

040525-EU

COST RECOVERY GROUP, INC.

14252 Puffin Court, Clearwater, Florida 33762
Tel: 727-573-5787, Fax: 727-573-5675, E-MAIL: powck@aol.com

June 1, 2004

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

Dear Ms. Bayo:

Enclosed for filing with the Commission please find the original and seven copies of the following documents:

- 1) Jetty East Condominium 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.
- 2) Jetty East letter requesting representation by Marc Mazo.
- 3) Affidavit of Marc Mazo pursuant to Rule 28-106.107 F.A.C..

Thank you for your help in this matter.

Yours very truly,



Marc D. Mazo
Authorized Representative
Jetty East Condominium Association, Inc.

Cc: Philip Lofe'
Enclosures

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FPSC-COMMISSION CLERK

STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION

ORIGINAL

IN RE:

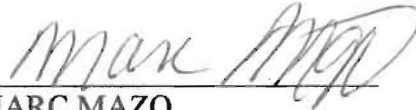
Jetty East Condominium
Association, Inc.

Docket # 040525-EU

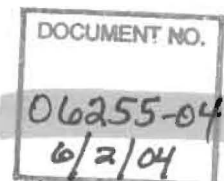
Petitioner
_____ /

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

Respectfully Submitted by:



MARC MAZO
Authorized Representative
Jetty East
Condominium Association, Inc.
14252 Puffin Court
Clearwater, Florida 33762
Voice: 727-573-5787
Fax: 727-573-5675
Email: powck@aol.com



STATE OF FLORIDA
BEFORE THE PUBLIC SERVICE COMMISSION

IN RE:

JETTY EAST CONDOMINIUM
ASSOCIATION, INC

DOCKET NUMBER _____

Petitioners
_____ /

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

COMES NOW the Petitioner Jetty East Condominium 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. Applicable 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 Jetty **East 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.

Jetty East operates in accordance with Chapter 509.242, Florida Statutes, as a Public Lodging Establishment. It meets the majority of the criteria for a hotel defined in Chapter 509.242(a), Florida Statutes, 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 three 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 certificated under Chapter 651, Florida Statutes, college dormitories, convents, sorority houses, fraternity houses, **motels, hotels, and similar facilities.**" (Emphasis Supplied)

II. Underlying Statute 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 25-6.049(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 master 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 Jetty East 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 allow Jetty East to master meter the facility.

IV. Facts Which Demonstrate Substantial Hardship or Violation of Principles of Fairness: Jetty East is an association which represents investor/owners of 198 condominium units located at 500 Gulfshore Drive, in Destin, Florida. A copy of Jetty East's Condominium documents are attached as Exhibit "1"

Pursuant to Chapter 509.242, Florida Statutes, Jetty East 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 eight of the 198 condominium units at Jetty East are used for permanent residences.

The owners at Jetty East have employed Jetty East Condominium Association, Inc. (JECA), to manage 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 Jetty East . 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". Jetty East 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. Jetty East 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.

JECA 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 Jetty East with travel agents and in trade shows both in this country and abroad. In addition, a full color marketing brochure and web site with on line registration are used to promote Jetty East 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, Jetty East 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 Jetty East, as a "Resort Condominium" pays out of its guest rental revenue that is significantly different than residential condominiums

JECA maintains a front desk in the lobby area of the resort for guest registration. All rental guests at Jetty East must check-in and check-out in the same manner as a hotel or motel. Upon check-in guests telephone service is activated through a central PBX located at the check-in desk. Calls ring directly into the switchboard and can be transferred to the guest's unit in a similar fashion to a hotel or motel. Each rental unit is furnished with calling instructions located on the face plate of the telephones as 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 is attached as Exhibit "7". To maintain this type of telephone operation, which is similar to most modern day hotels and motels, requires an investment of capital and time and effort of management.

Cable television service for Jetty East 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 Jetty East 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 Jetty East is obligated to pay because it is deemed commercial by the legislature with respect to the Communication Service Tax.

Also in contrast to purely residential condominiums, Jetty East 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 Jetty East are used to serve the transient public, sales tax on rental revenue must be paid. A sample copy of Jetty East'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 Jetty East to be residential. As a result, regardless of its usage characteristics, which are currently similar to hotels and motels in the area, 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 Jetty East 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. JECA 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 hotel 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.

JECA 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 principles exist for hotels and motels and also exist for Jetty East based on its manner of operation. While JECA 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, Jetty East is significantly disadvantaged by paying a higher rate for electricity.

Without being allowed to **master** meter its facility, the owners at Jetty **East** 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 than Jetty East.

In addition, the FPSC has followed the principle that the type of facilities exempted 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. Jetty East 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 Jetty East.

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, Florida Administrative Code, interprets FEECA and provides that, increasing the efficiency of the end-use consumption of electricity, to the extent it is cost effective, is a priority. The rule also establishes that reducing the growth rate of weather sensitive peak demand on the electric system to the extent 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 Jetty East is operating as a transient rental facility catering to the traveling public. The owner/investors of units at Jetty East 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 over one hundred ninety eight 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 25.6-049(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 one 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, both Resort Condominiums like Jetty East. 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 one 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, closing of blinds to reduce temperature in unoccupied units, and consideration of automatic set back controls and other conservation techniques used in hotels and motels.


VI. Conclusion - By granting Jetty East a waiver or variance from the individual metering requirements of Rule 25.6-049, F.A.C., the interests of the public relating to energy conservation would be better served. By receiving one bill each month at the facility the management would be more efficient in his efforts to control and conserve electric usage. In addition, the principles of fairness would be met in that the owner/investors at Jetty East would receive the benefits of lower electric costs due to master metering, as its owner/investor counterparts receive at timeshare resorts. Petitioner would also be able to compete with hotels and motels in the area on a more even basis as petitioner would not be paying higher costs for electric than its hotel/motel competitors.

VII. Duration of Variance or Waiver - Recognizing that the rules governing use of the units at Jetty East 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 Jetty

East 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 - Jetty East intends to allocate the costs of electricity to the individual condominium unit owners through a pro rata apportionment based on 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.



MARC D. MAZO
14252 Puffin Court
Clearwater, Florida 33762
Telephone (727)573-5787
Facsimile (727)573-5675
Authorized Representative
Jetty East Condominium
Association, Inc.

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 ____ day of May, 2004, to the Public Service Commission, Attn: Ms Blanca s. Bayo, Director, Division of the Commission Clerk and Administrative Services.



MARC D. MAZO

CONDOMINIUM DOCUMENTS

*JETTY EAST CONDOMINIUM
ASSOCIATION, INC.*

500 Gulfshore Drive

Destin, Florida

32541

(904) 837-2141



jetty east

500 Gulfshore Drive • Destin, Florida 32541

This Document contains
the following information as required
by Florida Statutes 718:

- I. Changes to Association Documents*
- II. Declaration of Condominium*
- III. Articles of Incorporation*
- IV. By-Laws*

NOTICE

Some of the material founds in these documents may have been changed by Florida Statutes which may take precedence in areas of difference contained in the documents.

Please consult the appropriate Florida Statutes when using the documents or consult an attorney to insure correct interpretation.

ANNEX B

WHEREAS, the amendments were properly presented to the membership and at the annual meeting of the JETTY EAST CONDOMINIUM ASSOCIATION, INC., held on 7 May 1983, were passed by the required percentage of the membership of the JETTY EAST CONDOMINIUM ASSOCIATION, INC., be it thereby

DIRECTED that pages 1, 2, 5, and 12 of the By-Laws of the JETTY EAST CONDOMINIUM ASSOCIATION, INC., as recorded in the Official Records, Book 826, at pages 1051, 1052, 1056, and 1062 of the Public Records of Okaloosa County, Florida, is hereby amended as follows:

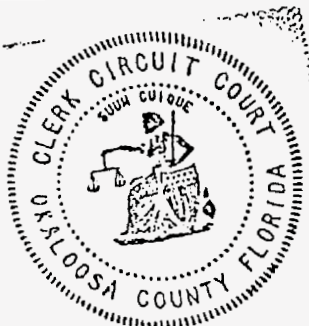
Paragraph 3, FISCAL YEAR.....Association shall begin on April 1st and end on March 31st.

Paragraph 5, MEMBERS MEETINGS.....of the corporation at 10:00 A.M. on the first Saturday in November of each year.

Paragraph 7, NOTICE.....shall be mailed by certificate of mailing not less than.....

Paragraph 17, DIRECTORS TERM. At the 1983 annual meeting of the members, one-half (or if one-half results in a fraction, then the nearest whole number exceeding one-half) of the directors will be elected to terms of two years each, and the remainder will be elected to terms of one year each. **Thereafter, all** directors will be elected to terms of two years each. **Thus constituted, only one-half** (or in the case of an odd number of directors, approximately one-half) of the terms will expire at each annual meeting. If a vacancy occurs prior to the expiration of a term, a director will be appointed by the Board to fill the vacancy and will serve for the unexpired remainder of the vacant term. The term of each director, including a director appointed to fill a vacancy, shall be extended until a successor is duly elected and qualified or until removed in the manner, if any, elsewhere provided. Director's terms will begin on January 1st, subsequent to the year elected, and expire on December 31st.

Paragraph 39, AUDIT.....shall be furnished to each member not later than 90 days following.....



FILE# 705724
OKALOOSA COUNTY, FLORIDA

RCD: MAY 20 1983 @ 9:51 AM
NEWMAN C BRACKIN, CLERK

AMENDMENT TO
DECLARATION OF CONDOMINIUM
JETTY EAST, UNIT I, A CONDOMINIUM

Pursuant to Chapter 718, Florida Statutes, the Declaration of Condominium of JETTY EAST, UNIT I, A CONDOMINIUM, recorded at Official Records Book 826, at Page 968, et seq., of the Official Records in and for Okaloosa County, Florida, Paragraph V C. is hereby amended to read as follows:

V C. 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-a~~ late charge, but all sums not paid on or before ten (10) days after the date when due shall bear ~~interest~~ a late charge as determined by the Board of Directors, -at-the-rate of however not to exceed ten -10-percent (10%) -per-annum-from-the-date- of the original assessment, each month from the date when due until paid. All payments upon accounts shall be first applied to ~~interest~~ the late charge and then to the assessment payment first due.

CERTIFICATE OF AMENDMENT.

The Declaration of Condominium for JETTY EAST, UNIT I, A CONDOMINIUM, recorded at Official Records Book 826, at Page 968, et seq., of the official records of Okaloosa County, Florida, was amended in accordance with the proper amendment procedure pursuant to a written vote of the membership effective August 24, 1996, in Destin, Florida.

Said duly adopted amendment to the Declaration of Condominium was made in conformance with Chapter 718, Florida Statutes, with a vote of not less than two-thirds of the members owning units in said condominium.

DATED this 28th day of September, 1996.

JETTY EAST CONDOMINIUM
ASSOCIATION, INC.

David A. Herndon III
Witness David A. Herndon III
Print Name:

By Joseph D. Walding
(Print Name) Joseph D. Walding
Its President

Lynn M. Currier
Witness
Print Name:


By Lynn M. Currier
(Print Name) LYNN M. CURRIER
Its Secretary

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this ___ day of 28th Sept, 1996, by Joseph Walding, President, and Lynn M. Currier, Secretary, of JETTY EAST CONDOMINIUM ASSOCIATION, INC., a Florida corporation, on behalf of said corporation. These individuals are personally known to me and did (did not) take an oath.

Bonnie K Trammel
NOTARY PUBLIC
My commission expires:
Commission No.

This instrument prepared by:
WALTER J. SMITH of
SMITH, GRIMSLEY, BAUMAN, PINKERTON,
PETERMANN, SAXER & WELLS
P. O. Box 2379
Fort Walton Beach, FL 32549
jetty-east

 **BONNIE TRAMMEL**
My Comm Exp. **1/10/99**
Bonded By **Service Inc**
No. **CC513483**
[] Personally Known [] ~~Adm. D.~~



AMENDMENT TO BY-LAWS OF
JETTY EAST CONDOMINIUM ASSOCIATION, INC.

That Paragraph 35.a.(4) of the By-Laws of JETTY EAST CONDOMINIUM ASSOCIATION, INC. is hereby amended to add the following sentence:

"Improvements, additions, or minor changes to the common elements may be authorized by the Board of Directors if the cost of the improvements, additions, or minor changes can be funded from the current operating budget."

The foregoing amendments to the By-Laws of JETTY EAST CONDOMINIUM ASSOCIATION, INC. was duly adopted by not less than seventy-five percent (75%) of the entire membership of the Board of Directors, and by not less than seventy-five percent (75%) of the votes of the entire membership of the Association pursuant to an owners meeting held for said purpose on August 24, 1996, in Destin, Florida.

DATED this 28th day of September, 1996.

JETTY EAST CONDOMINIUM
ASSOCIATION, INC.

By Lynn M. Currier
Print Name: LYNN M. CURRIER
Its Secretary

19.50
** OFFICIAL RECORDS **
BK 2187 PG 4403

FILE # 1660736 RCD: Nov 10 1998 @ 11:22AM
Newman C. Brackin, Clerk, Okaloosa Cnty Fl

AMENDMENT TO DECLARATION OF CONDOMINIUM,
JETTY EAST, UNIT I, A CONDOMINIUM

Pursuant to Chapter 718, Florida Statutes, the Declaration of Condominium of JETTY EAST, Unit 1, a Condominium, recorded at Official Records Book 826, at Page 968, et seq., of the Official Records in and for Okaloosa County, Florida, is hereby amended to add the following:

ARTICLE VI:

All unit owners are required to provide proof of insurance, \$300,000.00 of personal liability as a minimum. For owners that fail to provide proof of insurance, the Association reserves the right to purchase such insurance on behalf of the unit owners and charge the unit owner accordingly.

DATED this 4th day of November, 1998.

JETTY EAST CONDOMINIUM
ASSOCIATION, INC.

By: Joseph D. Walding
(Print Name) Joseph D. Walding,
Its President

Philip L. Lofk
Witness: PHILIP L. LOFK
Print Name:

ATTEST:

Lynn H. Carrier
(Print Name) LYNN H. CARRIER
Its Secretary

Bonnie Trammel
Witness:
Print Name: BONNIE TRAMMEL

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instruments, was acknowledged before me this 4th day of November, 1998, by Joseph D. Walding, as President, and Lynn M Currier, as Secretary, of JETTY EAST CONDOMINIUM ASSOCIATION, INC., a Florida corporation, on behalf of said corporation. These individuals are personally known to me.

Gail K. Greenman
NOTARY PUBLIC
My commission expires: 11-30-99

This instrument prepared by:
WALTER J. SMITH of
SMITH, GRIMSLEY, BAUMAN, PINKERTON,
PETERMANN & WELLS
P. O. Box 2379
Fort Walton Beach, FL 32549



GAIL K. GREENMAN
My Comm Exp. 11/30/99
Bonded By Service Ins
No. CC513397
 Personally Known Other I.D.

AMENDMENT TO DECLARATION OF CONDOMINIUM,
JETTY EAST, UNIT 1, A CONDOMINIUM

Pursuant to Chapter 718, Florida Statutes, the Declaration of Condominium of Jetty East, Unit 1, a Condominium, recorded at Official Records Book 826 at Page 968, et seq., of the public records in and for Okaloosa County, Florida, is hereby amended to read as follows:

Paragraph VII B. (1) is hereby amended to read as follows:

B. Coverage (1) Casualty. Notwithstanding any other provisions of the Declaration of Condominium, for purposes of obtaining insurance coverage, it shall be the responsibility of the Association to obtain coverage in accordance with Section 718.111(11)(a), Florida Statutes, to protect the Association, the Association's property, the common elements and the condominium property required to be insured by the association pursuant to Section 718.111(11)(b), Florida Statutes. Further, a unit owner and not the Association shall provide insurance coverage for the following items if such are located within a unit: unit floor coverings, wall coverings, ceiling coverings, electrical fixtures, appliances, air conditioning equipment, heating equipment, water heaters, and built-in cabinets.

The foregoing amendment to the Declaration of Condominium was approved by the required vote of the Board of Directors and membership of the Association as set forth in the Declaration of Condominium.

Dated this 6th day of MAY, 2000.

JETTY EAST CONDOMINIUM ASSOCIATION,
INC.

Philip L. Lofe
Witness
Print Name: PHILIP L. LOFE

By: Joseph D. Walding
(Print Name) Joseph D. Walding
Its President

Bonnie Trammel
Witness
Print Name: BONNIE TRAMMEL

ATTEST:
Barbara B. Magnan
(Print Name) Barbara B. Magnan
Its Secretary

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 6th day of MAY, 2000, by JOSEPH D. WALDING, as President, and BARBARA B. MAGNAN, as Secretary, of Jetty East Condominium Association, Inc., which acted on behalf of the corporation. These individuals are personally known to me.

Bonnie Rae Trammel
Notary Public
My Commission Expires:

Prepared by:

Walter J. Smith
Fla. Bar No. 075788
SMITH, GRIMSLEY, BAUMAN,
PINKERTON, PETERMANN & WELLS
Post Office Box 2379
Ft. Walton Beach, FL 32549



AMENDMENT TO BY-LAWS OF

JETTY EAST CONDOMINIUM ASSOCIATION, INC.

Pursuant to Chapter 718, Florida Statutes, the By-Laws of Jetty East Condominium Association, Inc., attached as an exhibit to the Declaration of Condominium of Jetty East, Unit #1, a condominium recorded in Official Records Book 826 at Page 968, et seq., of the public records in and for Okaloosa County, Florida, and in particular Paragraph 16a. is amended to add the following sentence to that paragraph:

A director must own and continue to own an interest in a condominium or own an interest in a legal entity that owns a condominium in Jetty East in order to serve as a member of the Board of Directors.

The foregoing amendment to the By-Laws was approved by the requisite vote of the Board of Directors and membership of the Association as set forth in the By-Laws.

Dated this 6th day of MAY, 2000.

Philip L. Kofe
Witness PHILIP L. KOFE
Print Name:

JETTY EAST CONDOMINIUM ASSOCIATION,
INC.

By: Joseph D. Wadding
(Print Name) Joseph D. Wadding
Its President


ATTEST:

Bonnie Trammel
Witness
Print Name: Bonnie Trammel

Barbara P. Magner
(Print Name) Barbara P. Magner
Its Secretary

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 6TH day of MAY, 2000, by JOSEPH D. WILDING, as President, and BARBARA S. RAGNAN, as Secretary, of Jetty East Condominium Association, Inc., which acted on behalf of the corporation. These individuals are personally known to me.



Notary Public
My Commission Expires:

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DISCLOSURE MATERIALS
VOLUME II

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DECLARATION OF JETTY EAST, UNIT I

A Condominium

500 Gulfshore Drive
Destin, Florida, 32541

MADE this 15th day of December, 1975, by BHL, INC., a Florida corporation, herein called Developer", for itself, its successors, grantees and assigns.

WHEREIN, the Developer makes the following declarations:

I. PURPOSE. The purpose of this Declaration is to submit the leasehold interest of the Developer in the lands described in this instrument and the improvements on such lands to the condominium form of ownership and use in the manner provided by Chapter 711, Florida Statutes, 1973, as amended, hereinafter called the "Condominium Act".

A. Name and Address. The name by which this condominium is to be identified is JETTY EAST, UNIT I, A CONDOMINIUM, and its address is 500 Gulfshore Drive, Destin, Florida 32541.

B. The Land. The leasehold estate owned by Developer which, by this instrument, is submitted to the condominium form of ownership, is as follows: Developer's leasehold interest in and to the land in Okaloosa County, Florida, described as follows:

DEVELOPER'S LEASEHOLD INTEREST IN AND TO THE
FOLLOWING DESCRIBED LAND 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 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, 260.25 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.

A Certified Land Survey of said property, showing the parcel being submitted to condominium, as "Parcel A" is attached hereto and made a part hereof as Exhibit "A".

Said leasehold estate in said property 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 Okaloosa County Official Records Book 676, Page 108, as subsequently assigned by White Sands Investments 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 Point 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, (insofar as the said leasehold pertains to the above described property only, it being understood that the said leasehold contains other property which is not being submitted to Condominium by this Declaration).

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

A. Apartment means unit as defined by the Condominium Act, regardless of whether the unit owner's title is derived from a deed, partial assignment of leasehold estate, or sublease.

B. Apartment Owner means unit owner as defined by the Condominium Act.

C. Association means Jetty East Condominium Association, Inc., a non-profit Florida corporation, and its successors; and By-laws means the By-laws of the said Association as they exist from time to time.

D. Common Elements shall include the tangible personal property required for the maintenance and operation of the condominium, even though owned by the Association, that portion of all building walls, ceilings, floors (and all fixtures within same) not included within the "apartment boundaries" as hereinafter described, all other portions of the condominium property not included within the apartment boundaries, as well as the items stated in the Condominium Act.

E. Common Expenses shall include expenses of administration, expenses of maintenance, operation, repair or replacement of the common elements and the portions of the apartments to be maintained by the Association; expenses declared common expenses by provisions of this Declaration and By-laws, including but not limited to losses from any revenue producing operations, and any valid charge against the condominium property as a whole; and Common Surplus means the excess of all receipts of the Association from the condominium, including but not limited to assessments, rents, profits and revenues on account of the common elements over and above the amount of common expense of the condominium.

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

G. Singular, Plural Gender means where the context so permits the use of the plural shall include the singular, the singular the plural, and the use of any gender shall be deemed to include all genders.

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

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

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

K. Institutional Mortgagee means the bank, savings and loan association, insurance company, pension or profit sharing trust or fund, mortgage banker, or real estate investment trust authorized to do business in the State of Florida, or an agency of the United States government, which lender holds a mortgage encumbering any unit of this condominium; provided that any such mortgage may be placed directly or through a mortgage or title agency.

III. JETTY EAST DEVELOPMENT PLAN. The subject condominium is described and established as follows:

A. Survey. The survey of the land (shown as Parcel A) showing the improvements on it is attached as Exhibit "A". As noted above in the description of the land in Paragraph I-B above, and as noted on the survey attached as Exhibit "A", Parcel B, which includes the Entrance Roadways and the Beach Pavilion which are to be used by the unit owners, is not being submitted to condominium. However, unit owners shall have a non-exclusive right

to use the Entrance Roadways and the non-exclusive right to the use and enjoyment of the Beach Pavilion, along with the other unit owners and the owners of said adjacent property (presently owned by Developer as aforesaid), as more particularly defined in the Grant of Easement to the Beach Pavilion and Entrance Roadways Between Developer and the Association, copy of which is attached hereto and made a part hereof as Exhibit "D".

