

THE CLUB AT CAPE SAN BLAS

A CONDOMINIUM

THESE DOCUMENTS PREPARED BY:

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THE CLUB AT CAPE SAN BLAS

A CONDOMINIUM

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

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

SUMMARY

THE UNITS OFFERED FOR SALE IN THIS CONDOMINIUM ARE CREATED AND SOLD AS FEE SIMPLE INTERESTS.

THIS PROSPECTUS (OFFERING CIRCULAR) CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.

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

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EXHIBIT 1

PROSPECTUS

This Prospectus is submitted by The Club at Cape San Blas, LLC, a Florida Limited Liability Company, herein called the "Developer", in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, generally referred to herein as the "Condominium Act."

1. Description of condominium.

The Club at Cape San Blas is a condominium development located in Gulf County, Florida. The buildings which comprise the condominium project are located on a parcel of property consisting of approximately 6.07 acres of land. The development consists of three (3) buildings containing eighteen (18) units. Annexed to the Declaration of Condominium as Exhibit A in this booklet is a copy of the site plan. Such site plan accurately describes the location of the buildings and facilities, includes a description of each condominium unit by identification number, the number of units and each unit's location within the building. The floor plans of each unit are also provided. There are three (3) floor plans designated for Bldg A, three (3) floor plans designated for Bldg B, and four (4) floors plans designated for Bldg. C. The number of bedrooms and bathrooms are as follows:

Official 911-Assigned Street Address	# of BR's	# of BA	Sq Ft (Main)	Sq Ft (Deck)
150 Cape Pointe Drive, Unit A1	4	3	1800	255
152 Cape Pointe Drive, Unit A2	3	2.5	1654	235
154 Cape Pointe Drive, Unit A3	3	2.5	1676	235
160 Cape Pointe Drive, Unit B1	3	2.5	1686	235
162 Cape Pointe Drive, Unit B2	3	2.5	1674	235
164 Cape Pointe Drive, Unit B3	4	3	1800	240
197 Cape Pointe Drive, Unit C1	3	2	1470	262
197 Cape Pointe Drive, Unit C2	3	2	1475	250
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197 Cape Pointe Drive, Unit C11	2	2	1236	250
197 Cape Pointe Drive, Unit C12	3	2	1438	290

The condominium site plan is attached as Exhibit A to the Declaration of Condominium in this booklet to illustrate both the above-described Unit floorplans and the layout of the Units in relation to common area on a floor by floor basis within the Condominium.

2. Estimated completion date of the Condominium.

The Condominium is estimated to be completed by: January 1, 2005.

3. Timeshare estates may not be created with respect to Units.

4. Maximum number of Units that will use facilities in common with the Condominium.

The maximum number of Units that will use facilities in common with the Condominium is eighteen (18) Units.

5. **THE UNITS OFFERED FOR SALE IN THIS CONDOMINIUM ARE CREATED AND SOLD AS FEE SIMPLE INTERESTS.**

6. Description of recreational and other commonly used facilities.

The recreational facilities and commonly used facilities within The Club at Cape San Blas, a Condominium, consist of the following:

- a. Two restrooms (men's and women's) on the ground floor of the condominium building (Common Area).
- b. Swimming pool and related pool amenities (i.e. hot tub and pool lounging area) - The outdoor pool will be approximately 1,000 Sq. feet in area with a capacity of 30 bathers (Common Area).
- c. One elevator (Common Area).
- d. Parking Lot – The condominium common property includes two (2) parking spaces per Unit and four (4) additional parking spaces for a total of forty (40) parking spaces, as shown in Exhibit A to the Declaration on the Site Plan.
- e. Boat Storage - for Unit owners based on a first come first served basis. The Boat Storage will be approximately 7200 Sq. feet in area, for boats only.
- f. 4 Foot Boardwalk from the front deck area directly in front of Bldg C to the

Beach, approximately 590 linear feet.

g. 6 Foot wire-mesh delineating fence, attractively landscaped with floral vines designed to create a "privacy barrier" between the adjacent property.

7. Description of items of personal property furnished by Developer in connection with the common facilities.

The Developer will spend a minimum of \$1,500 to purchase personal property for the above facilities.

