make electricity -- 12 months ending June 2006: Coal, 80.20%; Oil, 0.00%; Gas, 10.62%; Purchased Power, 9.18%.

ACCOUNT NUMBER 26430-67003

Property Management Transaction Batch Listing

Trn #	Cust Prop/Fol	Amount	Sale/Pmt Duedate	Invnumber Stmt	Nites	Description Line 1 Description Line 2
36	ELECT 107	27.00	09/30/06 09/30/06		0906	Utility Charge
22	ELECT 110	46.49	09/30/06 09/30/06		0906	Utility Charge
17	ELECT 112	71.95	09/30/06 09/30/06		0906	Utility Charge
25	ELECT 118	66.40	09/30/06 09/30/06		0906	Utility Charge
7	ELECT 202	125.19	09/30/06 09/30/06		0906	Utility Charge
41	ELECT 209	69.30	09/30/06 09/30/06		0906	Utility Charge
5	ELECT 211	57.00	09/30/06 09/30/06		0906	Utility Charge
2	ELECT 214	59.05	09/30/06 09/30/06		0906	Utility Charge
14	ELECT 215	66.99	09/30/06 09/30/06		0906	Utility Charge
43	ELECT 217	91.52	09/30/06 09/30/06		0906	Utility Charge
19	ELECT 218	44.43	09/30/06 09/30/06		0906	Utility Charge
37	ELECT 303	32.13	09/30/06 09/30/06		0906	Utility Charge
21	ELECT 317	23.06	09/30/06 09/30/06		0906	Utility Charge
1	ELECT 404	104.68	09/30/06 09/30/06		0906	Utility Charge
6	ELECT 406	117.67	09/30/06 09/30/06		0906	Utility Charge
12	ELECT 407	51.69	09/30/06 09/30/06		0906	Utility Charge
4	ELECT 409	70.06	09/30/06 09/30/06		0906	Utility Charge
13	ELECT 411	54.95	09/30/06 09/30/06		0906	Utility Charge
3	ELECT 413	66.14	09/30/06 09/30/06		0906	Utility Charge
9	ELECT 416	68.27	09/30/06 09/30/06		0906	Utility Charge
15	ELECT 417	65.45	09/30/06 09/30/06		0906	Utility Charge
16	ELECT 503	46.39	09/30/06 09/30/06		0906	Utility Charge
32	ELECT 507	38.11	09/30/06 09/30/06		0906	Utility Charge
10	ELECT 508	44.43	09/30/06 09/30/06		0906	Utility Charge
24	ELECT 513	70.49	09/30/06 09/30/06		0906	Utility Charge

$94.49
3453-7057
ACJ

Trn #	Cust / Prop/Fol	Amount	Sale/Pmt Duedate	Invnumber Stmt	Nites	Description Line 1 / Description Line 2
11	ELECT	73.50	09/30/06			Utility Charge
	514		09/30/06	0906		
31	ELECT	38.87	09/30/06			Utility Charge
	515		09/30/06	0906		
30	ELECT	43.83	09/30/06			Utility Charge
	517		09/30/06	0906		
28	ELECT	51.87	09/30/06			Utility Charge
	602		09/30/06	0906		
23	ELECT	33.49	09/30/06			Utility Charge
	604		09/30/06	0906		
26	ELECT	79.00	09/30/06			Utility Charge
	605		09/30/06	0906		
35	ELECT	39.73	09/30/06			Utility Charge
	607		09/30/06	0906		
27	ELECT	67.25	09/30/06			Utility Charge
	609		09/30/06	0906		
33	ELECT	26.15	09/30/06			Utility Charge
	611		09/30/06	0906		
29	ELECT	116.73	09/30/06			Utility Charge
	612		09/30/06	0906		
42	ELECT	87.76	09/30/06			Utility Charge
	613		09/30/06	0906		
8	ELECT	119.79	09/30/06			Utility Charge
	701		09/30/06	0906		
20	ELECT	51.27	09/30/06			Utility Charge
	703		09/30/06	0906		
39	ELECT	123.56	09/30/06			Utility Charge
	705		09/30/06	0906		
34	ELECT	69.39	09/30/06			Utility Charge
	708		09/30/06	0906		
18	ELECT	75.97	09/30/06			Utility Charge
	709		09/30/06	0906		
38	ELECT	72.97	09/30/06			Utility Charge
	711		09/30/06	0906		
40	ELECT	58.11	09/30/06			Utility Charge
	715		09/30/06	0906		

Subtotal = 2808.08 for Costcode UTIL , CR Acct 1 2300, DB Acct 1 3000

Accrual accounting used - transactions will post to General Ledger
Transactions entered by Tina Jones

THE ISLANDERS OWNERS ASSOCIATION, INC. RENTAL OPERATING ACCT.

24186

Gulf Power
10/11/06
$2,808.08