B. Plans. Improvements upon the land are constructed substantially in accordance with composite Exhibit "B" attached hereto and made a part hereof.

C. Amendment of Plans.

(1) Alteration of Plans. Developer reserves the right to change the interior design and arrangement of all units, and to alter the boundaries between the units, as long as Developer owns the unit so altered. No such change shall increase the number of apartments or alter the boundaries of the common elements without amendment of this Declaration by approval of the Association, Apartment 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 apartment plans by Developer need be signed and acknowledged only by the Developer and need not be approved by the Association, Apartment owners, or Lienors or Mortgagees of apartments or of the condominium, whether or not elsewhere required for an amendment.

D. Various Rights and Easements.

(1) Owner's Rights in Common Elements . Subject to the other provisions of the Declaration, each owner and each owner's guest, shall have a non-exclusive right to use and enjoy the common elements, consistent with the rights of use and enjoyment of other owners and guests.

(2) Owner's Rights in Apartment. Subject to the other provisions of this Declaration, each owner shall have full and complete dominion and ownership of the individual space included within the apartment owned by such owner, and each owner and such owner's guest shall have the exclusive right to use and enjoy the same.

(3) Association's Rights. The Association shall have a non-exclusive right and easement to make such use of common elements, and apartments as may be necessary or appropriate for the performance of the duties and functions which it is assigned or permitted to perform under this Declaration.

(4) Owner's Easement for Access, Support and Utilities. Each owner shall have a non-exclusive easement for access between the apartment of such owner, and public roads and streets, over the halls, corridors, stairs, elevators, walks, exterior access and other easements and rights which are part of the common elements. Each owner shall have a non-exclusive easement in and over common elements, including common elements within the apartment of another owner, for horizontal and lateral support of the individual space which is part of his condominium unit, and for utility service to that apartment including water, sewer, gas, electricity, telephone and television service, provided, however such easement to an apartment shall be only according to plans and specifications for the apartment building, or as the apartment building is constructed, unless approved in writing by the apartment owner.

(5) Easements for Encroachments. If any part of the common elements encroaches, or shall hereafter encroach upon an apartment, an easement for such encroachment and for the

maintenance of the same shall and does exist. If any part of the apartment encroaches or shall hereafter encroach upon the common elements, or upon another apartment, the owner of that apartment shall and does have an easement for such encroachment and for the maintenance of the same. Such encroachment shall not be considered to be an encumbrance, either on the common elements or on any apartment. Encroachment referred to herein include, but are not limited to, encroachments caused by errors in the original construction of the building, by error in the condominium map, by settling, rising or shifting of the earth, or by changes in position caused by repair or reconstruction of the project or any part thereof.

(6) Easements in Apartment for Repair, Maintenance and Emergency. Some of the common elements are or may be located within an apartment or may be conveniently accessible only through an apartment. The Association and each owner shall have an easement, which may be exercised for any owner by the Association as his agent, for access through each apartment, and to all common elements from time to time during such reasonable hours as may be necessary for maintenance, repair or replacement of any of the common elements located therein or accessible therefrom or for making emergency repairs necessary to prevent damage to the common elements or to another apartment.

(7) Easements Deemed Appurtenant. The easements and rights herein created for an owner shall be appurtenant to the condominium unit of that owner and all conveyances of and other instruments affecting the title of a condominium unit shall be deemed to grant and reserve the easements and rights as are provided for herein, even though no specific reference to such easements appears in any such conveyance.

E. Improvements - General Description.

(1) Apartment Building. The Condominium includes an apartment building consisting of seven (7) floors,

containing 198 owners' apartments. The common elements of the buildings include the lobby, walks, stairs, hallways, lounge and vending areas, storage rooms, mechanical rooms, elevator tower, and other service facilities.

(2) Other Improvements. The Condominium includes a swimming pool, sundeck, two tennis courts, two shuffle board courts, and a parking area located substantially as shown upon the plans, all of which are part of the common elements. Any right granted the Association and/or the unit owners to use any of the property or improvement which is not a part of the Condominium, shall also be considered a common element, subject to the terms of the document granting such rights.

F. Apartment Boundaries.

(1) Upper and Lower Boundaries. The upper and lower boundaries of the apartments 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 apartment shall be the vertical planes of the undercoated finished interior of the walls bounding the apartment (including the finished interior of the walls and/or railing encompassing any terrace or balcony serving such apartment) extended to the intersection with each other and with the upper and lower boundaries.

IV. APARTMENT. The apartments of the condominium are described more particularly and the rights and obligations of their owners established as follows:

A. Typical Apartment Plans. There are nine (9) typical apartment floor plans, as reflected in Exhibit "B", which shows each floor of the building, the elevation of each floor, and

a large scale typical floor plan (with approximate dimensions) for each type unit.

B. Apartment Numbers. The apartments of the condominium are located in a seven (7) story high-rise building (including the ground floor, devoted primarily to parking, an office, elevator and stairwell entrances, and six (6) floors of apartments, with each apartment being identified by a number designating the individual unit, as well as the floor on which the unit is located. For example, the first number of all of the units on the first floor (being the floor immediately above the ground floor or parking level) is the number 1. The first number of all of the units located on the second floor is the number 2, etc., through the six (6) floors of apartments of the building. The relative location of each apartment on the various floors of the building are set forth on Exhibit "B", which is attached hereto and made a part hereof.

C. Appurtenances to Apartments. The owner of each apartment shall own a share and certain interest in the condominium property, which share and interest are appurtenant to his apartment, including but not limited to the following items that are appurtenant to the several apartments as indicated:

(1) Common Elements and Common Surplus.

the undivided share in the land and other common elements and in the common surplus which are pertinent to each apartment as specified on Exhibit "C" attached hereto and made a part hereof.

D. Liability for Common Expenses. Each apartment owner shall be liable for a proportionate share of the common expenses, such share being the same as the undivided share in the common elements and common surplus appurtenant to each apartment.

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) Apartments.

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

1. All portions of an apartment (except interior surfaces) contributing to the support of the apartment building, all outside walls of the apartment building and all fixtures on its exterior boundary walls of the apartments, floor and ceiling slabs, load bearing columns and load bearing walls.

2. All screens, windows, glass walls, apartment 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 owner of the apartment requiring the repairs.

3. All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services contained in the portion of an apartment maintained by the Association; and all such facilities contained within an apartment that serve as part or parts of the condominium other than the apartment within which contained; and

4. All incidental damage caused to an apartment by such work shall be repaired promptly at the expense of the Association.

(b) By the apartment owners. The responsibility of the apartment owner shall be as follows:

1. To maintain, repair and replace at his expense all portions of his apartment except the portion to be maintained, repaired and replaced by the Association. Such shall be done without disturbing the rights of other apartment owners.

2. Not to paint or otherwise decorate or change the appearance of any portion of the exterior of his apartment or the apartment building in any manner whatsoever including the installation of television antennas.

3. 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 apartment owner nor the Association shall make any alteration in the portions of any apartment 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 apartment balconies, or do anything that would jeopardize the safety or soundness or appearance of the apartment building, or impair any easement, without first obtaining approval in writing of owners of all apartments 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 Improvement. After the completion of the improvements included in the common elements contemplated by this Declaration, 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%) percent of the common elements, except as provided by By-laws. Any such alteration or improvement shall not interfere with the rights of any apartment 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 apartment owned, 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 apartment 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 an apartment owner in the common elements altered or further improved, whether or not the apartment owner contributes to the cost of such alteration or improvement.

V. ASSESSMENTS.

The making and collection of assessments against apartment owners for common expenses shall be pursuant to the by-laws and subject to the following provisions:

A. Share of Common Expenses. Each apartment owner shall be liable for a proportionate share of the common expenses and shall share in the common surplus, such share being the same as the undivided share in the common elements appurtenant to their apartment; provided, however, when the mortgagee of a mortgage of record, or other purchaser of a condominium unit obtains title to the condominium parcel as a result of 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 of title as a result of the foreclosure, unless such share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed 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 such ownership, whether or not such parcel is unoccupied.

B. 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 apartment in this condominium and terminating not later than thirty-six (36) months thereafter. During this period 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:

First 12 months - No increase over the Estimated Operating Budget (Schedule I attached to the Management Contract).

Second 12 months - No increase over Sixteen (\$16.00) Dollars per month over previous 12 months.

Third 12 months - No increase over Ten (\$10.00) Dollars per month over previous 12 months.

The Developer reserves the right to terminate this guarantee at any time, upon which termination, the Developer shall pay assessments for common expenses for apartments owned by the Developer in the same manner and to the same extent as all other unit owners.

C. 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 rate of ten per cent (10%) per annum from the date when due until paid. All payment upon accounts shall be first applied to interest and then to the assessment payment first due.

D. 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.

E. Rental Pending Foreclosure. In any foreclosure of a lien for assessments, the owner of the apartment subject to the lien shall be required to pay a reasonable rental for the apartment, and the Association shall be entitled to the appointment of a receiver to collect the assessment of such lien.

VI. ASSOCIATION.

The operation of the condominium shall be by Jetty East Condominium 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 "E".

B. The By-Laws. The By-laws of the Association shall be the by-laws of the condominium, copy of which is attached as Exhibit "F".

C. Limitation Upon Liability of Association.
Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to apartment owners for injury or damage, 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.

D. 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 apartment.

E. Approval or Disapproval of Matters. Whenever the decision of an apartment 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 Declaration.

VII. INSURANCE.

The insurance other than title insurance that shall be carried on the condominium property and the property of the apartment 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 apartment owner, 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 apartment 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. Apartment 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. Such coverage shall afford protection against:

(a) Loss or Damage by fire or other hazards covered by a standard extended coverage endorsement; and
(b) Such other risks as from time to time shall be customarily covered with respect to buildings on the land, including but not limited to flood, vandalism, and malicious mischief.

(2) 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 hire automobile and non-owned automobile coverages, and with cross liability endorsement to cover liabilities of apartment owners as a group to an apartment owner.

(3) Workmen's Compensation Policy to meet the requirements of law.

(4) 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; provided, however, that any apartment owner who shall use or maintain his apartment in such a manner as to cause a greater insurance premium to be assessed than would have been assessed if he had used his apartment as other apartment owners, then said apartment owners 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 apartment.

D. Insurance Trustees; Shares of Proceeds.

All insurance policies purchased by the Association shall be for the benefit of the Association and the apartment owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to Valparaiso Bank & Trust, Valparaiso, Florida, as Trustee, or to such other bank in

Florida with trust powers as may be designated as insurance trustee by the Board of Directors of the Association, which trustee is referred to in this instrument as the "insurance trustee". The insurance trustee shall not be liable for payment of premiums nor 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 hold the proceeds in trust for the purposes elsewhere stated in this instrument and for the benefit of the apartment owners 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. Proceeds on account of damage to common elements -- an undivided share for each apartment owner, such share being the same as the undivided share in the common elements appurtenant to his apartment.

(2) Apartments. Proceeds on account of damage to apartments shall be held in the following undivided shares:

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

(b) When the building is not to be restored -- an undivided share for each apartment owner, such share being determined by multiplying the total sum of such proceeds by a fraction, the numerator of which shall be the original offering price of such apartment, and the denominator of which shall be the sum of the original offering prices for all apartments (which original offering price is set forth on the attached Exhibit "G").

(3) Mortgagees. In the event a mortgagee endorsement has been issued as to an apartment, the share of the apartment owner shall be held in trust for the mortgagee and the apartment 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 apartment owner 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 expenses of the the insurance trustee shall be paid first or provision 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, remittances to apartment owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of an apartment 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 apartment owners and their mortgagee being payable jointly to them. This is a covenant for the benefit of any mortgagee of any apartment and may be enforced by such mortgagee.

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

F. Association as Agent. The Association is irrevocably appointed agent for each apartment owner and for each owner of a mortgage or other lien upon an apartment 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 upon the payment of claims.

VIII. RECONSTRUCTION OR REPAIR AFTER CASUALTY.

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

(1) Common Element. If the damaged improvement is a common element, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

(2) Apartment Building.

(a) Lesser Damage. If the damaged improvement is the apartment building, and if apartments 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 apartment building, and if apartments to which more than fifty (50%) per cent of the common elements are appurtenant are found by the Board of Directors to be not tenantable, then the damaged property will not be reconstructed or repaired and the condominium will be terminated without agreement as elsewhere provided, unless within sixty (60) days after the casualty the owners of seventy-five (75%) percent of the common elements agree in writing to such reconstruction or repair.

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

B. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached as exhibits; or, if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is an apartment building, by the owners of not less than seventy-five (75%) percent of the common elements, including the owners of all damaged apartments (but excluding any unvested share of the common elements reserved for expansion as herein provided), which approval shall not be unreasonably withheld.

C. Responsibility. If the damage is only to those parts of one apartment for which the responsibility of maintenance and repair is that of the apartment owner, then the apartment owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

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

E. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair by the Association, or upon completion of reconstruction and repair, the funds for the payment of the costs of reconstruction and repair are insufficient, assessments shall be made against

all apartment owners in the case of damage to common elements, in sufficient amounts to provide funds for the payment of such costs. Such assessments against apartment owners for damage to apartments shall be in proportion to the cost of reconstruction and repair to their respective apartments. Such assessments on account of damage to common elements shall be in proportion to the owner's share in the then vested common elements.

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

(1) Association. If the total assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair that is the responsibility of the Association is more than Five Thousand (\$5,000) 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 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 apartment owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner and order:

(a) Association -- Lesser Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is less than Five Thousand (\$5,000) Dollars, 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 fund shall be disbursed in the manner provided for the reconstruction and repair of major damage.

(b) Association -- Major Damage. If the amount of the estimated costs of reconstruction and repair that is the responsibility of the Association is more than Five Thousand (\$5,00) Dollars, then the construction fund shall be disbursed in payment of such costs in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in Florida and employed by the Association to supervise the work.

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

(d) 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 construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the fund in the manner elsewhere stated; except, however, that the part of a distribution to a beneficial owner that is not in excess of assessments paid by such owner into the construction fund shall not be made payable to any mortgagee.

(e) Certificate. Notwithstanding the provisions of this instrument, the insurance trustee shall not be required to determine whether or not sums paid by the apartment owners upon assessments shall be deposited by the Association

with the insurance trustee, nor to determine whether the disbursement is to be made from the construction fund nor to determine the payee nor the amount to be paid. Instead, the insurance trustee may rely upon a certificate of the Association by its president and secretary as to any or all of such matters and stating that the sums to be paid are due and properly payable and stating the name of the payee and the amount to be paid; provided that when a mortgagee is required in this instrument to be named as payee, the insurance trustee shall also name the mortgagee as a payee of any distribution of insurance proceeds to a unit owner; and further provided that when the Association, or a mortgagee that is the beneficiary of an insurance policy whose proceeds are included in the construction fund so requires, the approval of an architect named by the Association upon disbursements in payment of costs of reconstruction and repair shall be obtained.

IX. USE RESTRICTIONS.

The use of the condominium property shall be in accordance with the following provisions as long as the condominium exists and the apartment building in useful condition exists on the land.

A. Apartments. Each apartment shall be occupied by an owner, his servants and guests, as a residence and for no other purpose. Except as reserved to developer, no apartment 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 apartment to be effected.

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 apartments.

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 apartment owner shall permit any use of his apartment 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 VII(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 the maintenance and repair of the property concerned.

E. Leasing. Entire apartments may be rented or leased only pursuant to this Declaration, the Articles of Incorporation of Jetty East Condominium Association, Inc., and the By-laws of Jetty East Condominium Association, Inc.

F. Regulations. Reasonable regulations concerning the use of the condominium property may be made and amended from time to time by the Association in the manner provided by its Articles of Incorporation and By-laws. Copies of such regulations and amendments shall be furnished by the Association to all apartment owners and residents of the condominium upon request.

G. Proviso. Provided, however, that until Developer has completed all of the contemplated improvements and closed the sales of all the apartments of the condominium, neither the apartment 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 apartments. Developer may make such 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 furnishings in all model apartments, 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 condominium apartments without regard to any restrictions or limitations, provided that the Developer, as Owner of said unsold condominium apartments, shall contribute to the common expenses in the same manner as other apartment owners.

X. COMPLIANCE AND DEFAULT.

Each apartment 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 an apartment owner to comply with such documents and regulation shall entitle the Association or other apartment owners to the following relief in addition to the remedies provided by the Condominium Act:

A. Negligence. An apartment 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. An apartment owner shall pay the Association the amount of any increase in its insurance premiums occasioned by use, misuse, occupancy, or abandonment of an apartment or its appurtenances, or of the common elements, by the apartment owner.

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

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

XI. 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 with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished within 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 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 of 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:

(1) Any change in the Condominium Documents; and

(2) Any change in manager (not including change in employees of a corporate manager) of the condominium.

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 Article V, Sub-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 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, and except for claims for a pro rata share of any such previous assessment for which a claim of lien was not recorded and a pro rata share of any tax or special assessment as provided for in this Declaration of Condominium.

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) Fail to employ a professional manager for the Condominium project; unless prior written approval is granted by all such first mortgage holders;

(2) 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;

(3) Partition or subdivide any unit or the common elements of the project, or annex additional land;

(4) By act or omission seek to abandon the Con-

dominium status of this Condominium except as provided by Statute in case of substantial loss to the units and common elements of the Condominium.

XII. 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 seventy-five (75%) per cent of the entire membership of the Board of Directors, and by not less than seventy-five (75%) 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 apartments nor alter the boundaries of the common elements.

C. Proviso. Provided, however, that no amendment shall discriminate against any apartment owner nor against any apartment or class or group of apartments, unless the apartment owner so affected shall consent; and no amendment shall change any apartment 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 apartment concerned and all record owners of mortgages on such apartment 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 joint in the execution of the amendment. Nothing contained herein shall affect the Developer's right to expand the project in the manner and according to the conditions elsewhere herein provided.

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.

XIII. TERMINATION.

The Condominium may be terminated in the following manner in addition to the manner provided by the Condominium Act:

A. Destruction. If it is determined in the manner elsewhere provided that the apartment building shall not be reconstructed because of major damage, the condominium plan of 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 apartments and all record owners of mortgages on apartments. 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 seventy-five (75%) per cent of the common elements, and of the record owners of all mortgages upon the apartments, 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 apartments of the owner 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 upon 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 apartments to be purchased an agreement to purchase, signed by the record owners of apartments who will participate in the purchase. Such agreement shall indicate which apartments will be purchased by each participating owner and shall require the purchase of all apartments 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 apartment 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 arbitration in accordance with the then existing rules of the Florida Arbitration Code, with the Association and the apartment owner each selecting a licensed Realty Estate Broker or Appraiser doing business in Okaloosa County, Florida, as arbitrator, and they failing to agree, selecting a competent and disinterested 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 apartment 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 public records of Okaloosa County, Florida.

D. Shares of Owners after Termination. After termination of the Condominium, the apartment 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' apartments prior to the termination.

E. Amendment. This section concerning termination cannot be amended without consent of all apartment owners and of all record owners of mortgages upon the apartments.

XIV. RIGHTS OF CONSTRUCTION MORTGAGEE IN ADDITION TO OTHER RIGHTS GRANTED. Notwithstanding anything contained in the Declaration of Condominium or the By-laws of Jetty East Condominium Association, Inc., to the contrary, but subject to applicable provisions of Florida law, until the satisfaction of record of the mortgage upon the condominium, recorded in Okaloosa County, Florida, Official Records Book 705, page 487, as it may be amended, modified or extended from time to time, now held by Frederick W. Berens, Inc., (the "Mortgage"), 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 required 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 By-laws without the Mortgagee's joinder and written consent to such amendment.

D. 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 condominiums, the Declaration and/or By-laws which would 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 of 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 of 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.

XV. SEVERABILITY.

The invalidity in whole or in part of any covenants or restrictions, or any section, subsection, sentence, clause, phrase, or word, 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.

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

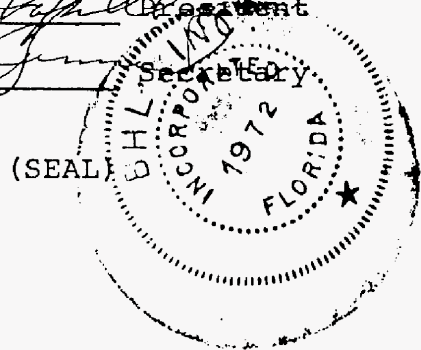
Signed, sealed and
delivered in the
presence of:

Martha Totules
Danice M. Teeder

BHL, INC.

By Jerome H. Lachapelle President

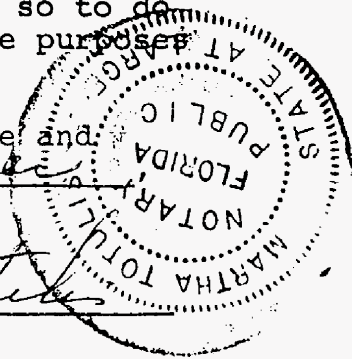
Attest Richard R. Bennett Secretary



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 Declaration of Condo-
minium, 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 15th day of December
A.D., 1975.



Martha Totules
Notary Public

Notary Public, State of Florida at Large
My Commission Expires Jan. 25, 1976
Bonded by Aetna Insurance Company

5

MORTGAGOR'S

CONSENT TO FILING OF DECLARATION OF CONDOMINIUM

OF

JETTY EAST, UNIT I

RE: OR Book 826, page 878

CONSENT TO FILING OF DECLARATION OF CONDOMINIUM OFFICIAL RECORDS

WHEREAS, FREDERICK W. BERENS, INC., a Delaware corporation, having its principal office at 1133 Fifteenth Street, N.W., Washington, D. C., is the owner and holder of the mortgage lien created by that certain open-end mortgage deed, dated June 15, 1973, by BHL, INC., 500 Gulfshore Drive, Destin, Florida, to FREDERICK W. BERENS, INC. recorded among the public records of Okaloosa County on June , 1973, in Official Records Book 705, at Page 487; and

WHEREAS, FREDERICK W. BERENS, INC. 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 BHL, INC. has a leasehold estate subject to the aforementioned mortgage lien and security interests has been improved by the construction thereon of a certain apartment building and related improvements which are being submitted to the condominium form of ownership, and BHL, INC. will be creating a condominium known as "Jetty-East, Unit 1, a Condominium" by Declaration of Condominium heretofore recorded among the public records of Okaloosa County, Florida, in Official Records Book 826 , at Page 878 , in accordance with Chapter 711 of Florida statutes; and

WHEREAS, FREDERICK W. BERENS, INC. 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 DOLLARS (\$10.00) and other good and valuable considerations in hand paid to the said FREDERICK W. BERENS, INC., FREDERICK W. BERENS, INC. does consent to the execution of said Declaration of Condominium of Jetty-East, Unit 1, 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 FREDERICK W. BERENS, INC. to consent thereto fully and in all respects required by Section 711.08(1) of Florida Statutes in force and effect on the date of the execution of these presents.