8. Approximate capacity of the recreational and common facilities.

The approximate capacity of the facilities is as follows:

- a. Restrooms (Men's and Women's) - one (1) person each.
- b. Swimming Pool - The outdoor pool will not be heated with approximately 1,000 Sq. Feet in area with a capacity of 22 bathers. It will be surrounded with a 1,200 Sq. Foot concrete deck with a capacity of approximately 64 persons. A hot tub, approximately 10' in diameter. It will be surrounded with a 1400 Sq. Foot concrete deck.
- c. Parking Lot – The condominium common property includes two (2) parking spaces per Unit and an additional four (4) parking spaces, as shown in Exhibit A to the Declaration on the Site Plan. These spaces are available for general parking uses and accommodate forty (40) vehicles.

9. Description of recreational and other facilities that will be used in common with other cooperatives, community associations, or planned developments.

There are no recreational or other facilities that will be used in common with other cooperatives, community associations, or planned developments.

10. Leases.

The Developer's plan does not include a program of leasing Units rather than selling them, or leasing Units and selling them subject to such leases.

11. Estimated date when recreational facilities will be completed and available for use.

All facilities are estimated to be completed by January 1, 2005.

12. Management of the Condominium Association and maintenance and operation of the Condominium Property.

The Board of Directors of the Condominium Association is the governing body of the association and sets the policy and authorized expenses and makes assessments against the individual condominium Unit owners. The initial Board of Directors will consist of the following three (3) persons:

Kay W. Eubanks

Sherry Stone
H. Harrison Parrish

**THERE IS NOT A CONTRACT FOR THE MANAGEMENT OF THE
CONDOMINIUM PROPERTY.**

13. Provisions relating to control of condominium by any person other than Unit owners.

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

The Developer's right in this regard to retain control is as described in Article V.3. in the Articles of Incorporation and Article XXI of the Declaration. The Developer shall transfer control of the Association pursuant to the requirement of F.S. 718.301.

14. Summary of restrictions concerning use of condominium Units.

The restrictions mentioned herein are more particularly described and found in Article XIII of the Declaration of Condominium and in Exhibit E to the Declaration of Condominium in this booklet.

There are no restrictions prohibiting children from residing at this condominium. Certain restrictions exist regarding pets. The Declaration of Condominium provides for certain restrictions concerning use of the condominium property. Such restrictions are summarized as follows:

- a. Each Unit is restricted to residential use by only the owner thereof, immediate family, guests, invitees or lessees.
- b. Nothing shall be done or kept in any Unit or in the common property which will increase the cost of insurance paid by the Condominium Association without prior written consent of the Condominium Association.
- c. No owner shall permit anything to be done or kept in his Unit or in the common property which will result in cancellation of insurance or which would be in violation of law.
- d. No repairs shall be made within a Unit before 8:00 a.m. Eastern Standard Time or after 7:00 p.m. Eastern Standard Time, except in the event of an emergency.
- e. No business, trade or profession shall be conducted from or within any Unit without the prior written consent of the Condominium Association.
- f. In addition to the foregoing, rules and regulations regarding use of the condominium property have been promulgated which regulate:

- (i) Automobiles may be parked only in the areas provided for that purpose.

(ii) Use of the recreational facilities of the general common elements will be in such manner as to respect the rights of other Unit owners. Use of particular recreational facilities will be controlled by regulations to be issued from time to time, but in general such use will be limited to, from April 1 through September 30, between the hours 8:00 a.m. until 11:00 p.m. Eastern Standard Time; and from October 1 through March 31 between the hours 8:00 a.m. until 10:00 p.m. Eastern Standard Time.

(iii) No radio or television antenna or any wiring for any purpose shall be installed on the exterior of a building without the written consent of the Condominium Association.

(iv) Any owner may identify the Unit with a name plate of a type and size approved by the Condominium Association and mounted in a place and manner approved by the Condominium Association. No other signs may be displayed except signs of the Developer pending construction and sale of the condominium Units, and signs required by Florida law, the design of which shall be approved by the Condominium Association.

(v) The balconies, terraces and exterior stairways shall be used only for the purposes intended, and shall not be used for hanging garments or other objects, or for cleaning of rugs and other household items, or for the cooking of food by any method.