IN WITNESS WHEREOF, FREDERICK W. BERENS, INC., a Delaware corporation, has caused these presents to be executed by its duly authorized officers this 17th day of December, 1975.

Emanuel Ogden
Witness

Marlene Clarkin
Witness

FREDERICK W. BERENS, INC.

By: [Signature]
Stanton W. Felt II, Sr. V.P.

Attest: [Signature]
Brian A. Mullaney, Ass't.



STATE OF PENNSYLVANIA
COUNTY OF MONTGOMERY

Personally came before me this 19 day of December, 1975, Stanton W. Felt II, Senior Vice President, and Brian A. Mullaney, Assistant Secretary, of the above-named corporation, to me known to be such persons and officers who executed the foregoing instrument and acknowledged that they executed the same as such officers as the deed of said corporation, by its authority.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Cynthia Weinstein
Notary Public

My Commission Expires:

CYNTHIA WEINSTEIN
Notary Public, Berks County, Montg. Co.
My Commission Expires July 3, 1978

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NON-DISTURBANCE AGREEMENT

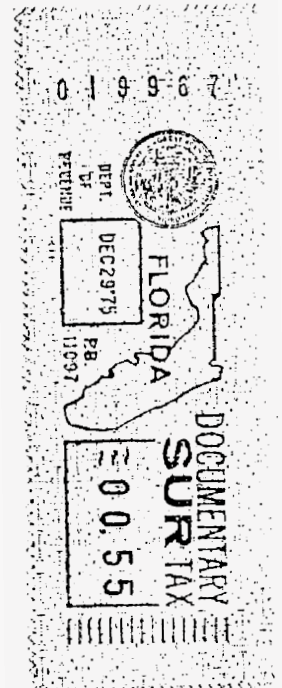
This Agreement, made and entered this 23 day of December, A.D., 1975, by and between C.B.S. DEVELOPMENT CORPORATION, a dissolved Florida corporation, by and through to as CBS; HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC., a non-profit Florida corporation, hereinafter referred to as the Association; WHITE 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, then 505.45 feet along a 905' radius deflecting right with chord N-75°16'W 494.91 feet, thence 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 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 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 included 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 imitation 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

James H. Coffey
William C. Hoff

Sharon K. Cray
Norman W Moore

James H. Coffey
Norman W Moore
As to Cox

William C. Hoff
Tennie J. Gross
As to Trawick

Marie Brackin
Norman W Moore
As to Brackin

HOLIDAY ISLE IMPROVEMENT ASSOCIATION, INC.

By James H. Coffey President

WHITE SANDS INVESTMENT

By W B Hakes President

BHL, INC.

By James H. Coffey 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.

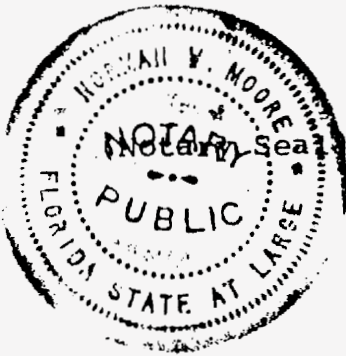


STATE OF FLORIDA,

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 W. Moore
Notary Public, My commission expires: 12/26/76

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.



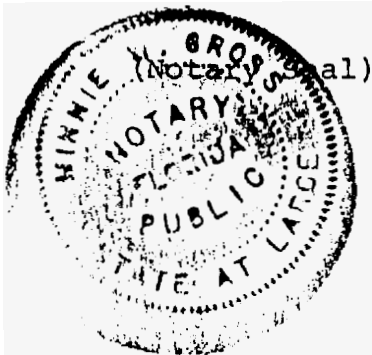
Norman W. Moore
Notary Public, My commission expires: 12/26/76

STATE OF Florida,
COUNTY OF Escambia.

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.

Minnie W. Gross
Notary Public, My commission expires: 6-7-78

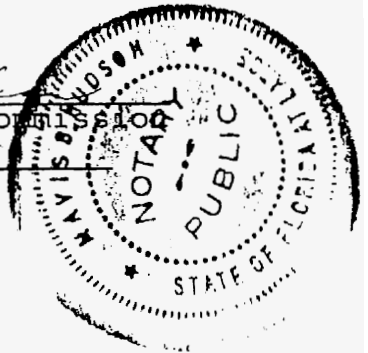


STATE OF Florida,
COUNTY OF Chalusa

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.

Mavis Hudson
Notary Public, My commission expires: _____



(Notary Seal)

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

SCHEDULE A.

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 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 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°133.7'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 S-88°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 S28°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 23 day of December, 1975, 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 estate,

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.

VIII. 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, evi-
dencing such election on or before ten (10) years from the date
hereof, then in that event the rights so reserved shall be auto-
matically 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 suc-
cessors 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 im-
provements 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 *James H. DePhillips*
President

Attest *Richard R. Jensen*
Secretary

WITNESSES:

Sharon K. Cray
Sharon K. Cray

JETTY EAST CONDOMINIUM
ASSOCIATION, INC.

By *James H. DePhillips*
President

Attest *Richard R. Jensen*
Secretary

Sharon K. Cray
Sharon K. Cray

STATE OF FLORIDA,
COUNTY OF OKA OSA.

BOOK 827 PAGE 533
OFFICIAL RECORDS

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



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



75 DEC 24 AM 11 13

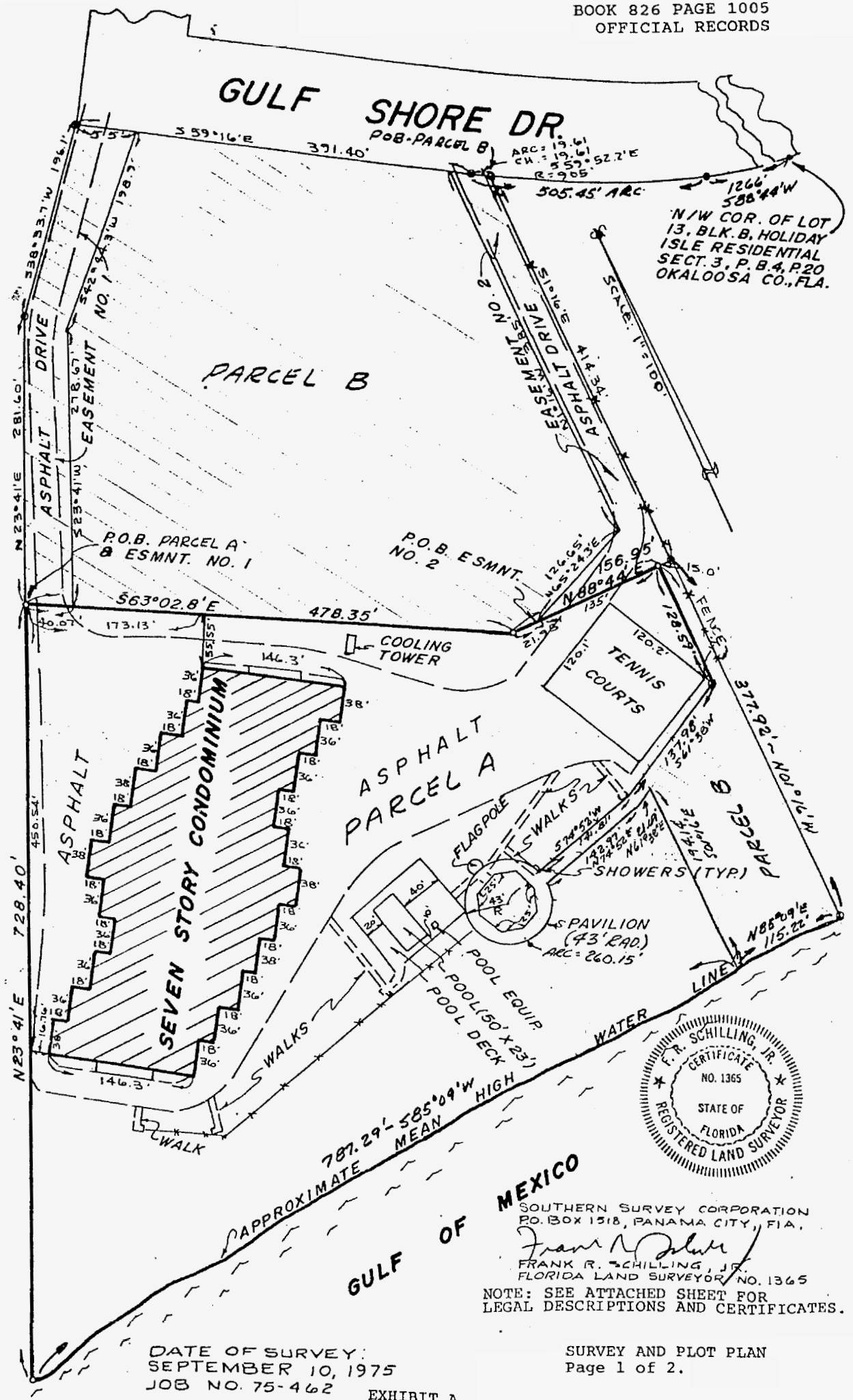
OKALOOSA COUNTY FLORIDA
CIRCUIT COURT
CLERK'S OFFICE



447751

EXHIBIT A

SURVEY



SOUTHERN SURVEY CORPORATION
 P.O. BOX 1518, PANAMA CITY, FLA.
Frank R. Schilling, Jr.
 FRANK R. SCHILLING, JR.
 FLORIDA LAND SURVEYOR NO. 1365
 NOTE: SEE ATTACHED SHEET FOR
 LEGAL DESCRIPTIONS AND CERTIFICATES.

DATE OF SURVEY:
 SEPTEMBER 10, 1975
 JOB NO. 75-462

SURVEY AND PLOT PLAN
 Page 1 of 2.

EXHIBIT A

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.

STATE OF FLORIDA,
COUNTY OF OKALOOSA.

I CERTIFY that a correct actual survey was made of the JETTY EAST, UNIT I, a Condominium, and that the construction of the improvements described is sufficiently complete so that the attached survey and plot plan, together with the attached construction plans and wording of the Declaration relating to matters of 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.

Date of Survey
September 10, 1975

SOUTHERN SURVEY CORPORATION
P.O. Box 1518, Panama City, Fla

Frank R. Schilling, Jr.
Frank R. Schilling, Jr.
Florida Land Surveyor No. 1365

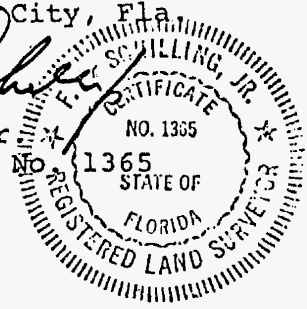
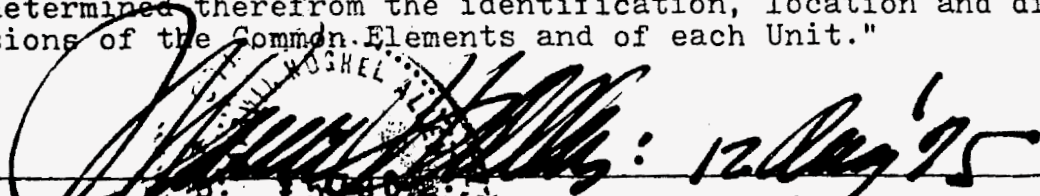



EXHIBIT B

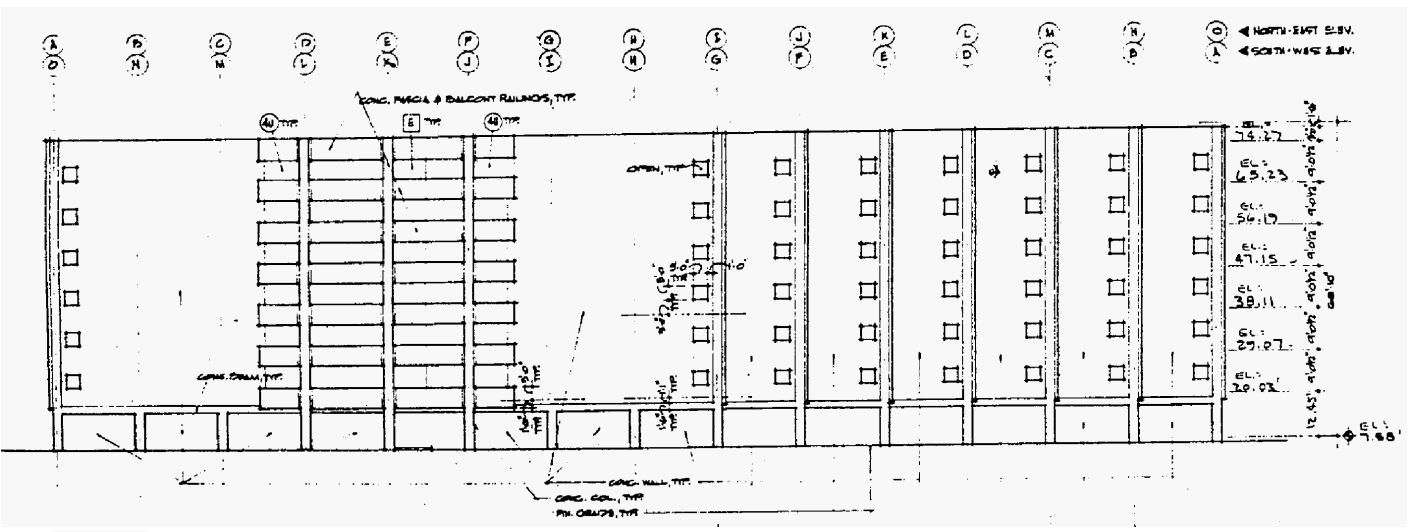
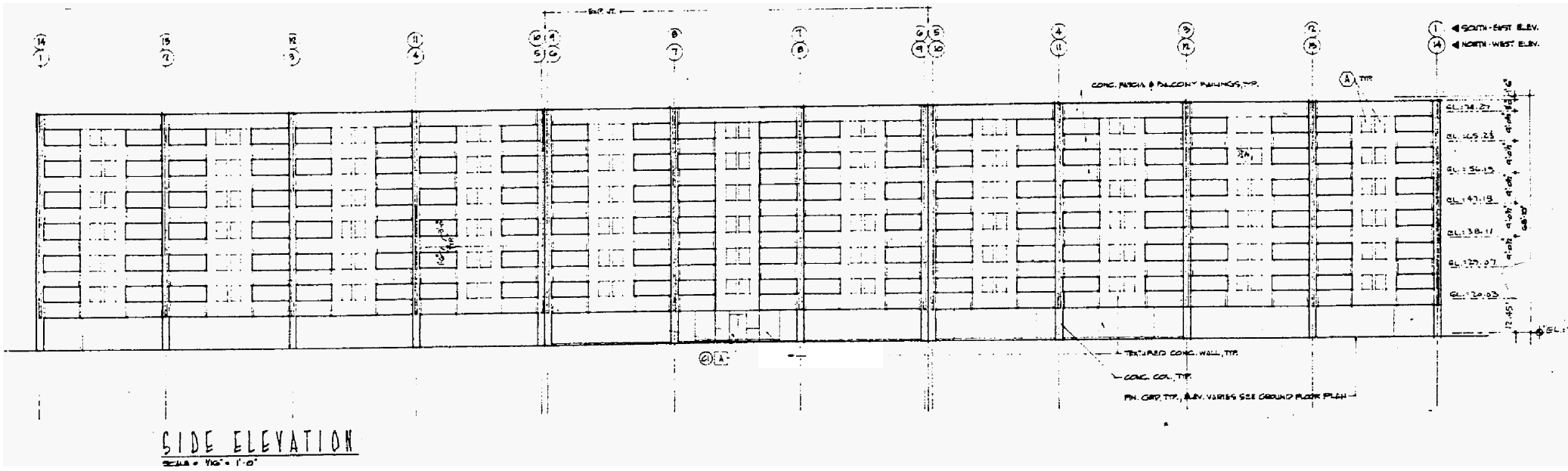
PLANS

CERTIFICATE OF ARCHITECT:

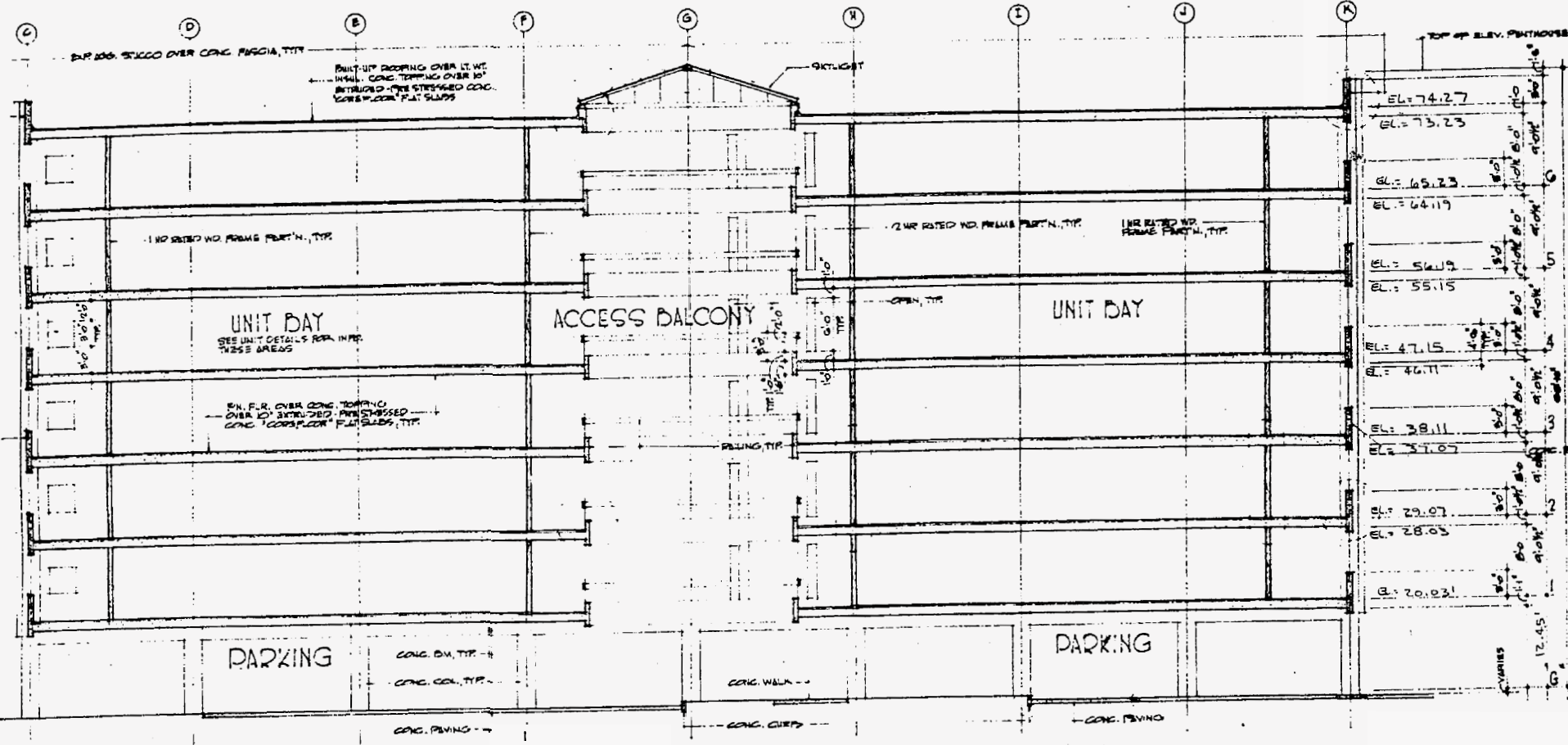
"The undersigned registered architect duly authorized to practice under the Laws of the State of Florida, hereby certifies that these plans marked Exhibit "B", Pages 1 through 19, all of which are Exhibits annexed to and made a part of the Declaration of Condominium of Jetty East Condominium, a Condominium, Okaloosa County, Florida, together with the wording of said Declaration, is a correct representation of the improvements described herein and the construction of the improvements is sufficiently complete so that such material together with the wording of the Declaration, is a correct representation of the improvements described and there can be determined therefrom the identification, location and dimensions of the Common Elements and of each Unit."



Registered Architect, State of Florida.




EL. : ELEVATION

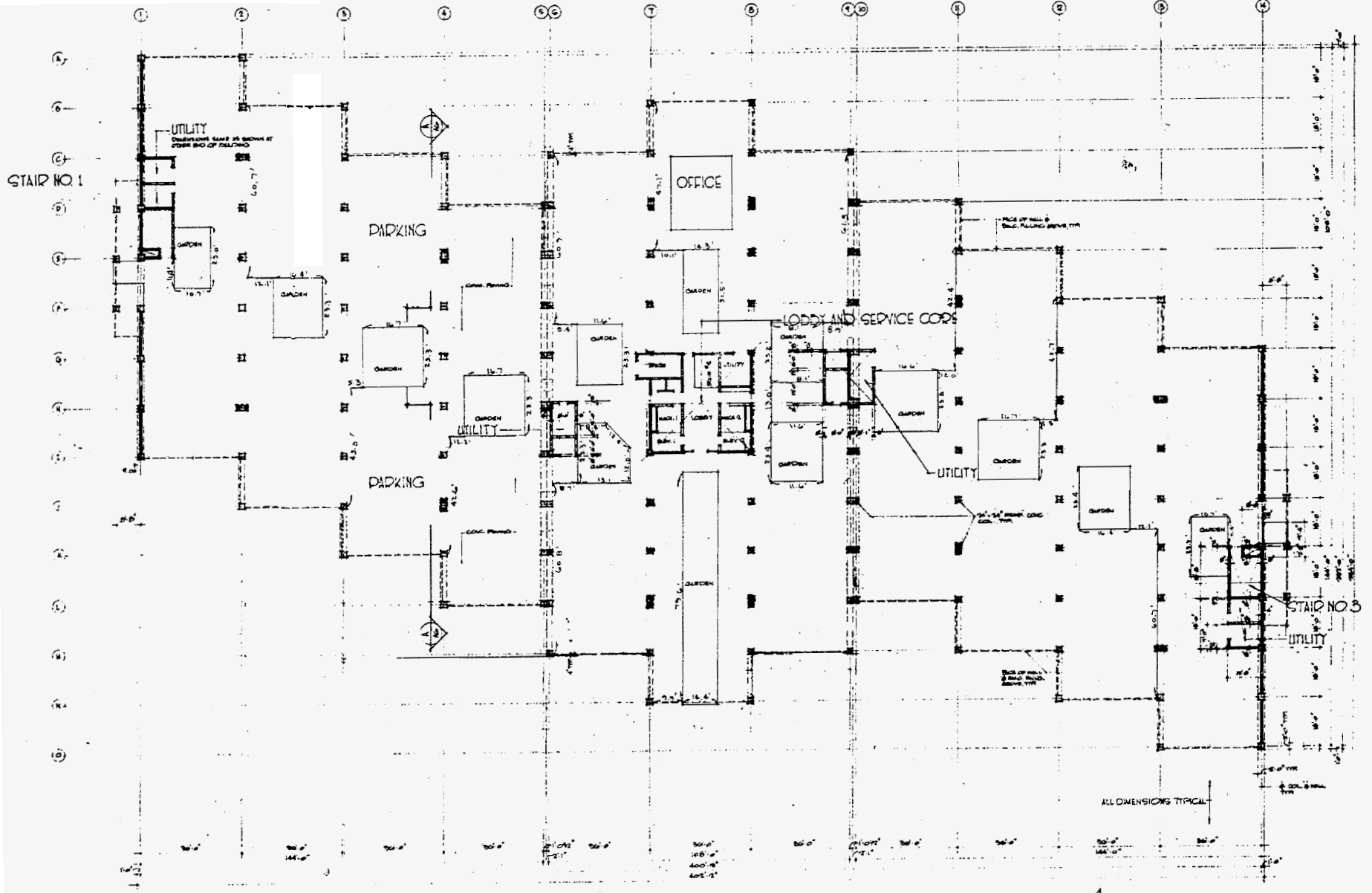


A
AG

BUILDING CROSS SECTION
 SCA. = 1/8" = 1'-0"

BOOK 1010
 PAGE 1010
 OFFICIAL RECORDS

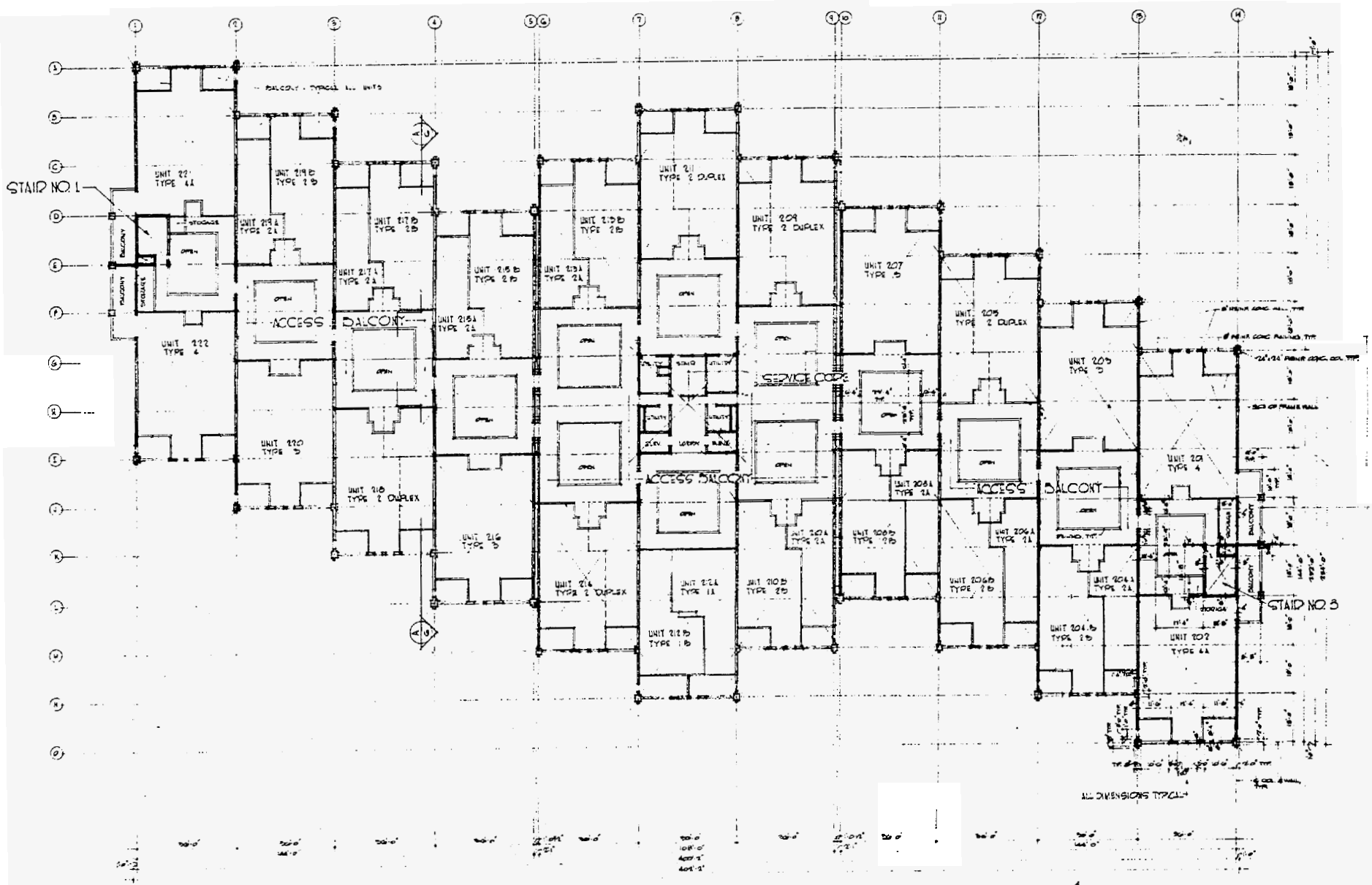
Exhibit B to Declaration



GROUND FLOOR PLAN
SCALE = 1/8" = 1'-0"

ALL DIMENSIONS TYPICAL

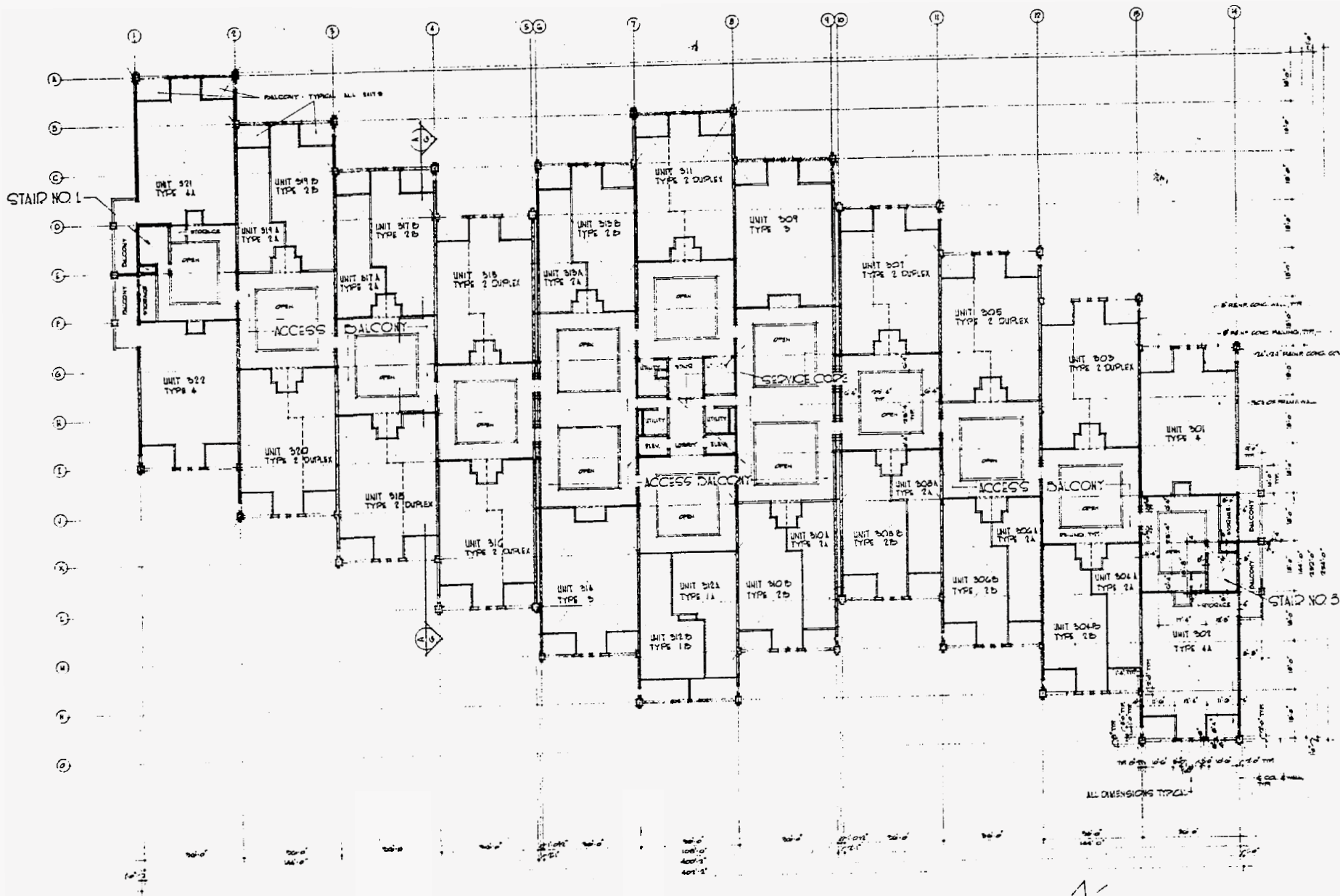
Exhibit B to Declaration



SECOND - FLOOR PLAN
SCALE = 1/8" = 1'-0"



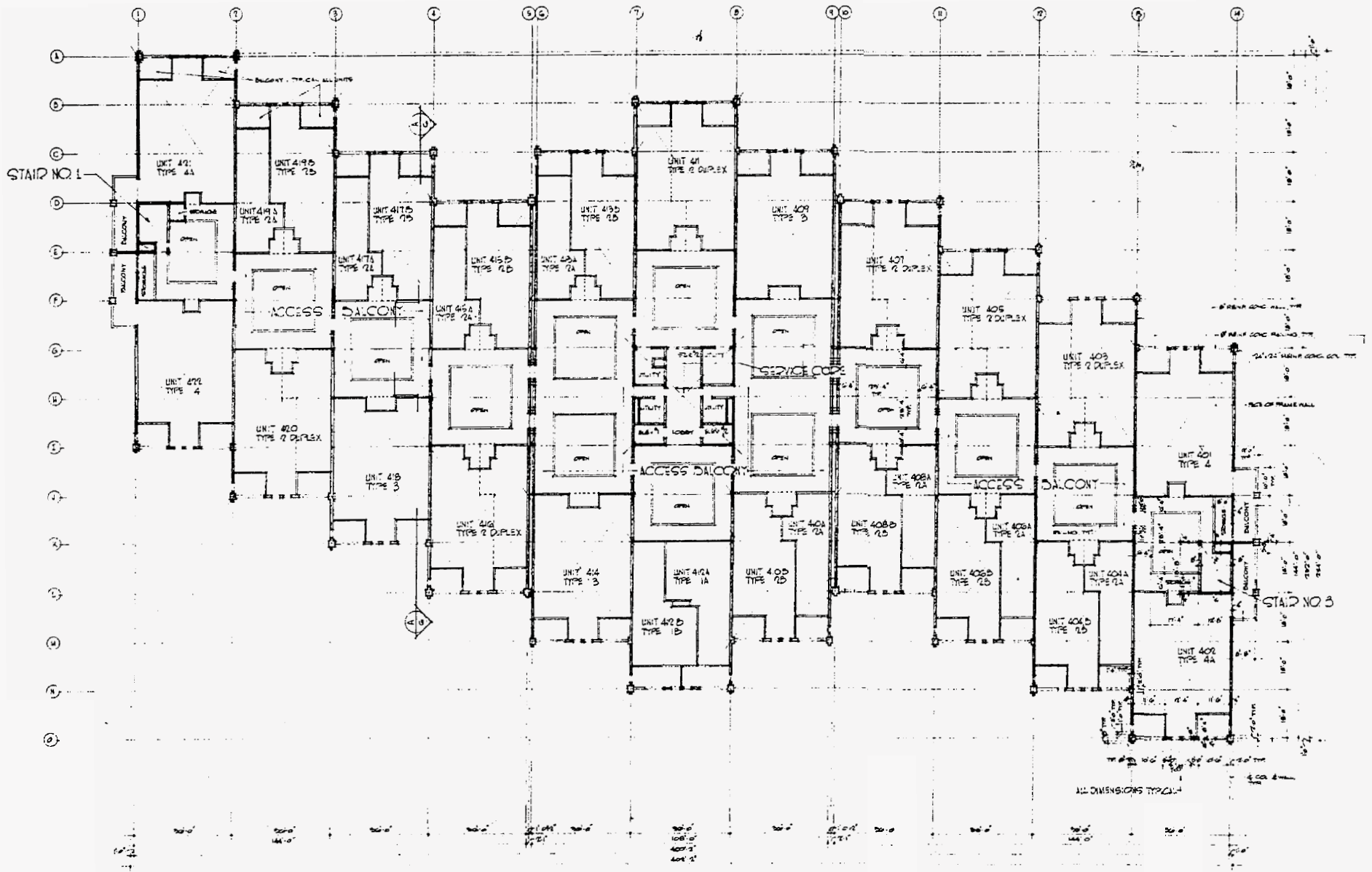
Exhibit B to Declaration



THIRD - FLOOR PLAN
SCALE = 1/8" = 1'-0"