(vi) Unit owners are reminded that alteration and repair of the building is the responsibility of the Condominium Association except for the interior of Units. No work of any kind is to be done upon exterior building walls or upon interior boundary walls without first obtaining the approval required by the Declaration of Condominium.

(vii) Common household pets are permitted to be kept by Unit owners (and shall not be kept by guests or tenants) but shall not be kept in such number as to be an annoyance to other Unit owners. All pets must be held, or kept leashed and under the control of a responsible party at all times that they are in the common elements. All owners of pets shall be held strictly responsible to immediately collect and properly dispose of wastes and litter of their pets. Should a Unit owner fail to clean up after his pet, the Condominium Association shall perform that service and bill the Unit owner accordingly. The Condominium Association reserves the right to designate specific areas within the common elements, if any, where pets may be walked on leashes by their owners. The Condominium Association further reserves the right to adopt and enforce additional pet regulations necessary to ensure that pets are not and do not become a nuisance, and demand that a member permanently remove any and all pets which create disturbances and annoyances from the condominium property.

(viii) No owner may make or permit any disturbing noises in the building whether made by himself, his family, friends, or servants, nor do or permit anything to be done by such persons that will interfere with the rights, comforts or convenience of other tenants. No owner may play or suffer to be played any musical instrument, phonograph, radio or television set in his Unit between the hours of 10:00 p.m. Eastern Standard time, and the following 8:00 a.m. Eastern Standard Time, if the same shall disturb or annoy other occupants of the condominium.

Notwithstanding the above, the Developer shall retain the right to use a Unit as a sales office and to erect signs, have sales persons and access to the property as may be required for sales purposes. These rights are set forth in Article XXII of the Declaration of Condominium.

(ix) Each Unit is restricted to residential use by only the owner thereof, his

immediate family, guests, invitees or lessees. Such Unit may be rented on a daily or longer basis.

(x) Children must be accompanied by a responsible person if under the age of twelve (12).

(xi) Place all trash inside containers and clear all tables upon leaving.

(xii) Proper conduct is expected of all our residents at all times.

(xiii) Passenger cars, vans and pick-up trucks only may utilize the parking facilities.

(xiv) Large trucks, recreational vehicles or motor homes or boats and/or boat trailers (including jet skis) which require more than one parking space, or any other vehicles other than those cited in Paragraph (xiii), may not use parking facilities without the prior written approval of the board of directors of the Condominium Association or its designees. A separate boat storage area is provided as shown in the Site Plan. All such vehicles which were initially designed and manufactured to be self-propelled with an individual engine must be in operating condition in order to be parked in any designated parking space and no designated parking space shall be used as a site to store, repair, and/or overhaul any such vehicle. This restriction, with respect to parking, does not apply to the Developer in the performance of activities authorized by the Declaration and does not apply to commercial vehicles, machines, and equipment required to perform construction, maintenance, refurbishing, or repair services to a unit or a building for the period of time necessary for such construction, maintenance, refurbishing, or repair.

(xv) The Condominium Association reserves the right to change, amend, delete and/or waive any of the rules set forth herein.

(xvi) Recreational vehicles and motor homes may not be occupied or used for living quarters when parked on the Condominium Association's property.

15. Manner in which needs for utilities and other services will be met.

The Club at Cape San Blas is located in Gulf County, Florida. Police protection is provided by Gulf County Sheriffs Department. Fire protection is furnished by Gulf County Sheriff's Department. Electrical service is provided by Progress Energy. Sanitary sewer and water is furnished by Lighthouse Utilities. Telephone service is provided by GT Com. Refuse collection is furnished by Waste Management of Panama City. Cable television services will be provided by Media Com. Storm drainage services will be provided by the Condominium Association. Utility service provided to the common elements shall be billed to the Condominium Association. Sanitary sewer, water, solid waste collection and cable television service provided to the Units shall be billed to the Condominium Association. All other utilities shall be billed to individual Units serviced.

16. Apportionment of common expenses and ownership of property.

The apportionment of percentage of ownership of the Common Property and of liability for Common Expenses assigned to each Unit is based upon an equal fractional share for each Unit. See Exhibit "B" to the Declaration of Condominium in this booklet.

17. Estimated operating budget.

An estimated operating budget for the condominium and a schedule of initial assessments based upon such estimated operating budget are described in Exhibit F to this Booklet.

18. Initial contribution to Condominium Association.

At the time of closing, each purchaser shall contribute to the Condominium Association an amount equal to two (2) times the purchaser's estimated monthly condominium assessment as determined at the time of closing. These sums shall be used for initial expenses and are not in lieu of the applicable monthly fees. Any balance remaining after the payment of expenses shall be deposited to the general Condominium Association fund.

19. Closing expenses.

The Developer will pay the costs of an owners policy of title insurance issued to the purchaser, the real estate commission payable on the sale, and the Seller's pro-rata share of the real estate taxes for the year in which the closing takes place.

A purchaser of a Unit within this condominium can expect to pay all the remaining closing expenses in connection with the closing of the purchase. These charges may change as a result of changes in the law and/or inflation or deflation in underlying costs during the period prior to closing. Current estimates of the expenses to be paid by the purchaser shall include:

- a. The expense of recording the Warranty Deed (\$10.00 for the first page, \$8.50 for each additional page).
- b. Documentary stamps on the Warranty Deed. (Currently \$.70 per \$100.00 of purchase price for the deed).
- c. Documentary stamps (.35% of the mortgage amount) and intangible tax (.2% of the mortgage amount) applicable to any mortgage executed in connection with purchase or financing of the Unit and recording expenses for any mortgage document.
- d. Out of pocket expenses or fees charged by their lending institution of choice, including origination fee, discount points, service charges, escrow deposits for taxes, credit reports, appraisal fees and mortgagee title insurance policies and riders.
- e. Legal fees for counsel obtained by purchaser or charged by an attorney for a lender.
- f. The following fees applicable to the closing and settlement of the purchase by the Developer's attorney, who shall close all sales from the Developer and shall provide the required title insurance; escrow management fee (\$100.00), title search and exam charge (\$125.00), Closing fee (\$50), Mortgagee Title Insurance (\$175.00); and legal fees (\$200.00).
- g. A one (1) time contribution to the condominium association in an amount equal to two (2) times the estimated monthly condominium assessment as determined at the time of closing.
- h. If closing occurs prior to the end of the month, a prorated portion of that month's condominium assessments will be due and payable.

20. Identity of developer.

THE CLUB AT CAPE SAN BLAS, LLC, is a Florida Limited Liability Company formed to develop The Club at Cape San Blas, a Condominium. The Members of The Club at Cape San Blas, LLC, are Stone and Co., Inc., a Florida corporation and Forgotten Coast Development Co., LLC. The Club at Cape San Blas, LLC, formed specifically for this project, has no experience in

the field of condominium development.

Ms. Kay Eubanks is currently Owner-Broker for Coldwell Banker Forgotten Coast Realty headquartered in Mexico Beach, Florida. She is also Managing Member of Forgotten Coast Development Co., LLC.

Ms. Eubanks has over thirty years experience in real estate sales and development, including but not limited to residential and commercial sales and development, feasibility studies, planning and permitting. Through Eubanks Realty, Inc., Eubanks Development Company, Inc., Community Realty Group, Coldwell Banker-Hartung-Eubanks, Inc., and Coldwell Banker-Forgotten Coast Realty, Inc., Ms. Eubanks has been active in the development, marketing and sale of properties, primarily in the Tallahassee, Leon County, Florida area, and was a founding member of the Tallahassee Society of Commercial Real Estate Brokers.

A partial list of Ms. Eubanks' prior projects includes Atlantis I & II, a 54 unit condominium located in Tallahassee, Florida; Diamond Head Townhouses, a 34 unit complex; McCauley Place, a 34 unit complex; Park Place Villa, a 52 unit complex; and Windwood Country Club, a 64 quadraplex development.

Sharon Stone, the principal of Stone and Co., Inc., is a real estate investor. She has not developed condominiums previously.

21. Caveat.

There are no warranties in connection with this condominium unless they are expressly stated in writing by the Developer or exist under Section 718.203, Florida Statutes.

22. Description of easements.

There are existing or intended easements located or to be located on the condominium property.