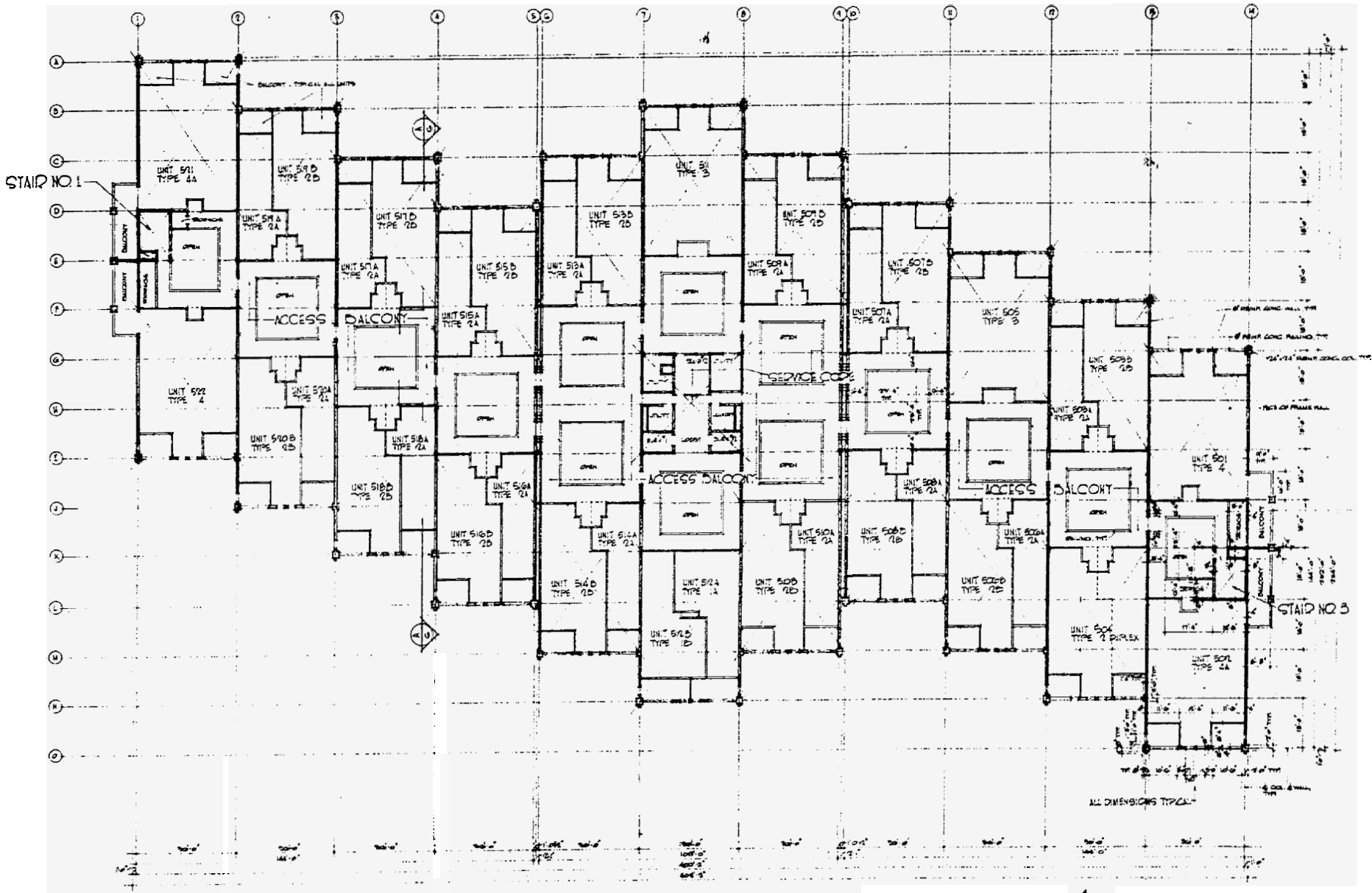
Exhibit B to Declaration



FOURTH - FLOOR PLAN



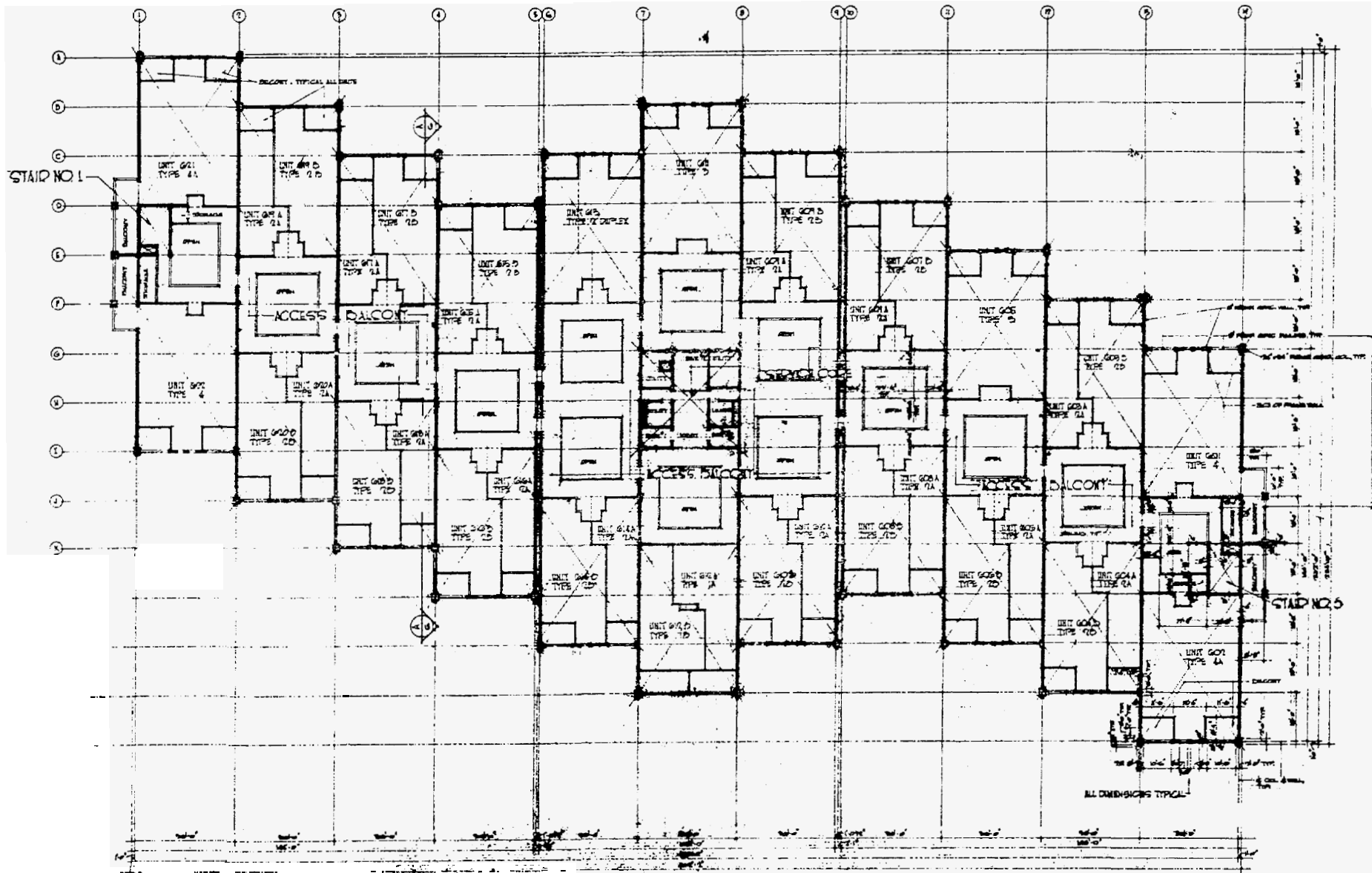
Exhibit B to Declaration



FIFTH - FLOOR PLAN



Ext ibit B to Declaration



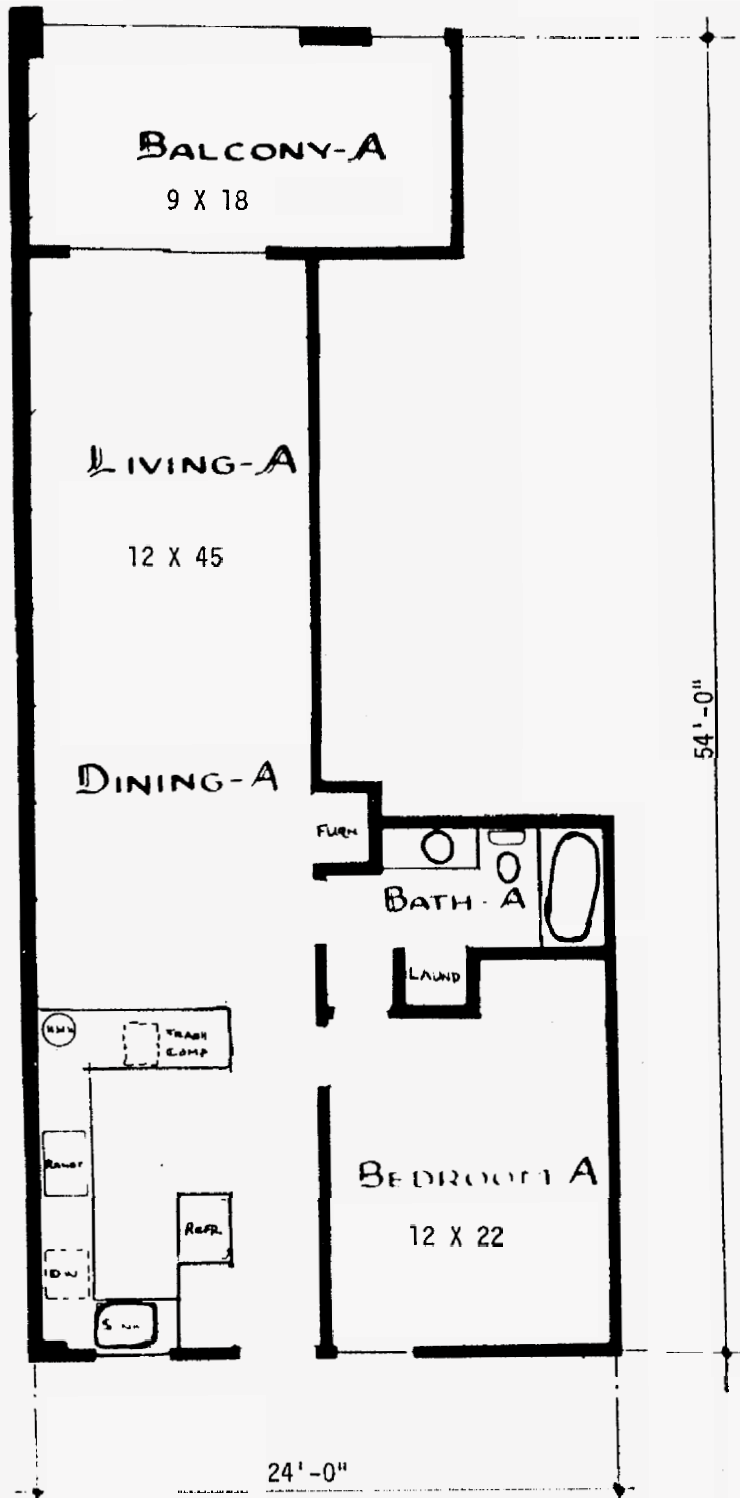
SIXTH - FLOOR PLAN



Exhibit B to Declaration

APPROXIMATE ± CENTER LINE DIMENSIONS

AND UNIT FEES FOR STANDARD UNITS BOOK 826 1 E 1018
OFFICIAL RECORDS



UNIT 1A

simpson • senkarik a

ARCHITECTS
PLANNERS

1000 1/2 AVENUE BARNEY 0018 BERRY BLVD

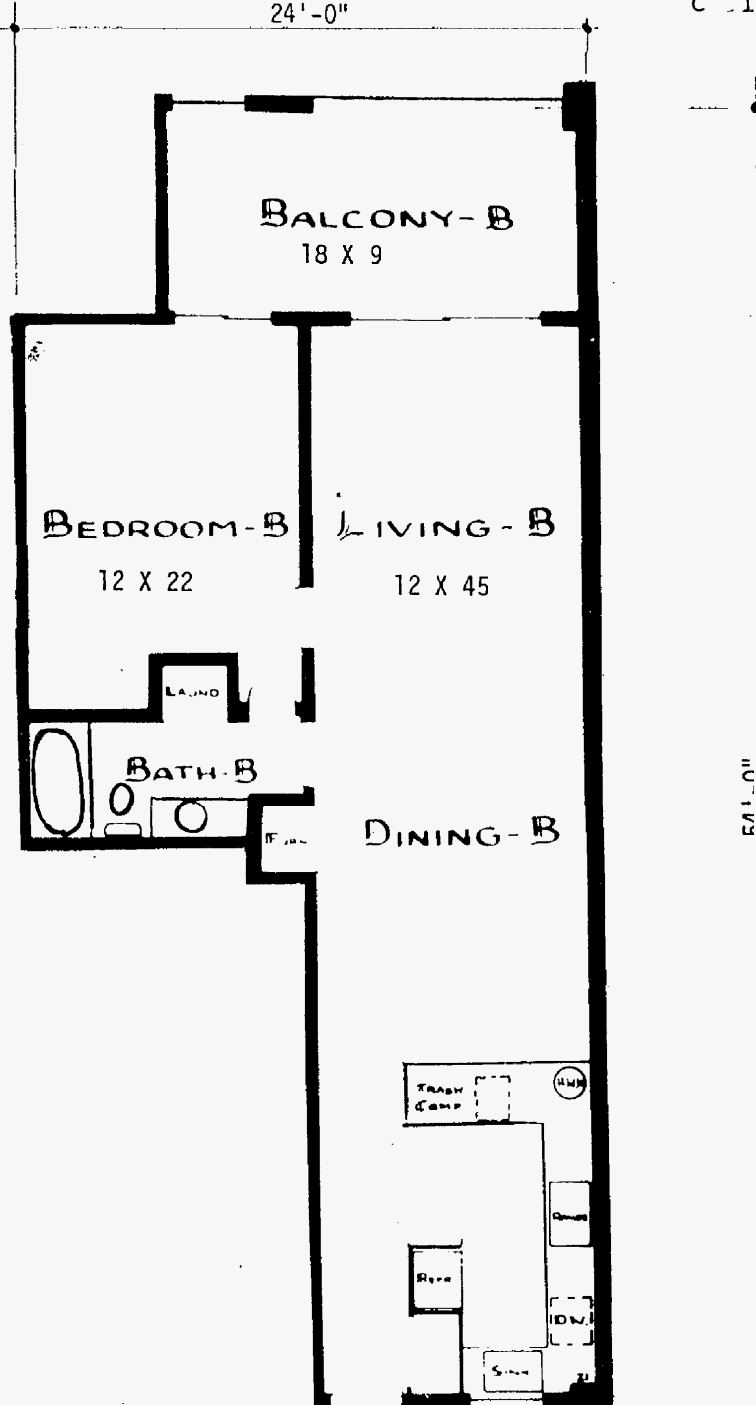
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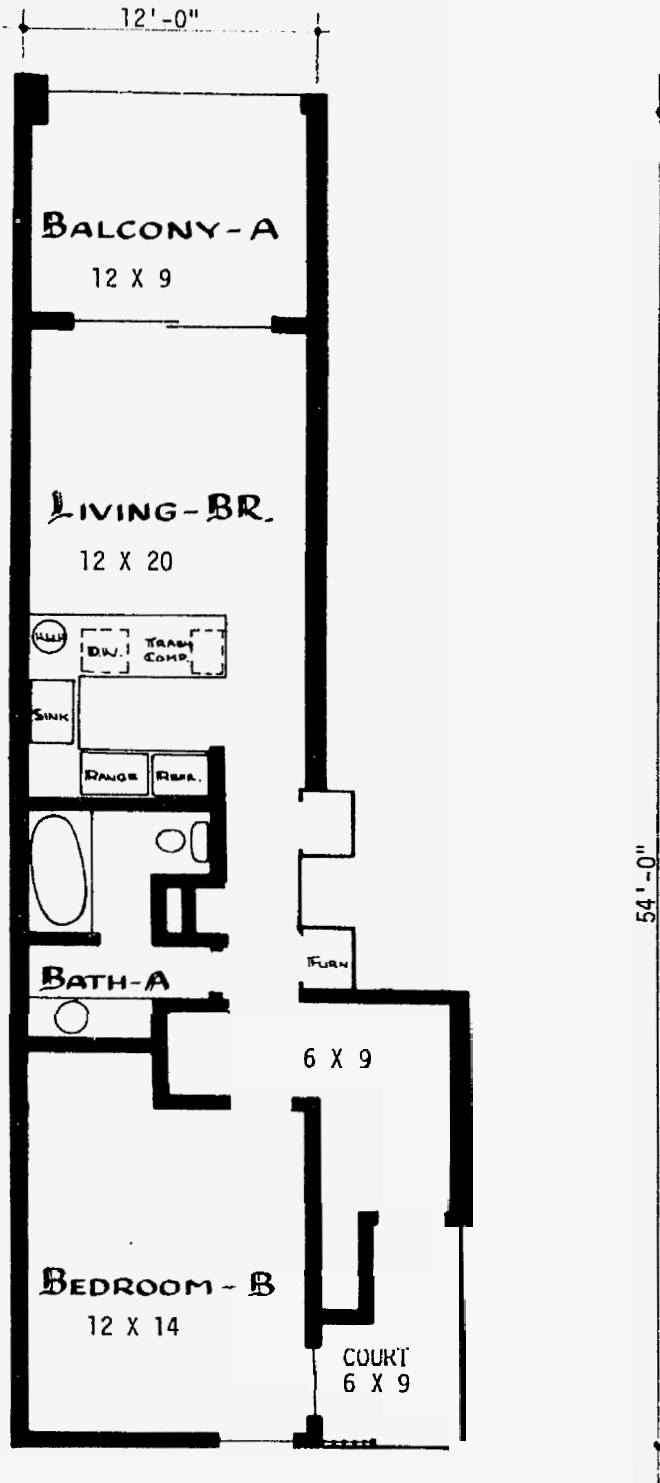
APPROXIMATE ± CENTER LINE DIMENSIONS

AND U FEATURES FOR STANDARD UNITS
24'-0"

BOOK 926 PAGE 1019
OFFICIAL RECORDS



UNIT 1B

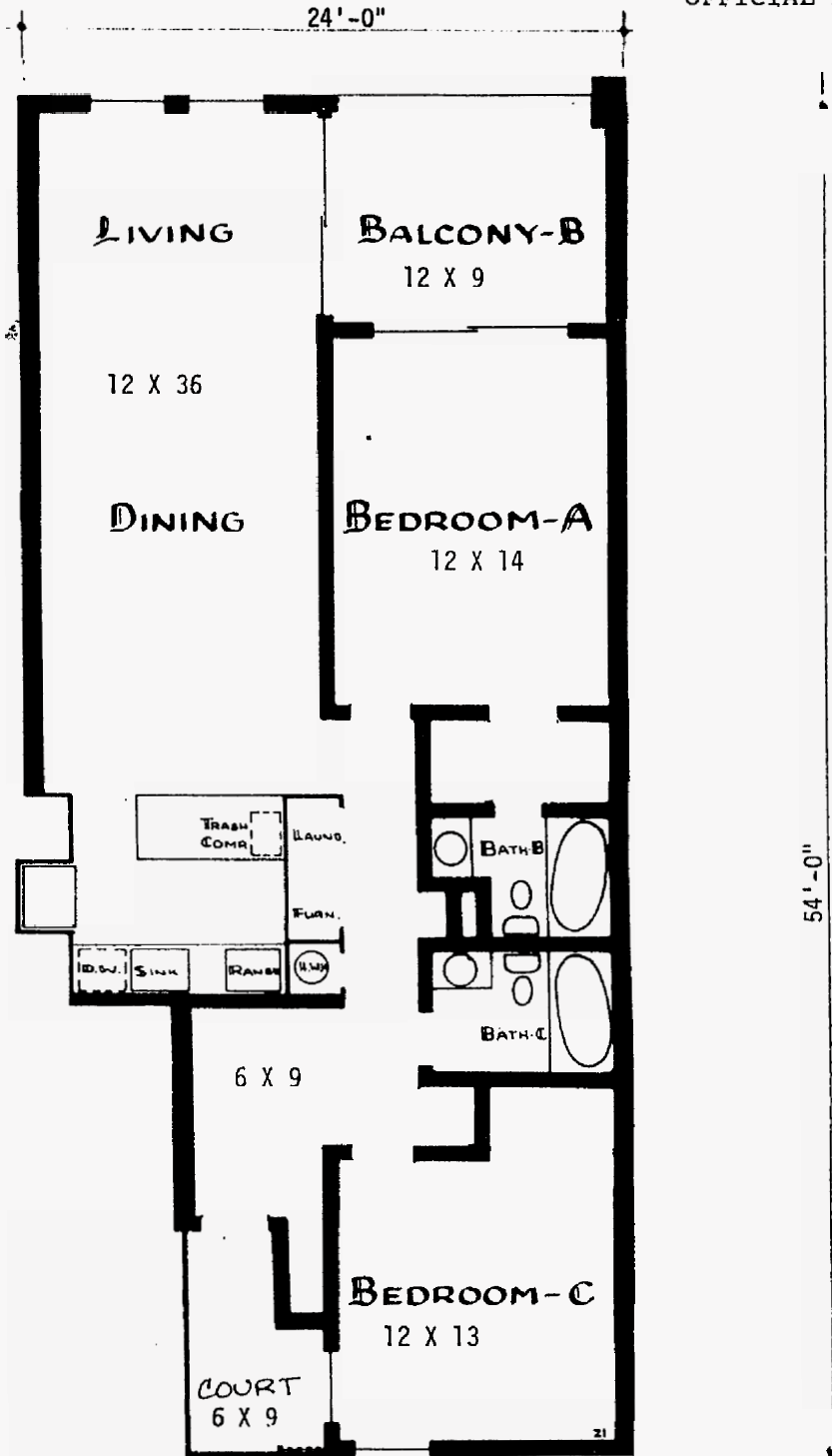


UNIT II A

APPROXIMATE ± CENTER LINE DIMENSIONS

AND IT FEATURES FOR STANDARD UNITS

BC 826 PAGE 1021
OFFICIAL RECORDS



UNIT II B

WITH TWO BATHS

ARCHITECTS
PLANNERS

45 GULF BREEZE PARKWAY GULF BREEZE FLORIDA
32581

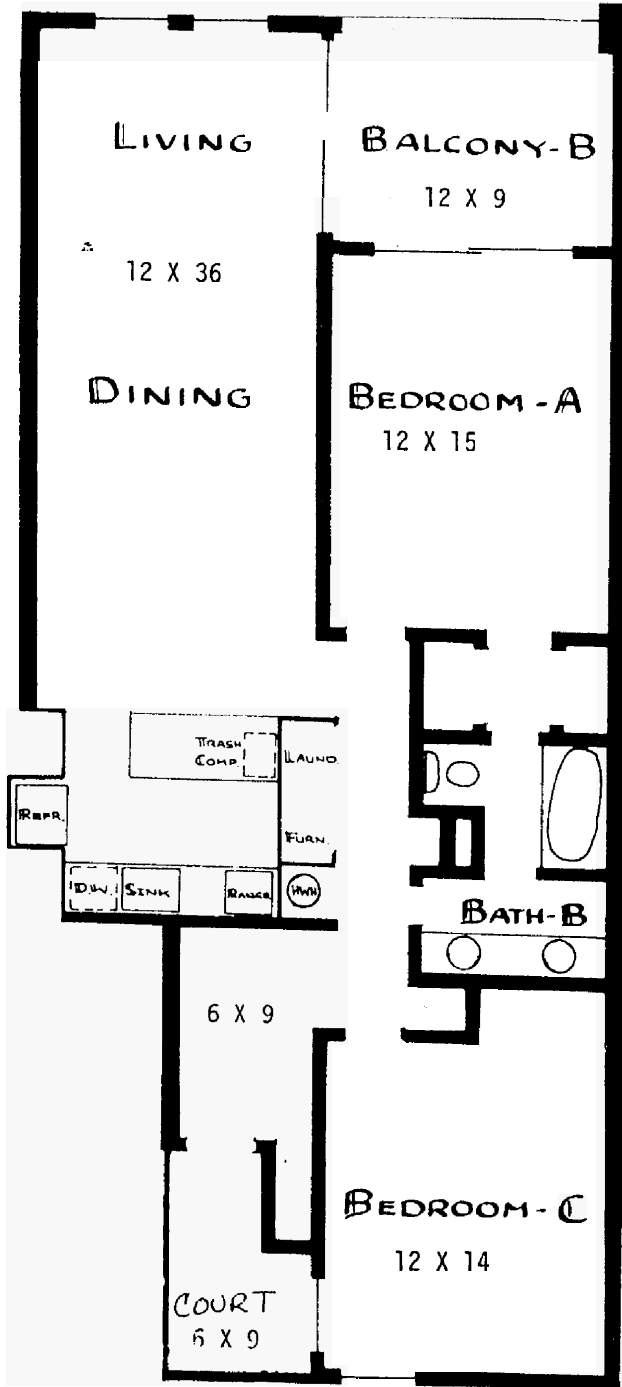
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APPROXIMATE ± CENTER LINE DIMENSIONS

AND UNIT FEATU FOR STANDARD UNITS

24'-0"

BOOK 826 PAGE 1022
OFFICIAL RECORDS



54'-0"

UNIT B

simpson • senkarik a

ARCHITECTS
PLANNERS

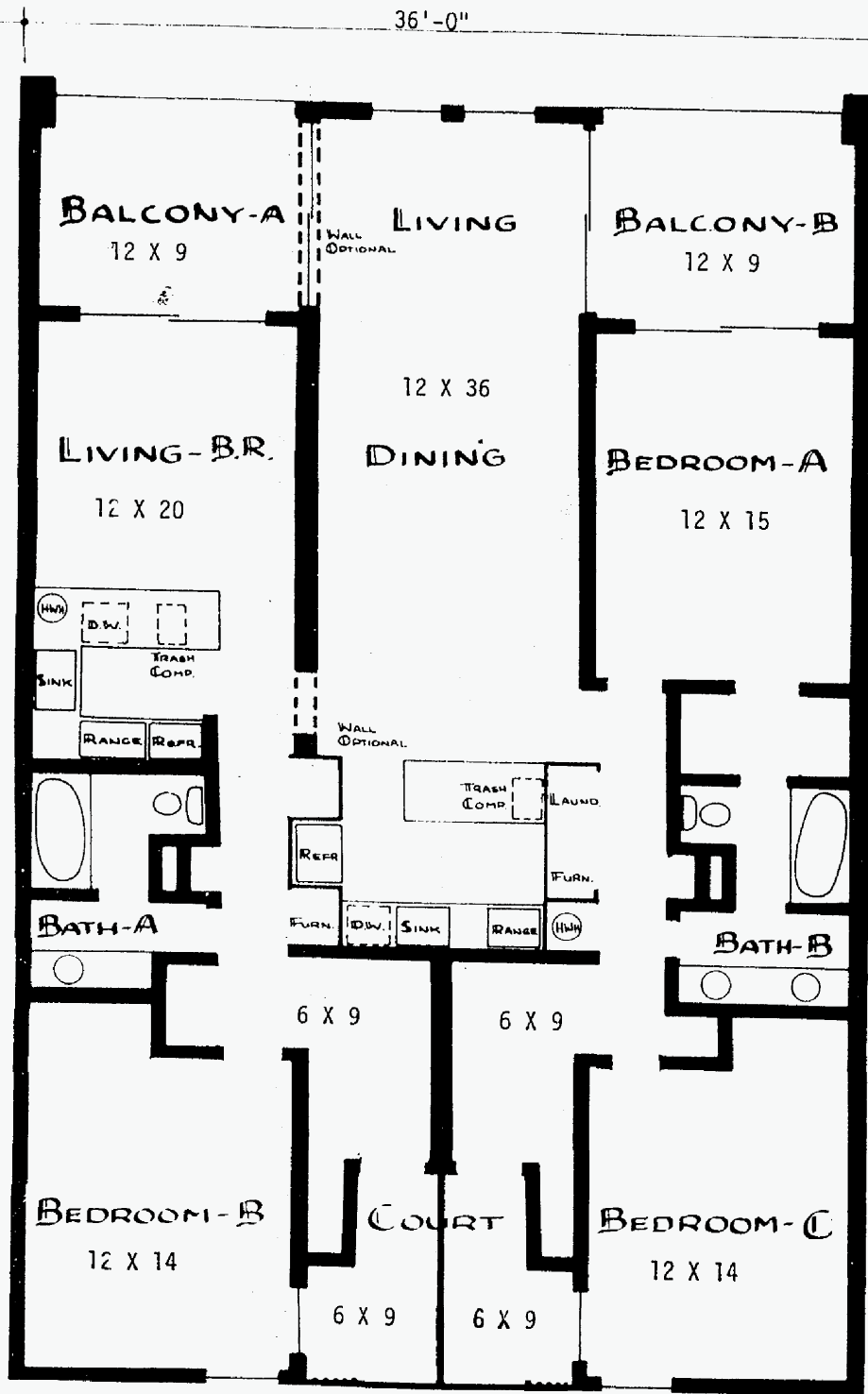
46 GULF BREEZE PARKWAY GULF BREEZE FLORIDA
32561

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APPROXIMATE ± CENTER LINE DIMENSIONS