The Declaration of Condominium provides that the Developer and its successors, assigns, invitees and guests shall have, in addition to all easements granted to Unit owners, a perpetual easement throughout the condominium property and any office thereon for the purpose of engaging in resort operations and administration, real estate sales, rental management, and all similar and related activities, and for such other activities that do not unreasonably interfere with the use of the condominium property by the owners. While such activities are anticipated to be generally related to the benefit of the Unit owners and their guests, there is no requirement that they be so related. Specifically, and to avoid dispute, Developer and its successors, assigns, invitees and guests have a perpetual easement and right, for the purpose of maid service, laundry service (including the use of chutes), food preparation and service, retailing and utility and telephone service and any other purpose reasonably related to its permitted activities throughout the condominium property, whether or not the provision of said services utilizes any of the common elements.

**“DECLARATION OF CONDOMINIUM FOR
THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM”**

THIS DECLARATION OF CONDOMINIUM (“Declaration”) is made, pursuant to Chapter 718, Florida Statutes, for the purpose of submitting the land herein described and improvements constructed thereon to a condominium form of ownership to be known as The Club at Cape San Blas, a Condominium (“The Club”). This Declaration is made by The Club at Cape San Blas, LLC, a Florida Limited Liability Company (the "Developer") as of the date set forth on the signature page hereof.

ARTICLE I. DEFINITION OF TERMS.

The terms used herein and within the Articles of Incorporation, Bylaws and Rules and Regulations of The Club at Cape San Blas Owners' Association, Inc., shall have the meaning stated in the Condominium Act in relation to this condominium and as follows, unless the context otherwise requires. Where these definitions conflict with the Act, the definition expressly provided in the Act shall control in interpreting this Declaration.

1. **Association**: Association, as the term is used in these condominium documents, refers to The Club at Cape San Blas Owners' Association, Inc., a Florida corporation not for profit, and its successors and assigns, as provided in the Condominium Act.

2. **Board of Directors or Board**: The board of directors for the Association.

3. **Bylaws**: Bylaws of the Association specified above, as they exist from time to time.

4. **Common Expenses**: Common expenses, as the term is used in these condominium documents, means the expense for which the Unit Owners are liable to the Association and shall include, but not be limited to, expenses of administration of The Club at Cape San Blas; expense of maintenance, operation and repair or replacement of the Common Property; any valid charge against the condominium as a whole; taxes imposed upon the Common Property by governmental bodies having jurisdiction over The Club at Cape San Blas; and the expenses declared to be common expenses by the provisions of the Condominium Documents, as same may be amended, from time to time, in accordance with the provisions thereof.

5. **Common Elements**: Common Elements are that which the Florida Statutes define as the portions of the Condominium Property which are not included in the Units, and which paragraph 15 below further defines as Limited Common Elements. The Common Elements shall include and mean, in addition to the items listed in the Condominium Act, all areas which are so designated on the Floor Plans (Exhibit “A”) and the following items:

- (i) the Property; and
- (ii) the foundations, bearing walls, perimeter walls, structural slabs, roofs, columns, girders, beams, supports, corridors, fire escapes, stairways, and common entrances, exits and

communication ways; and

(iii) parking areas not designated as Limited Common Elements; and

(iv) the compartments or installations of central services such as power, light, gas, hot and cold water, heating and air conditioning systems which serve areas other than a single Unit, water storage tanks, pumps, pipes, flues, chutes, conduits, cables and wire outlets and other utility lines; and

(v) all other elements of the Condominium Property designated or designed for common use.

6. Common Surplus: Common surplus, as the term is used in these condominium documents, means the excess of all the receipts of the Association including, but not limited to, assessments, rents, profits and revenues over the amount of the common expense.

7. Condominium: Condominium is that form of ownership of condominium property under which Units are subject to ownership by one or more owners, and there is appurtenant to each Unit as part thereof an undivided share in the Common Property.

8. Condominium Documents: Condominium documents are comprised of this Declaration establishing The Club at Cape San Blas and all exhibits thereto.

9. Condominium Parcel: Condominium parcel, as the term is used in these condominium documents, means a Unit together with an undivided share in the Common Property which is appurtenant to the Unit.