AND UNIT FEATURES FOR STANDARD UNITS

B K 826 PAGE 1023
OFFICIAL RECORDS

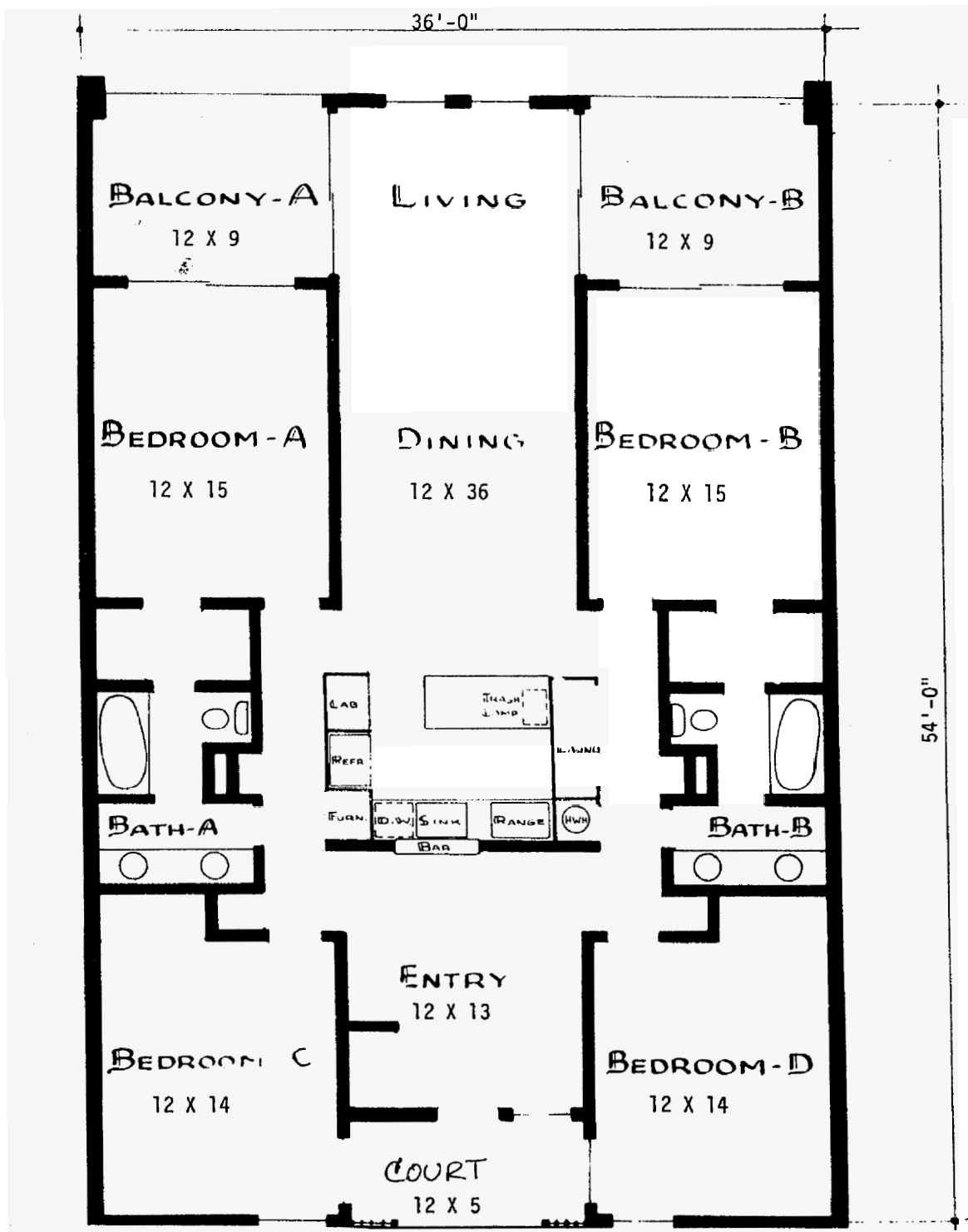


UNIT II-DUPLEX

APPROXIMATE ± CENTER LINE DIMENSIONS

AND UNIT FEATURES FOR STANDARD UNITS

BOOK 826 PAGE 1024
OFFICIAL RECORDS

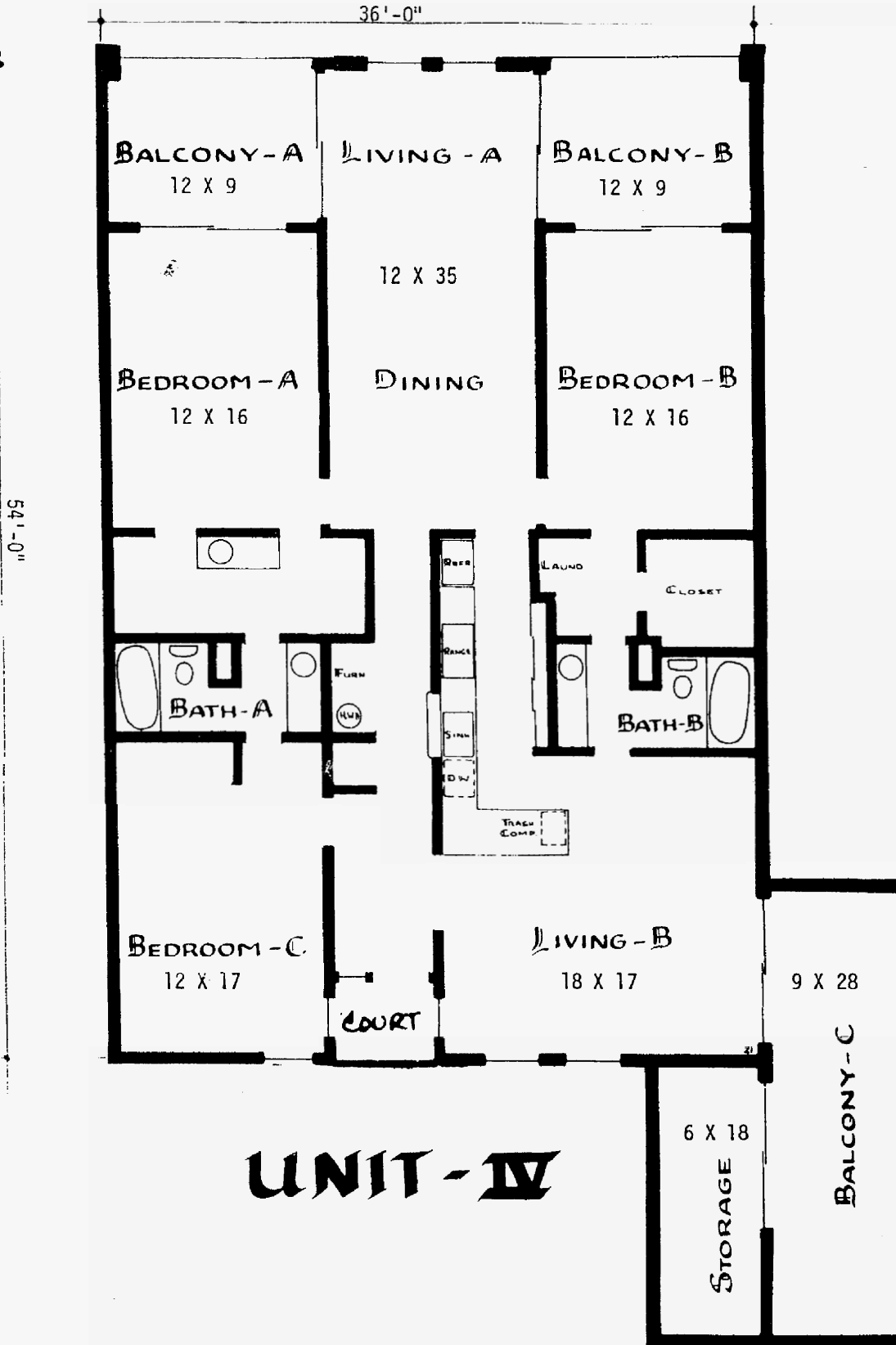


UNIT III

ARCHITECTS
PLANNERS

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32561

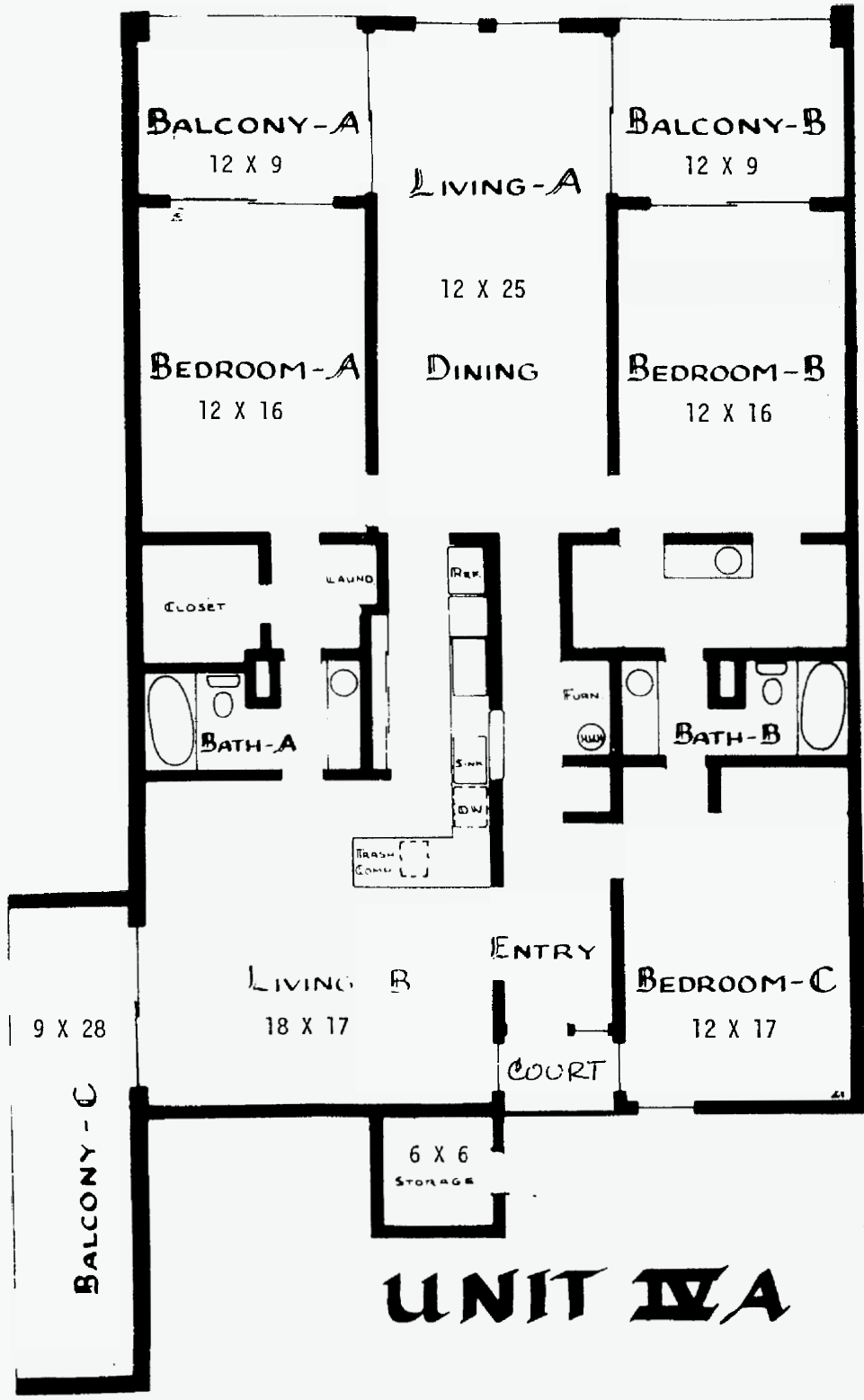
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APPROXIMATE ± CENTER LINE DIMENSIONS

AND UNIT FEES FOR STANDARD UNITS
36'-0"

BOOK 826 PAGE 1026
OFFICIAL RECORDS



54' - 0"

UNIT IV A

EXHIBIT C

ALLOCATION OF
COMMON ELEMENTS AND COMMON SURPLUS

EXHIBIT "C".

The undivided shares (stated in fractions) in the land and other common elements and in the common surplus which are appurtenant to each apartment (condominium unit) is as follows:

Condominium Unit Number	Undivided Fractional Interest in Common Elements and Surplus	Condominium Unit Number	Undivided Fractional Interest in Common Elements and Surplus
101	1/198	219A	1/198
102	1/198	219B	1/198
103	1/198	220	1/198
104A	1/198	221	1/198
104B	1/198	222	1/198
105	1/198		
106A	1/198	301	1/198
106B	1/198	302	1/198
107	1/198	303	1/198
108A	1/198	304A	1/198
108B	1/198	304B	1/198
109	1/198	305	1/198
110A	1/198	306A	1/198
110B	1/198	306B	1/198
111	1/198	307	1/198
112A	1/198	308A	1/198
112B	1/198	308B	1/198
113A	1/198	309	1/198
113B	1/198	310A	1/198
114	1/198	310B	1/198
115A	1/198	311	1/198
115B	1/198	312A	1/198
116	1/198	312B	1/198
117A	1/198	313A	1/198
117B	1/198	313B	1/198
118A	1/198	314	1/198
118B	1/198	315	1/198
119A	1/198	316	1/198
119B	1/198	317A	1/198
120	1/198	317B	1/198
121	1/198	318	1/198
122	1/198	319A	1/198
		319B	1/198
201	1/198	320	1/198
202	1/198	321	1/198
203	1/198	322	1/198
204A	1/198		
204B	1/198		
205	1/198	401	1/198
206A	1/198	402	1/198
206B	1/198	403	1/198
207	1/198	404A	1/198
208A	1/198	404B	1/198
208B	1/198	405	1/198
209	1/198	406A	1/198
210A	1/198	406B	1/198
210B	1/198	407	1/198
211	1/198	408A	1/198
212A	1/198	408B	1/198
212B	1/198	409	1/198
213A	1/198	410A	1/198
213B	1/198	410B	1/198
214	1/198	411	1/198
215A	1/198	412A	1/198
215B	1/198	412B	1/198
216	1/198	413A	1/198
217A	1/198	413B	1/198
217B	1/198	414	1/198
218	1/198	415A	1/198
		415B	1/198

Condominium Unit Number	Undivided Fractional Interest in Common Elements and Surplus	Condominium Unit Number	Undivided Fractional Interest in Common Elements and Surplus
416	1/198	601	1/198
417A	1/198	602	1/198
417B	1/198	603A	1/198
418	1/198	603B	1/198
419A	1/198	604A	1/198
419B	1/198	604B	1/198
420	1/198	605	1/198
421	1/198	606A	1/198
422	1/198	606B	1/198
		607A	1/198
501	1/198	607B	1/198
502	1/198	608A	1/198
503A	1/198	608B	1/198
503B	1/198	609A	1/198
504	1/198	609B	1/198
505	1/198	610A	1/198
506A	1/198	610B	1/198
506B	1/198	611	1/198
507A	1/198	612A	1/198
508B	1/198	612B	1/198
509A	1/198	613	1/198
509B	1/198	614A	1/198
510A	1/198	614B	1/198
510B	1/198	615A	1/198
511	1/198	615B	1/198
512A	1/198	616A	1/198
512B	1/198	616B	1/198
513A	1/198	617A	1/198
513B	1/198	617B	1/198
514A	1/198	618A	1/198
514B	1/198	618B	1/198
515A	1/198	619A	1/198
515B	1/198	619B	1/198
516A	1/198	620A	1/198
516B	1/198	620B	1/198
517A	1/198	621	1/198
517B	1/198	622	1/198
518A	1/198		
518B	1/198		
519A	1/198		
519B	1/198		
520A	1/198		
520B	1/198		
521	1/198		
522	1/198		
507B	1/198		
508A	1/198		

EXHIBIT D

GRANT OF EASEMENT

GRANT OF EASEMENT

THIS AGREEMENT made and entered this 15th 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 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, 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

EXHIBIT "D".

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 _____ day of _____, 19 _____, and ending at 11:59 P.M. on September 1, 2060, and subsequently thereafter during any extension or renewal of the aforementioned leasehold estate.

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, or penalties due or to become due in connection with the premises described in Paragraph I above. This grant is given subject to any such charges which may be made and subject to the terms of Grantor's said leasehold estate, 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 assessments for tax purposes of the subject land, since the said land is appurtenant to each of the said condominium units, but in the event of any such charge 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 there on, 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, insofar as Parcels No. 1 and 2, in Paragraph I above is concerned, 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, (described as Parcel B on the survey attached to the Declaration as Exhibit A), 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) Such use, insofar as Parcel No. 3, in Paragraph I above is concerned, 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, (described as Parcel B on the survey attached to the Declaration as Exhibit A), 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, of comparable quality to Jetty East, Unit I.

(c) 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 are to be used in common by the owners of Jetty East, Unit I, and the said adjacent parcel in common pursuant hereto, as and when such charges become due from time to time.

(d) 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.

(e) 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:

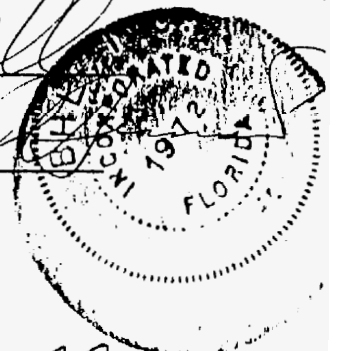
Janice M. Keedes
Martha Totulis

Janice M. Keedes
Martha Totulis

BHL, INC.

By Jerome H. Capelle
President

Attest Richard A. Jensen
Secretary



JETTY EAST CONDOMINIUM
ASSOCIATION, INC.

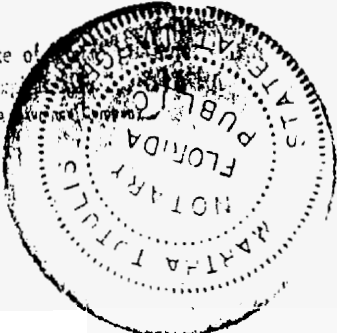
By Jerome H. Capelle
President

Attest Richard A. Jensen
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.

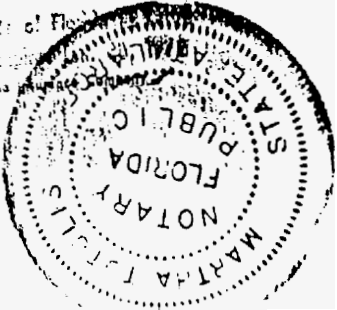
WITNESS my hand and official seal, in the State and County last aforesaid, this 15 day of December, A.D., 1975.

Marta J. Tuttle
Notary Public
Notary Public, State of Florida
My Commission Expires
Bonded by Aetna Insurance Company


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 15 day of December, A.D., 1975.

Marta J. Tuttle
Notary Public
Notary Public, State of Florida
My Commission Expires
Bonded by Aetna Insurance Company


E X H I B I T E

AMENDMENT TO
ARTICLES OF INCORPORATION OF
JETTY EAST CONDOMINIUM ASSOCIATION, INC.

STATE OF FLORIDA

DEPARTMENT OF STATE



I, BRUCE A. SMATHERS, Secretary of State of the State of Florida, do hereby certify that the following is a true and correct copy of Certificate of Amendment to Certificate of Incorporation of JETTY EAST CONDOMINIUM ASSOCIATION, INC., a corporation organized under the laws of the State of Florida, amending ARTICLES OF INCORPORATION, filed on the 1st day of October, 1975, as shown by the records of this office.

GIVEN under my hand and the Great Seal of the State of Florida, at Tallahassee, the Capital, this the 1st day of October, A.D., 1975.



A handwritten signature in cursive script that reads "Bruce A. Smathers".

SECRETARY OF STATE

AMENDMENT TO
ARTICLES OF INCORPORATION
OF
* JETTY EAST CONDOMINIUM ASSOCIATION, INC.

THE UNDERSIGNED, consisting of all of the members of the Board of Directors, and One Hundred (100%) per cent of the entire membership of JETTY EAST CONDOMINIUM ASSOCIATION, INC., do hereby amend the Articles of Incorporation of the said Jetty East Condominium Association, Inc., to read as follows:

THE UNDERSIGNED hereby associate themselves for the purpose of forming a corporation not for profit under Chapter 617, Florida Statutes, and certify as follows:

ARTICLE I.

NAME: The name of the corporation shall be JETTY EAST CONDOMINIUM ASSOCIATION, INC., hereinafter called the Association.

ARTICLE II.

PURPOSE: The purpose for which the Association is organized is to provide an entity pursuant to Section 12 of the Condominium Act, which is Chapter 711, Florida Statutes, 1973, as amended, for the operation, management, maintenance and control of such one or more condominiums as may be submitted to its jurisdiction. The Association shall make no distributions of income to its members, directors or officers.

ARTICLE III.

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

(A) The Association shall have all the common law and statutory powers of a corporation not for profit 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 have all of the powers and duties set forth in the Condominium Act, as amended, except as limited by these Articles 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, including but not limited to the following:

(1) To hold title to and own fee simple or other lesser interest in real, personal or mixed property, wherever situated.

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

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

(4) To maintain, repair, replace and operate the property of any condominium operated by the Association or the property of the Association.

(5) To purchase insurance upon the property of any condominium operated by the Association or the property of the Association and insurance for the protection of the Association and its members as apartment owners.

(6) To reconstruct improvements after casualty and to further improve the property of any condominium operated by the Association or the property of the Association.

(7) To make and amend the reasonable regulations respecting the use of the property in any condominium operated by the Association or the property of the Association.

(8) To approve or disapprove the transfer, mortgage and ownership of the apartments as may be provided by the Declaration of Condominium of any condominium operated by the Association and by the By-laws.

(9) To enforce by legal means the provisions of the Condominium Act, the Declaration of Condominium of any condominium operated by the Association, these Articles, the By-laws of the Association, and the regulations for the use of the property of any condominium operated by the Association or for the use of the property owned by the Association.

(10) To contract for the management of any condominium operated by the Association and to delegate to such contractor all powers and duties of the Association except such are specifically required by the Declaration of Condominium of such condominium to have approval of the Board of Directors or the membership of the Association or those members of the Association who are apartment owners in such condominium.

(11) To contract with BHL, Inc., a Florida corporation, its successors and assigns, its officers and directors and any other corporation in which any of them have any financial interest.

(12) To 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 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.

(13) Contract for the management or operation of portions of common elements of any condominium operated by the Association which may be susceptible to separate management or operation, and to lease such portions.

(14) To employ personnel to perform the services required for proper operation of the Association or any condominium operated by the Association.

(15) To hire attorneys or other professionals for the purposes of bringing legal action or enforcing rights in the name of and on behalf of the individual condominium unit owners where such actions or rights are common to all of the condominium unit owners; and to bring such action in the name of and on behalf of said condominium owners.

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

(D) 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 IV.

MEMBERS:

(A) The Members of the Association shall consists of the subscribers to these Articles of Incorporation and all of the record owners of apartments or units in such condominiums as may, from time to time, be submitted to the jurisdiction of the Association and after termination of any such condominium, shall consist of those who are members at the time of such termination and their successors and assigns.

(B) Change of membership in the Association shall

be established and recorded in the public records of Okaloosa County, Florida, by a deed or other instrument establishing a record title to an apartment or unit in any condominium which has been submitted to the jurisdiction of the Association and the delivery to the Association of a certified copy of such instrument. The owner designated by such instrument thus becomes a member of the Association and the membership of the prior owner if terminated.

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

(D) The owner of each apartment or unit shall be entitled to at least one (1) vote as a member of the Association. The exact number of votes to be cast by owners of an apartment and the manner of exercising voting rights shall be determined by the By-laws of the Association.

ARTICLE V.

DIRECTORS:

(A) The affairs of the Association will be managed by a Board consisting of directors elected by the apartment owners of the various condominiums operated by the Association, one director elected by the apartment owners of each such condominium; one director elected by BHL, Inc., a Florida corporation, its successors or assigns, or any successor developer herein sometimes called the Developer, as long as the Developer holds for sale in the ordinary course of business any units in a condominium operated by the Association; and such additional directors elected at large by the members of the Association as may be determined by the By-laws, and in the absence of such determination shall consist of five (5) directors at large.

(B) Directors of the Association shall be elected at the annual meeting of the members in the manner determined by

the By-laws. Directors may be removed and vacancies on the Board of Directors shall be filled in a manner provided by the By-laws.

(C) The first election of Directors shall not be held until required by the Condominium Act, including Section 711.66 thereof as created by Chapter 75-224, General Laws of Florida, or until the Developer elects to terminate its control of the Association and the condominium operated by it, whichever occurs first; and subsequent elections shall be held so as to comply with said Chapter 75-224, these Articles of Incorporation, and the By-laws. The directors named in these Articles shall serve until the first election of directors, and any vacancies in their number occurring before the first election shall be filled by the remaining directors.

(D) The names and addresses of the members of the first Board of Directors who shall hold office until their successors are elected and qualified or until removed are as follows:

Jerome H. LaChapelle	1 Choctaw Drive Holiday Isle, Destin, Florida
Richard Bennett	2 First Street Shalimar, Florida
Norman Moore	518 Trenton Street Fort Walton Beach, Florida.

ARTICLE VI.

OFFICERS: 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 Association, which officers shall serve at the pleasure 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
1 Choctaw Drive, Holiday Isle, Destin, Florida

Vice-President
and Assistant
Secretary Richard Bennett
2 First Street, Shalimar, Florida

Secretary and
Treasurer Norman Moore
518 Trenton Street, Fort Walton Beach, Florida.

ARTICLE VII.

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

ARTICLE VIII.

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

ARTICLE IX.

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

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

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

(1) Such approvals must be by not less than 75% of the entire membership of the Board of Directors and by not less than 75% of the vote of the entire membership of the Association; or

(2) By not less than 80% of the vote of the entire membership of the Association.

(C) Provided, however, that no amendment shall make any changes in the qualifications for membership nor the voting rights of members without approval in writing by all members and the joinder of all record owners of mortgages upon any condominium operated by the Association. No amendment shall be made that is in conflict with the Condominium Act or the Declaration of Condominium of any condominium operated by the Association.

(D) Provided further, that no amendment shall abridge, limit or alter the rights reserved by or granted to BHL, Inc., its successors or assigns, or any successor developer, by these Articles, the Declaration of Condominium of any condominium operated by the Association or by the By-laws of the Association without the prior written consent of BHL, Inc., its successors or assigns, or a successor developer.

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

ARTICLE X.

TERM: The term of the Association shall be perpetual.

ARTICLE XI.

SUBSCRIBERS: The names and addresses of the subscribers to these Articles of Incorporation are as follows:

Jerome H. LaChappelle	1 Choctaw Drive Holiday Isle, Destin, Florida
Richard Bennett	2 First Street Shalimar, Florida
Norman Moore	518 Trenton Street Fort Walton Beach, Florida.

IN WITNESS WHEREOF, the subscribers have hereto affixed their signatures, this 26th day of September, A.D., 1975.

Jerome H. LaChappelle

 Jerome H. LaChappelle

Richard Bennett

 Richard Bennett

Norman Moore

 Norman Moore

STATE OF FLORIDA,
COUNTY OF OKALOOSA.

I HEREBY CERTIFY that on this day before me, a Notary Public, personally appeared JEROME H. LACHAPPELLE, RICHARD BENNETT, and NORMAN MOORE, well known to me to be the individuals described in the foregoing Amendment to 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 per cent (100%) of the membership of said non-profit corporation, and that the foregoing Amendment was unanimously adopted, 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 afcresaid, this 26th day of September, A.D., 1975.

Janet R. Alwan

 Notary Public

My commission expires May 4, 1975



E X H I B I T F

BY-LAWS OF
JETTY EAST CONDOMINIUM ASSOCIATION, INC.

BY-LAWS
OF
JETTY EAST CONDOMINIUM ASSOCIATION, INC.

A Corporation Not for Profit under
the laws of the State of Florida

* * * * *

1. PURPOSE. These are the By-laws of JETTY EAST CONDOMINIUM 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 Section 12, Chapter 711, Florida Statutes, 1973, as amended, called the "Condominium Act" in these By-laws.

2. OFFICES. The office of the Association shall be at the development known as JETTY EAST in Okaloosa County, Florida.

3. FISCAL YEAR. The fiscal year of the Association shall be the calender year.

4. SEAL. The seal of the corporation shall bear the name of the Association, the word "Florida" and the words "Corporation not for profit", and the year of incorporation.

5. 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 January 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.

6. SPECIAL MEETINGS. Special meetings shall be held whenever called by the President or Vice-President or by a majority 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.

7. 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 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. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meetings may be waived before or after the meetings.

8. QUORUM. A quorum of members meetings shall consist of persons entitled to cast one third (1/3) of the votes of the entire membership. The acts approved by a majority 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 five (5) proxies for any purpose, unless the Condominium has been registered with the Securities and Exchange Commission.

9. MEMBERS VOTE. At any meeting of the members, the owners of apartments shall be entitled to cast one vote each, which shall not be cumulative.

10. MULTIPLE OWNERSHIP. If an apartment is owned by one person, his right to vote shall be established by the record title to his apartment. If an apartment is owned by more than one person, the person entitled to cast a vote for the apartment shall be designated by a certificate signed by all of the record owners of the apartment and filed with the Secretary of the Association. If an apartment is owned by a corporation, the person entitled to cast the vote for the apartment 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 apartment concerned. A certificate designating a person entitled to cast a vote of an apartment may be revoked by any owner of an apartment. 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.

11. 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 apartment owner for any general or special meeting of the apartment owners and the reasonable expense incurred in soliciting such proxies shall be a common expense. No person shall be designed to hold more than five (5) proxies for any purpose unless the Condominium has been registered with the Securities and Exchange Commission.

12. 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.

13. 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 certifying 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.

14. RESERVATION OF CONTROL BY DEVELOPER. Until required by the Condominium Act, including Section 711.66 thereof, as created by Chapter 75-224, General Laws of Florida, or until BHL, INC., 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.

15. NUMBER OF DIRECTORS. The affairs of the Association shall be managed by a Board of not less than five (5) nor more than eleven (11) directors, the exact number to be determined at the time of election.

16. ELECTION OF DIRECTORS. Election of directors shall be conducted in the following manner:

- a. Election of directors shall be held at the annual members meeting.
- b. A nominating committee of five (5) 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 by concurrence of two-thirds (2/3) of the vote of the entire membership at a special meeting of the members called for that purpose. The vacancy on the Board of Directors so created shall be filled by the members of the Association at the same meeting.

f. Provided, however, that notwithstanding the provisions of Paragraph 16A through 16E above to the contrary, and Paragraph 17 below, until required by the Condominium Act, including Section 711.66 thereof, as created by Chapter 75-224, General Laws of Florida, or until the Developer elects to terminate its control of the Association or the condominiums submitted to jurisdiction of it, 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.

17. DIRECTOR'S TERM. The terms of each director's service shall extend until the next annual meeting of the members and subsequently until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

18. 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.

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

20. SPECIAL MEETINGS. 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) of the directors. Not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting, and notice of such meetings shall be posted conspicuously 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.

21. 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.

22. QUORUM. A quorum at director's meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except when approval by a greater number of directors 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.

23. 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.

24. JOINDER IN MEETING BY APPROVAL OF MINUTES.

The joinder of a director in the action of a meeting by signing or otherwise concurring in the minutes of that meeting shall constitute the presence of such director for the purpose of determining a quorum.

25. PRESIDING OFFICER. The presiding officer of directors' meetings shall be the chairman of the board if such an officer has been elected; and if none, the President shall preside. In the absence of the presiding officer, the directors present shall designate one of their number to preside.

26. ORDER OF BUSINESS. The order of business as a directors' meeting shall be:

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

27. DIRECTORS' COMPENSATION. Directors' fees or other compensation, if any, shall be determined by the members.

28. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

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

29. 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.

30. 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.

31. 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.

32. 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 all other notices required by law. He shall have 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.

33. 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.

34. 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.

35. 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 succeeding 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 obsolescence.

(4) Betterments, which shall 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 revenues from the use of the common elements. 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 apartment 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 calendar 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 requires assessment against the members in any fiscal or calendar year exceeding One Hundred Fifteen (115%) per cent of such assessment for the preceding year, upon written application of ten per cent (10%) 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 Directors 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 elect 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 determining 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 apartment 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, quarterly installments on the first day of each month of each quarter of the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and quarterly installments on such assessments shall be due on each installment payment day until changed by an amended assessment. **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.

36. ACCELERATION OF ASSESSMENT INSTALLMENTS UPON DEFAULT.

If an apartment 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 apartment 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 apartment 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.

37. ASSESSMENT FOR EMERGENCIES. Assessments 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 apartment owners concerned, and approval in writing by persons entitled to cast more than one-half of the votes of the apartment 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.

38. DEPOSITORY. The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the directors.

39. AUDIT. An audit of the accounts of the Association shall be made annually by a certified public accountant, and a copy of the audit report shall be furnished to each member not later than April 1 of the year following the year for which the audit is made.

40. BONDS. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. 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.

41. 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.

42. AMENDMENTS. These By-laws may be amended in the following manner:

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

(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the 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, 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 by not less than seventy-five (75%) 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.


43. PROVISO. Provided, however, that no amendment shall discriminate against any apartment owner nor against any apartment or class or group of apartments unless the apartment 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.

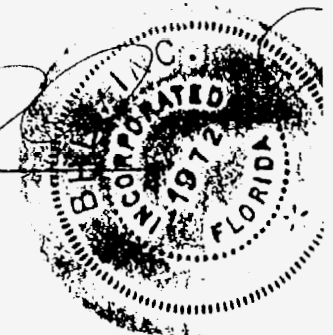
44. EXECUTION AND RECORDING. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-laws, which certificate shall be executed by the officers of the Association with the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the public records of Okaloosa County, Florida.

45. 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 apartment owned or occupied by the violator unless paid within ten (10) days.

THE FOREGOING were adopted as the By-laws of JETTY EAST CONDOMINIUM 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 15 day of December A.D., 1975.


Secretary


President



**JETTY EAST
CONDOMINIUM ASSOCIATION, INC.
RENTAL AGREEMENT**

In consideration of the covenants and conditions contained herein the "Owner" identified as:

Name in which title held: _____

Street Address: _____

City: _____ State: _____ ZIP: _____

Home Phone: _____ Bus. Phone: _____

S.S.# _____, and the Rental Department of the JETTY EAST CONDOMINIUM ASSOCIATION, INC., hereinafter called the "ASSOCIATION", hereby covenant and agree:

1. Owner hereby employs the Association to manage: Unit: _____, Jetty East Condominium, 500 Gulfshore Drive, Destin, Florida, 32541, for a period of twelve months beginning on the _____ day of _____, 20____, and thereafter for annual periods. This agreement may be terminated by either party by giving 90 days written notice. Once an owner has given notice of termination from the Association's rental program, the unit under current ownership, will not be eligible for re-entry into the Association's rental program during the subsequent twelve (12) month period. Should the unit owner elect to sell while this contract is in force, the owner agrees to sign an "Exclusive Right of Sale" agreement with the Association. The agreement will not apply if unit owner sells the unit himself.
2. Association accepts the aforesaid employment and agrees to use all due diligence and reasonable efforts to rent the unit during the term of this agreement, and is authorized to collect, demand, and receive rents and other charges which may become due during the term of this agreement.
3. Association may deposit monies collected in an interest bearing account. Earned interest will be used to help defray expenses of the rental department and no accounting for earned interest shall be due to unit owner. The Association shall not be required to initiate legal action or retain an attorney for the purpose of collecting rent, evicting tenants or for other purposes.
4. Association reserves the right to set rental rates, adjust rental periods, reservation/damage deposits, and adjust unit clean-up fees as required.
5. Association will group units by number of bedrooms. Every effort will be made to rent units in the same group on a rotational basis. Nothing shall be construed to require the Association to equalize among the groups of units by number of days each unit is rented nor the income received.
6. Association shall have the right, on a rotational basis to free use of the Unit for up to five days per year for promotional purposes.

7. Association is authorized to make, at Owner's expense and without prior approval, any emergency repairs, or repairs required to comply with a court order or governmental directive. If there is a failure or disruption of essential services to the unit during the period the unit is rented, the Association is authorized to make rebates as deemed appropriate. Routine maintenance necessary to maintain rental services to the occupant, may be accomplished without unit owner approval provided the expense does not exceed Two Hundred Dollars (\$200.00). Work order expenses will be deducted from rental income. The Owner will be billed, if maintenance is accomplished during a month when no rental revenue is received. The Owner will be contacted for approval for major repairs that are not of an emergency nature.
8. Association shall collect an advance rent deposit of \$200 from each tenant. Units will be inspected for damage after tenant vacates. Costs for repairs of discovered damages will be charged the credit card on file. It is understood that it is not always possible for the Association to inventory and inspect each item in the unit. The Association shall not be liable for loss of Owner's personal property, or other losses, or causes, or events beyond its control, and will be held harmless from all damage, cost, expense, liability, cause of action or attorney's fees and court costs, in connection with the Association's performance of it's services.
9. Association shall collect as a management fee (currently 20% on rentals of one month or longer and 26% for rentals of less than one month) a percentage of the gross rental monies collected. The percentage shall be established by the Board of Directors and may be revised by the Board of Directors from time to time. To encourage Owner participation in booking rental guests, the Association will reduce the rental management fee by 5% for Owners who book rental guests to their unit, for periods of less than one month at Association established rental rates. Owner must personally make all arrangements through the rental department. Travel agencies are currently paid a 10% commission. Travel Agency fees are paid entirely from the Jetty East Operating account. After the first of the month, the Association shall render to the Owner, a disbursement made on behalf of and for the account of the Owner less monies deducted to meet Owner obligations. Whenever possible, statements shall be mailed on or before the 10th day of each month.
10. Owner is responsible for the payment of vendor bills, telephone switchboard connection/disconnection fee, Gulf Power, work orders, Association maintenance fee, special assessments, Holiday Isle Improvement Association fee, and other expenses relating to the unit. **Delinquent bills which must be paid from rental management funds will be deducted from Owner income.** When a vendor must be paid for a delinquent bill, a 10% service fee will be charged. Owner shall take out and maintain in full force and effect, a minimum of \$100,000/\$300,000 liability insurance for the rental unit. Owner must provide a proof of insurance for the Association's files. **It is highly recommended the owner also carry an umbrella policy extending coverage to \$1 million or more.**
11. Owner, owner's family and guests may use and occupy the unit by prior confirmed reservation, only if the unit has not been rented for any portion of such period at the time a request for such reservation is received by the Rental Department. The Owner or his guest, shall comply with the check-in time of 4 p.m., and check-out time of 10 a.m., and shall pay a clean up fee upon departure.

12. Owner agrees the unit will be made available for rental not less than twelve (12) weeks of the approximately 15 weeks during the period from the Friday before Memorial Day to the Friday after Labor Day weekend. Should Owner fail to make the unit available for 12 weeks during the period described, Owner shall pay the applicable management fee, currently 28% of the established rental rate for the period the unit is reserved for Owner or Owner's guest use, (which period infringes on the 12 week requirement mentioned above.)
13. Owner*agrees that this contract is subject to cancellation immediately upon a determination by the Association, that the Owner has collected rents directly without paying the Association commission.
14. Owner shall maintain the unit in good condition. (Owner shall comply with the Rental Standards noted in Exhibit A, which may be revised from time to time as the Board deems necessary. The Owner upon being advised of deficiencies, shall immediately correct such deficiencies. Rental reservations will not be accepted for the unit when major deficiencies have not been corrected in a timely manner.)
15. Owner is responsible for the initial supply of linens which become a part of the linen pool. Should the unit be removed from the rental program within a year, a complement of linens will be returned to the Owner. After one year, the linens remain the property of the Association. New Owners of units which were on the rental program at time of purchase will pay 50% of the costs for a full complement of linens.

Please designate my unit Non-Smoking
Yes **NO**

EMERGENCY CONTACT PERSONS

First:
 _____ (____) _____ (____) _____
 Name Office Telephone Home telephone

Second:
 _____ (____) _____ (____) _____
 Name Office Telephone Home telephone

INSURED BY: _____ (____) _____
Agency Contact Telephone

ACCEPTED:

 Owner Signature Date

I/We agree to comply with the Rental Standards identified in Exhibit A _____/_____
(Initial Here)

 Rental Manager Date
 Jetty East Condominium Association, Inc.

X 2003 - 2004 2004

COUNTY OCCUPATIONAL LICENSE EXPIRES 09/30/2004

CITIES
MACHINES
TYPE OF BUSINESS
BUSINESS ADDRESS

ROOMS SEATS EMPLOYEES

SUPPLEMENTAL RENEWAL * NEW LICENSE TRANSFER - ORIGINAL TAX

BACKTAXES

AMOUNT 265.50
PENALTY .90
COLLECTION COST .00
TOTAL 265.50

This license is in addition and not in lieu of any other license required by law or municipal ordinance and is subject to regulations of zoning, health and any other local authority.

CHRIS HUGHES, TAX CO
OKALOOSA COUNTY, FLA
3661119.0001 of 0001
DATE 08/22/2003
Open KNO
T122 402
Paid \$265.50

JETTY EAST CONDO ASSOC INC
JETTY EAST CONDO ASSOC INC
500 GULF SHORE DR
DESTIN FL 32541

CHRIS HUGHES OKALOOSA TAX COLLECTOR
OKALOOSA COUNTY

CHRIS HUGHES
TAX COLLECTOR
OKALOOSA COUNTY, FLORIDA

ACTIVE ACTIVE

0000026550 0000026550 0000000000000087 1001 1

Post in a Conspicuous Place

Business, Professional, or Occupational License

City of Destin, Florida

ISSUED TO: JETTY EAST CONDO ASSOC.
LOCATION: 500 GULF SHORE DRIVE

YEAR: 2004
LICENSE NO: 297

RENTAL UNITS
RENTAL UNITS

OWNER/AGENT: LOPE, PHILLIP
DATE ISSUED: 08/28/2003
EXPIRE DATE: 09/30/2004

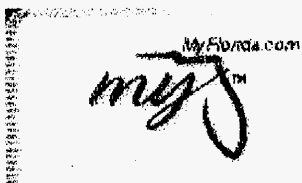
UNITS 200.00

FEE PAID: 300.00

MAILING ADDRESS:
JETTY EAST CONDO ASSOC.
500 GULF SHORE DRIVE
DESTIN, FL 32541-

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 INDEPENDENTLY CONFIRM COMPLIANCE WITH APPLICABLE LAND DEVELOPMENT, ZONING AND OTHER CODES OF CITY AND OTHER APPLICABLE JURISDICTIONS.

757



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- File a Complaint
- AB&T Delinquent Invoice & Activity List Search

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- Renew a License
- Change License Status
- Maintain Account
- Change My Address
- View Messages
- Change My PIN
- View Continuing Ed

Term Glossary

Online Help

Licensee Details

Licensee Information

Name: **JETTY EAST CONDO ASSOC INC (Primary Na
JETTY EAST CONDOMINIUMS (DBA Name)**

Main Address: **Corporate address not defined
Florida**

License Mailing: **00500 GULFSHORE DR
DESTIN, FL 325413098
Okaloosa**

LicenseLocation: **00500 GULFSHORE DR
DESTIN, FL 325413098
Okaloosa**

License Information

License Type: **Resort Condominium**

Rank: **Condo**

License Number: **CND5600187**

Status: **Current, Active**

Licensure Date: **01/01/1901**

Expires: **06/01/2005**

Special Qualifications	Effective Date
Group	05/15/2002

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STATE OF FLORIDA

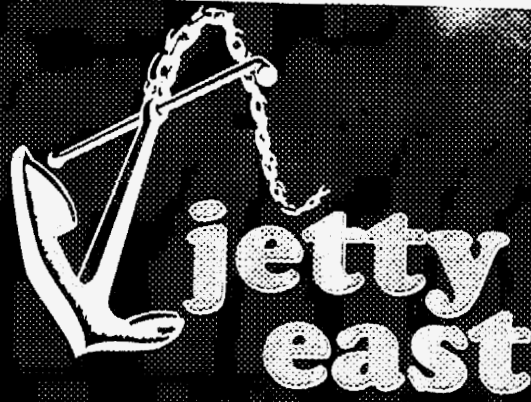
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

DIVISION OF HOTELS AND RESTAURANTS
1940 NORTH MONROE STREET
NORTHWOOD CENTRE
TALLAHASSEE FL 32399-1015

850-487-1395

JETTY EAST CONDO ASSOC INC
JETTY EAST CONDOMINIUMS
00500 GULF SHORE DR
DESTIN FL 325413098











STATE OF FLORIDA AC# 1393715
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
CND5600187 04/22/04 030638322
GROUP RESORT CONDOMINIUM (2006)
JETTY EAST CONDO ASSOC INC
JETTY EAST CONDOMINIUMS
IS LICENSED under the provisions of Ch.509 vs.
Expiration date: JUN 1, 2005 L04042200600



DESTIN, FLORIDA



It's a destination! It's an adventure!
It's the Spirit of the Emerald Coast

-  [Amenities](#)
-  [Unit Photo Gallery](#)
-  [Online Reservations](#)
-  [Rates](#)
-  [Beach Services](#)
-  [\\$\\$ Vacation Specials \\$\\$](#)
-  [On-site Sales Office](#)
-  [Meeting Room](#)
-  [Maps & Driving Times](#)
-  [Owner Bookings](#)



Jetty East **Online Reservations!**  [Click Here](#)

Firmly anchored on 900 feet of private beach on the point of Holiday Isle in Destin, Florida. High Speed Internet Access now available!