10. Condominium Property: Condominium property, as the term is used in these condominium documents, is comprised of the land dedicated to condominium ownership and all improvements located thereon intended for use in connection with the Condominium.

11. Condominium Unit or Unit: Condominium unit or "Unit", as the term is used in these Condominium Documents, refers to that part of the Condominium Property which is subject to private ownership. Excluded, however, from condominium Units are all spaces and improvements lying beneath the undecorated and/or unfinished inner surfaces of the perimeter walls and floors and above the undecorated and/or unfinished inner surfaces of all interior and exterior bearing walls and/or bearing partitions, and further excluding all pipes, ducts, wires, conduits and other facilities running through any interior or exterior wall or partition of balcony for the furnishing of utility services to Units and Common Property. All air conditioning equipment serving a Unit is considered to be a part of that Unit; any such equipment outside the boundaries of the Unit shall be Limited Common Elements reserved for the use of said Unit to the exclusion of the other Units. The balcony or patio adjacent to each Unit, shall be Limited Common Elements reserved for the use of said Unit to the exclusion of the other Units.

12. Declaration of Condominium: Declaration of Condominium means this Declaration as it may, from time to time, be amended.

13. Developer: As used in the Condominium Documents, Developer means The Club at Cape San

Blas, LLC, a Florida Limited Liability Company.

14. Institutional Mortgagee: Institutional mortgagee or mortgagee means a bank, savings and loan association, insurance company, an agency of the United States Government, a real estate investment trust, or a lender generally recognized in a community as an institutional lender. Such term shall also include the Developer in the event Developer shall accept a purchase money mortgage in connection with the sale of a Unit or Units.

15. Limited Common Elements: Those common elements which are reserved for the use of a certain Condominium Unit or Units to the exclusion of other Units as described in paragraph 11 above and as depicted in Exhibit A to the Declaration.

16. Unit Owner: Unit Owner, or owner of a Unit, or parcel owner, or private dwelling owner, means the owner of a Condominium Parcel.

17. Singular/Plural; Genders: Whenever the context of the Condominium Documents 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.

ARTICLE II. SUBMISSION OF PROPERTY AND IMPROVEMENTS TO CONDOMINIUM OWNERSHIP.

The Club at Cape San Blas, LLC is the owner of fee simple property commonly referred to as The Club at Cape San Blas. Evidence of said ownership in the property is provided in this booklet. Developer has acquired the property prior to the sale of Units, subject to a mortgage obligation to a construction lender for construction of the Condominium, and such other financing obligations as may be appropriate. The real property with the improvements thereon, which Developer submits to condominium ownership in accordance with Chapter 718, Florida Statutes, is described in Exhibit A. THE CLUB AT CAPE SAN BLAS CONDOMINIUM shall be operated and managed through that certain non-profit corporation known as THE CLUB AT CAPE SAN BLAS OWNERS ASSOCIATION, INC., and hereinafter referred to as the "ASSOCIATION."

On said real property there will be constructed a project comprised of eighteen (18) Units in three (3) buildings, identified as follows:

Official 911-Assigned Street Address	# of BR's	# of BA	Sq Ft (Main)	Sq Ft (Deck)
150 Cape Pointe Drive, Unit A1	4	3	1800	255
152 Cape Pointe Drive, Unit A2	3	2.5	1654	235
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197 Cape Pointe Drive, Unit C11	2	2	1236	250
197 Cape Pointe Drive, Unit C12	3	2	1438	290

The size of said Units will range from 1236 square feet to 1800 square feet. Developer does hereby submit the above-referenced real property and improvements to condominium ownership to be known and identified as The Club at Cape San Blas which shall consist of Units and Common Property, as said terms have been herein defined and described, which Units are further identified and designated in the site plan of this Condominium, a reduced copy of which is attached hereto and marked Exhibit A. Timeshare estates may not be created with respect to Units.

All buildings, Common Property and recreational facilities will be completed, recorded, and ready for occupancy upon completion.