**500 Gulf Shore Drive
Destin, Florida 32541**

Destin's perfect beach locale for unforgettable family fun.



Email Us

rentals@jettyeast.net

(800) 368-0222

(850) 837-2141

"One of a Kind" 3200 Square foot beachside covered pavilion.

Perfect for that sunset cook-out after a day of sailing the Gulf.

Free Shuttle for the Destin and Fort Walton area, [click here.](#)

High Speed Internet





Availability Search

Find out if the accommodations you desire are available, **right now!**

View Calendar			
Arrive on this date:	May	16	2004
Number of nights:	3		
Number of bedrooms:	1 Bedroom		
View:	No Preference		
Smoking:	No Preference		
Number of adults:	1		
Number of children:	0		
Unit Number (if known):			
<i>Please note, minimum stay requirements may apply</i>			
Number of Units to Display per Page:	<input checked="" type="radio"/> One Unit <input type="radio"/> Five Units		
<input type="button" value="Search for my accommodations now!"/>			

Jetty East Condominiums Homepage
 Jetty East Condominiums
 500 Gulf Shore Drive
 Destin, FL 32541
<http://www.jettyeast.net>
 Phone: 800-368-0222
 Fax: 850-854-3741
 E-Mail: Rentals@jettyeast.net
 Optimized to work with IE and Netscape 4.0 or higher

Dialing Instructions

- ◆ Local Calls Dial 9 + Number
- ◆ Local Operator Dial 9 + 0
- ◆ Long Distance Operator Dial 9 + 00
- ◆ 911 Service Dial 9 + 911

To Charge Long Distance Calls to Room:

Dial 9 + 1 + Area Code + Number

To Make Credit Card Calls:

◆ All Major Credit/Travel Cards:
Dial 9 + 0 + Area Code + Number

◆ AT&T, MCI, Sprint and Other Carriers:
Dial 9 + Toll-Free Access Number provided by your carrier

To Make International Calls:

Dial 9 + 011 + Country Code + City Code + Number



Long Distance Calling Information

Long Distance Operator Services are provided by UniversalCom. Calls can be completed to in-state, inter-state and international locations. You may charge your calls to your telephone company calling cards or major credit cards (see below). UniversalCom will also complete domestic, collect, third party and person-to-person calls.

You may obtain free rate quotes or information on billing methods by reaching an outside line, then dialing: 0 + Area Code + Number. An operator will assist you. You have the right to reach other long distance carriers from this telephone. You may do so by dialing the access codes provided by that carrier.

To access a UniversalCom operator, obtain an outside line and dial 00. For operator assisted calls, operator charges will apply in addition to regular long distance charges. For rates on calls within the local exchange's service area, obtain an outside line and contact the local operator by dialing 0.

Establishment's surcharge (billed directly by the establishment): Local Calls: \$.35. Long Distance Direct Dial: Operator Assisted Rates + 50%. All usage will be billed by the hotel (billed to room), your local telephone company, or your credit card company. All charges are subject to applicable state taxes.

To reach emergency services, dial the hotel operator or obtain an outside line and dial 911, or obtain an outside line and dial "0".

Customer inquiries may be addressed to: UniversalCom, P. O. Box 1585, Destin, FL 32540. For customer service, dial 1-800-279-0077. Address consumer comments to FCC, Enforcement Division, Common Carrier Bureau, Mailstop: 1600A2, Washington, DC 20554.

Long Distance calls may be billed to any of the following credit/travel cards:

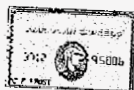


Exhibit 7

jetty east

Directory of Services

Check-out Time: 10:00 a.m.

Upon departing, please leave room key in the office. After hours, drop key with security.

Video Game Room & Soft Drink Machines

Located directly behind office.

Swimming Pool / Hot Tub

Open 8 a.m. - 10 p.m. Swim 'at your own risk. Parents must accompany children. *Children under age 10 are not permitted in the hot tub.

Tennis Courts

Please reserve by calling security ext. 738. For matches after sunset, our courts are lighted. Courts close at 10 p.m.

Laundry Facilities

Centrally located near the center elevator area on the 5th and 6th floors.

Pavilion and Barbecue Grill

Available 24 hours a day on a first-come, first-serve basis.

Beach Equipment

The friendly beach service has cabanas, umbrellas, chairs, rafts and sailboats for rent. You can find him in front of the Jetty East pavilion on the beach. *Tents and canopies are not permitted on our beach.

Fishing Equipment

We highly recommend a trip to the Destin Fishing docks in the late afternoon to help make your boat selection easier.

Newspapers

Newspaper machines are located on ground level in central elevator area.

Internet Access

High speed - unlimited access - \$4.95/daily. See office for information.

Guest Lounge/Meeting Room

Our attractive guest lounge is available for parties and meetings on a reservation basis. Contact front desk for information about deposits and procedures.

Meeting Room

A meeting room with kitchen facilities, holding 100 people, is available for business meetings or private parties. Please call for information.

Sales

Many people come to visit, get a little sand in their shoes and stay. If this happens to you, let our sales personnel show you our one, two, three and four bedroom condominiums for sale.

Telephone Information

Housekeeping.....	Dial 744
Wake-up Calls	Dial 0
Emergencies.....	Dial 0
Local Calls (35¢).....	Dial 9+##
Weather & Time.....	Dial 844-1212
Local Information (60¢).....	Dial 9+411
Security	Dial 738
Front Desk.....	Dial 0
Room to Room	See Chart Below
Long Distance	
Collect & Credit Card.....	Dial 9+0+AC+##
Charged to Room.....	Dial 9+1+AC+##
Long Distance Information.....	Dial 9+1+AC+555-1212
Toll-Free Number.....	Dial 9+1+800+##

Room Ext:									
101.....	645	117A	528	214B	560	310B	589	405B	617
102.....	646	118A	530	215A	561	311.....	590	503A	649
103.....	513	118B	531	215B	562	312B	593	503B	650
104A	504	119A	532	216.....	563	313A	594	504A	651
104B	505	119B	533	217A	564	313B	595	504B	652
105A	506	121.....	535	217B	565	314.....	596	506A	538
105B	507	202.....	556	218B	567	315A	597	506B	555
106A	508	204A	540	219A	568	315B	598	507A	656
106B	509	204B	541	219B	569	316A	599	507B	657
107.....	510	205A	545	220.....	570	316B	600	508A	658
108A	511	205B	546	221.....	571	317A	601	508B	659
108B	512	206A	544	222.....	572	317B	602	509A	660
110A	515	208A	547	302.....	574	319A	604	509B	661
110B	516	208B	548	303A	575	319B	605	510A	662
111A	517	209A	549	303B	576	320A	606	510B	663
111B	518	209B	550	304A	577	320B	607	512B	555
112A	519	210A	551	304B	578	321.....	608	513A	667
113A	521	210B	552	305A	579	322.....	609	513B	668
113B	522	211A	553	305B	580	402.....	611	514A	669
114A	523	211B	554	306A	581	403A	612	514B	670
114B	524	212.....	556	306B	582	403B	613	515A	671
115A	526	213A	557	308A	585	404A	614	515B	672
115B	526	213B	558	308B	586	404B	615	516A	673
116.....	527	214A	559	310A	588	405A	616	608A	696
								608B	697
								609A	698
								609B	699
								610A	700
								610B	701
								611.....	702
								612A	703
								612B	704
								613A	705
								613B	706
								614A	707
								614B	708
								615A	709
								615B	710
								616A	711
								616B	712
								617A	713
								617B	714
								618A	715
								618B	716
								619A	717
								619B	573
								620A	719
								620B	720

Fire Safety

Like all buildings, condominiums can have fires. Fortunately, Jetty East was constructed with many life safety features not found in most buildings. The open courtyards and concrete walls between each major section provide two things: they would isolate the fire to a particular unit, and also provide access for each unit to an open area. Plan what to do when you check in. You won't have time to plan during a fire.

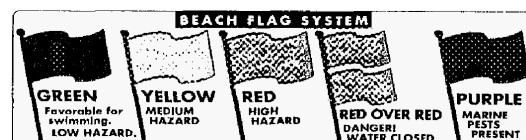
First, if the fire is in your unit, a fire extinguisher is underneath the sink. If you cannot extinguish the fire, exit the unit and immediately notify the fire department and Jetty East Security.

Second, if you need to exit the unit, there are two exits. One, the balcony which can be closed off to the interior by sliders. Because Jetty East is under 75', fire department ladders can extend to each floor, including the

sixth. And two, the front door which opens to an open courtyard. From the front door, exit either direction and you will find a stairwell. The building has stairwells in the center and at each end of the building.

NEVER USE AN ELEVATOR DURING A FIRE. PLEASE DO NOT SMOKE IN BED, NOT ONLY CAN IT ENDANGER YOUR LIFE BUT IT IS AGAINST THE LAW.

Remember, the best defense against a fire is to plan ahead.



DR 11
R. 11/03
S



02/25/04

State of Florida
DEPARTMENT OF REVENUE
CERTIFICATE OF REGISTRATION

1242491

THIS CERTIFICATE IS
NONTRANSFERABLE

Issued Pursuant to Chapter 212, Florida Statutes

REGISTRATION DATE

01/24/95

OPENING DATE

12/01/94

CERTIFICATE NUMBER

86-00-027571-06

REFER TO THIS NUMBER
WHEN REPORTING TAX

MAILING ADDRESS

THIS CERTIFIES THAT

JETTY EAST CONDOMINIUM ASSN INC
500 GULF SHORE DR
DESTIN

JETTY EAST CONDOMINIUM ASSN INC
500 GULF SHORE DR
DESTIN

FL 32541-

FL 32541-0000

IS HEREBY AUTHORIZED AND EMPOWERED TO COLLECT
SALES AND USE TAXES FOR THE STATE OF FLORIDA

THIS CERTIFICATE MUST BE POSTED IN A CONSPICUOUS PLACE



2004 Florida Annual Resale Certificate for
Communications Services Tax

DR-700015
R. 11/03

THIS CERTIFICATE EXPIRES ON DECEMBER 31, 2004

Business Name and Address

Registration Effective Date

Certificate/Business Partner Number

JETTY EAST CONDOMINIUM ASSOCIATION INC
500 GULF SHORE DR
DESTIN FL 32541-5068

08/31/01

0000101023

This is to certify that all communications services purchased after the above registration effective date by the above business are being purchased for resale. This certificate cannot be reassigned or transferred. This certificate can only be used by the active dealer or its authorized employees. Misuse of this Annual Resale Certificate will subject the user to penalties as provided by law

orida Sales and Use Tax Return

DR-15

JETTY EAST CONDOMINIUM
 500 GULF SHORE DRIVE
 DESTIN, FL 32541

Florida	1. Gross Sales	2. Exempt Sales	3. Taxable Amount	4. Tax Collected
A. Sales/Services	18,707.52		18,707.52	1,122.45
B. Taxable Purchases				
C. Commercial Rentals				
D. Transient Rentals	1,188,364.22		1,188,364.22	71,301.85
E. Food/Beverage Vending				
Transient Rental Rate:		Surtax Rate:	Collection Period	5. Total Amount of Tax Collected
			7/2003	72,424.30
				6. Less Lawful Deductions
				227.59
				7. Total Tax Due
				72,196.71
Certificate Number		FEIN / SSN	8. Less Est. Tax Paid/DOR Memo	15,306.53
560001246739		591668414	9. Plus Est. Tax Due Current Month	15,306.53
			10. Amount Due	72,196.71
			11. Less Collection Allowance	30.00
			12. Plus Penalty	
			13. Plus Interest	
			14. Amount Due With Return	72,166.71

STOP

After the
20th. See
Instructions,
Lines 11 - 13

The following is as of the date printed, not date transmitted.

Date printed: 8/18/2003
 Filing Type: File & pay electronically
 Bank: FIRST CITY BANK
 Bank Route: 063205664
 Account Type: Checking
 Bank Account: 574015

Payment and acknowledgement information is located on the Transmission Status report.

Discretionary Sales Surtax

15(a). Exempt Amount of Items Over \$5,000	_____
15(b). Other Amounts in Column 3 NOT Subject to Surtax	_____
15(c). Amounts Subject to Surtax at a Rate DIFFERENT than Your County Surtax Rate	_____
15(d). Total Surtax Amounts Collected	_____

Enterprise Zone Number	_____
16. Total Enterprise Zone Job Credits (included in Line 6)	16. _____
17. Taxable Sales/Purchase/Rentals of Farm Equipment -- 2.5% Rate (included in Line A)	17. _____
18. Taxable Sales/Purchase of Electric Power or Energy -- 7% Rate (included in Line A)	18. _____
19. Taxable Sales/Purchase of Dyed Diesel Fuel -- 6% Rate (included in Line A)	19. _____
20. Taxable Sales from Amusement Machines (included in Line A)	20. _____

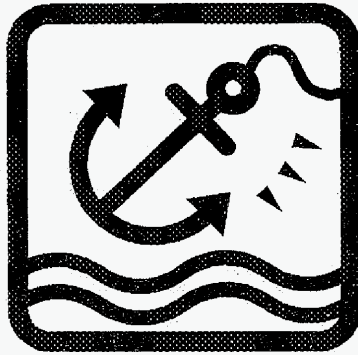
TAX TIP
 If you are domiciled in or had sales in one or more counties that levy discretionary tax, you must complete lines 15(a), (b), (c) and (d) above as required by FDOR Publication DR-15N Instructions for 2003 Sales and Use Tax Returns. For updated discretionary rates, please refer to FDOR Publication DR-15DSS Discretionary Sales Surtax Information. For a copy of this publication, please see www.myflorida.com/dor/forms or call FDOR at 850-488-6800.

Acct	Costc	Description	Amount
2500		Sales Tax Payable (cont.)	
		Selected Activity 07/01/03 to 07/31/03	-71717.73
		Other Activity 07/01/03 to 07/31/03	63095.65
		Total Activity 07/01/03 to 07/31/03	-8622.08
		Balance as of 07/31/03	-71717.73
2500		Sales Tax Payable	

2501		County Tourist Tax Payable	
		Balance as of 06/30/03	-41850.32
	*CA	County Bed Tax	-47534.57
		Selected Activity 07/01/03 to 07/31/03	-47534.57
		Other Activity 07/01/03 to 07/31/03	41850.32
		Total Activity 07/01/03 to 07/31/03	-5684.25
		Balance as of 07/31/03	-47534.57
2501		County Tourist Tax Payable	

3000		Due To Owners-Working Balances	
		Balance as of 06/30/03	10856.70
	*SE	Rent	-292345.51
	*ST	Rent	-896018.71
		Selected Activity 07/01/03 to 07/31/03	-1188364.22
		Other Activity 07/01/03 to 07/31/03	1177583.40
		Total Activity 07/01/03 to 07/31/03	-10780.82
		Balance as of 07/31/03	75.88
3000		Due To Owners-Working Balances	

*Jetty East
Condominium
500 Gulfshore
Drive Destin, FL
32541*



*2004 / 2005
RATE
SCHEDULE*

JETTY EAST CONDOMINIUM

500 Gulfshore Drive Destin, FL 32541

www.jettyeast.net

1-800-368-0222

Thank you for choosing Jetty East for your vacation.

CHECK IN TIME IS 4:00 P.M. CHECK OUT TIME IS 10:00 A.M.

SORRY- NO PETS

Your confirmation letter is enclosed. PLEASE REVIEW ALL INFORMATION FOR ACCURACY. Your reservation will be held until 12:00 noon on the day following your scheduled arrival. Rent is due at check-in, payable with cash, personal or traveler's checks, MasterCard or Visa. There will be a \$25.00 service charge for all returned checks.

Cancellation notice is required 14 days prior to arrival date for daily and weekly rentals, or 60 days prior to arrival date for monthly rentals. A \$25.00 processing fee will be applied to your account and the balance refunded. If proper notice is not given, your deposit will be forfeited.

NO REFUNDS GIVEN FOR EARLY DEPARTURE.

Jetty East Condominium Association is a licensed Real Estate Brokerage Corporation serving as agent for the individual condominium owners. Jetty East is a family oriented condominium. Units will not be rented to singles under the age of 25 unless registered and accompanied by parents during the entire length of stay. Any reservation made under false pretenses will be subject to eviction, forfeiture of deposit and rent.

Parking is limited to two cars per unit. Personal water craft, boats, trailer, jet-skis, wave runners, trailers and recreational vehicles are PROHIBITED from parking on the property during the entire PEAK SEASON which includes:

Memorial Day Weekend, Friday, May 28th UNTIL Labor Day Weekend, Monday, September 6th

Additionally, driving a vehicle under the building which exceeds the 8ft. 3 in. building clearance will cause severe damage to both the vehicle and water pipes.

Jetty East is a gated community, except for beach entrances. Our 24 hour courtesy patrol is here to assist you. They do not have arresting or detaining authority. Their duties are to: (1) exercise reasonable control over access to the condominium grounds, (2) monitor activities within the property boundaries when not performing duties at the gate, and (3) help enforce the Association's Rules.

Check out time is 10:00 A.M. It is impossible to have all units cleaned and ready for new check-ins before 4:00 P.M.

Please make travel plans to arrive at 4:00 P.M. or later.

MAXIMUM OCCUPANCY PER UNIT (No Exceptions)

1 BEDROOM	4 PERSONS
2 BEDROOM	6 PERSONS
3 BEDROOM	8 PERSONS
4 BEDROOM	10 PERSONS

**RENTERS ALLOWING MORE THAN THE STATED OCCUPANCY WILL BE SUBJECT TO
EVICTION AND FORFEITURE OF DEPOSIT AND RENT**

Due to health, safety and insurance reasons, tents and canopies are NOT PERMITTED on our beach.

If we can be of further assistance, please do not hesitate to call us. Our friendly and capable staff looks forward to your arrival.

Have a safe trip!
Monica Mares
Rental Manager

**JETTY EAST CONDOMINIUM ASSOCIATION
ELECTRIC BILLING COMPARISON
RESIDENTIAL RATE COMPARED TO GSD - 1
ANNUAL SAVINGS PROJECTION**

CURRENT BILLING - RESIDENTIAL

VS

GENERAL SERVICE DEMAND

CUSTOMER CHARGE \$26,640.00
(222 x \$10.00 x 12months)

G \$1,452.60
(Estimated 3 meters x \$40.35ea x 12)

ENERGY CHARGE

ENERGY CHARGE

Total KWH X \$0.043360
2,664,000 KWH X \$0.043360 \$115,511.04

Total KWH X 0.01751
2,664,000 KWH X 0.01751 \$46,646.64

FUEL CHARGE

FUEL CHARGE

Total KWH X \$0.02472
2,664,000 KWH X \$0.02472 \$65,854.08

Total KWH X \$0.02472
2,664,000 KWH X \$0.02472 \$65,854.08

DEMAND CHARGE

DEMAND CHARGE

NA

Total KW X \$5.42
6000 KW X \$5.42 \$32,520.00

TOTAL ELECTRIC COST **\$208,005.12**

TOTAL ELECTRIC COST **\$146,473.32**

Gross Receipts Tax \$5,333.63
Franchise Fee \$8,320.20
County Tax \$3,120.08
State Sales Tax NA

Gross Receipts Tax \$3,755.84
Franchise Fee \$5,858.93
County Tax \$2,197.10
State Sales Tax \$10,926.17

TOTAL COST ON TOU RATE **\$224,780.63**

TOTAL COST ON GSD-1 RATE **\$169,211.36**

ESTIMATED ANNUAL SAVINGS

\$55,569.27

Exhibit '10'

Resort Condominium Rentals
on the Gulf of Mexico

Holiday Villas II

June 12, 2003

Marc Mazo
Power Check Consultants
14252 Puffin Court
Clearwater, Fl 33762

Dear Marc:

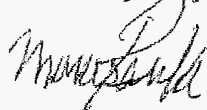
I have no problem letting the Florida Public Service Commission know that we believe their decision to allow Holiday Villas II to master meter the resort was a positive step for energy conservation.

Holiday Villas II is extremely pleased with our master metering system. As a result of receiving one electric bill each month for all units, it is much easier to track usage. This helps identify problem areas and make corrections much faster than if we had to wait for our investor/owners who do not live in the units to receive their bill, analyze it, and then let us know if there appears to be a problem.

In addition, because of the master metering the electric expense for the units is included in our annual Association budget. As manager, I am responsible for operating the resort within budgetary guidelines approved each year by our Board of Directors. By including the expense within the budget, it serves to heighten my awareness and provide incentive to reduce energy costs where ever possible.

By receiving one master bill for all the units, it is my opinion that we watch the costs closer and are more inclined to take steps to conserve energy and reduce the costs. It is much easier to motivate our staff to make efforts towards energy conservation, i.e. improved maintenance, more awareness by housekeeping in thermostat control, or any other methods we learn for lowering our electric costs.

Yours very truly,



Marcus Paula
Manager

Exhibit 'II'

SUNDESTIN RESORT
1040 E HWY 98
DESTIN, FL 32540

June 12, 2003

Marc Mazo
Power Check Consultants
14252 Puffin Court
Clearwater, FL 33762

Dear Marc:

As you are aware, it took a little longer than we anticipated accomplishing the conversion to master metering; however, it appears to be a positive step for the resort that will lead to reduced energy consumption and lower electricity bills.

Based on the conversion, the homeowners' association now includes the cost of electricity for the units as a common expense within its annual budget. When individually metered, the cost of electricity for each unit was part of the association common expenses. As manager of the resort, I am responsible for operating within the budget guidelines adopted by the board of directors. Based on the inclusion of the electric within the annual budget I have become more attuned to watching this expense. Now that we receive one master electric bill for the units, it has heightened my awareness of this expense and helped generate more interest by me and our staff in insuring that steps are taken to reduce energy consumption where ever and when ever possible.

Housekeeping staff regularly helps our energy conservation efforts by closing curtains on the sun side of the resort after cleaning a unit, and by setting AC thermostats back to higher levels after guests have lowered them below what is necessary to cool the unit. Maintenance and engineering staff are now more motivated to accomplish preventive maintenance, and to quickly correct any problems identified by housekeeping that might create unnecessary use of electricity.

It is my opinion that for resorts that operate in a manner similar to hotels, regardless of whether they have some permanent occupants, or not, master metering will help conserve energy and reduce the costs of electricity.

Yours very truly,

Lino Maldonado

Lino Maldonado
General Manager

Exhibit '12'