ARTICLE III. IDENTIFICATION OF UNITS

A. The Condominium property consists of the land described in Exhibit A and all easements and rights appurtenant thereto, together with the buildings and other improvements constructed thereon, including the Units, common elements, and limited common elements. Each Unit shall be conveyed and treated as individual property capable of independent use and ownership, subject to the restrictions, rules, regulations and conditions contained in these Condominium Documents, and the owner of each said Unit shall own, as an appurtenance to the ownership of said Unit, an undivided interest appurtenant to each said Unit being that which is here specifically assigned in Exhibit B attached hereto. The percentage of undivided interest in Common Property assigned to each Unit shall not be changed except with the unanimous consent of all of the owners of all of the Units.

B. The undivided interest in the Common Property declared to be appurtenant to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the undivided interest in Common Property appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly

mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any instrument which purports to affect the conveyance, devise or encumbrance or which purports to grant any right, interest, or lien into or upon a Unit shall be null and void and of no effect insofar as the same purports to affect any interest in any Unit and its appurtenant undivided interest in Common Properties, unless the same purports to convey, devise and encumber or otherwise trade or deal with the entire Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Unit which describes said Unit by Unit number, without limitation or exception, shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common Property. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the Common Property by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

C. The boundary lines of each numbered Unit shall be the interior unfinished surfaces of the ceiling, floor, and perimeter walls. All bearing walls located within a Unit constitute part of the common elements up to the unfinished surface of said walls.

D. Each condominium parcel includes the undivided interest of each Unit owner in the common elements. All conduits and wires up to their outlets and all other utility lines and pipes up to their outlets, regardless of location, are parts of the common elements. Each condominium parcel includes the condominium Unit and the undivided share in both the common elements and limited common elements that are or become appurtenant to that Unit.

ARTICLE IV. OWNERSHIP OF CONDOMINIUM UNITS AND UNDIVIDED SHARES IN COMMON PROPERTY; PROHIBITION AGAINST SEPARATE CONVEYANCE OF SAME.

A. Each Unit shall have as an appurtenance an undivided share in the common elements with the exclusion of limited common elements made appurtenant to one specific Unit as set forth in Exhibit A.

B. The common expenses shall be borne by the condominium Unit owners and those Unit owners shall share in the common surplus in the proportions set forth for the common elements in Exhibit B.

C. The undivided interest in the Common Property declared to be appurtenant to each Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Unit, and the undivided interest in Common Property appurtenant to each Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Unit. Any instrument which purports to effect the conveyance, devise or encumbrance or which purports to grant any right, interest, or lien into or upon a Unit shall be null and void and of no effect insofar as the same purports to affect any interest in any Unit and its appurtenant undivided interest in Common Properties, unless the same purports to convey, devise and encumber or otherwise trade or deal with the entire Unit. Except as conditioned above, any instrument conveying, devising, encumbering or otherwise dealing with any Unit which describes said Unit by Unit number, without limitation or exception, shall be deemed and construed to affect the entire Unit and its appurtenant undivided interest in the Common Property. Nothing herein contained shall be construed as limiting or preventing ownership of any Unit and its appurtenant undivided interest in the Common Property by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

ARTICLE V. COMMON EXPENSES; COMMON SURPLUS.

Common Expenses shall be shared and Common Surplus shall be owned by the owners of all Units on an equal fractional basis for all Units as stated in Exhibit B. Any Common Surplus which exists at the end of a fiscal year shall automatically be reapportioned to the budget of the next fiscal year.

ARTICLE VI. THE CLUB AT CAPE SAN BLAS OWNERS' ASSOCIATION, INC.

The Club at Cape San Blas Owners' Association, Inc. (the "Association"), a Florida Corporation Not For Profit, shall maintain, manage and operate the Condominium Property.

All Unit Owners shall automatically become members of the Association after completion of closing of the purchase of a Unit in The Club at Cape San Blas and related transfer of title to the Unit .

The officers and directors of the Association shall have the powers set forth in this Declaration and the Association Bylaws, and shall, at all times, have a fiduciary relationship to the members of the Association and shall operate and manage the Association in the best interest of its members.

No person except in a capacity as an officer or a duly appointed agent of the Association shall have the authority to act for the Association.

The Association shall have the irrevocable right to have access to every Unit in The Club at Cape San Blas from time to time, during reasonable hours, as may be necessary for the maintenance, repair, or replacement of any Common Property therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Property or to another Unit or Units.

The Association shall have the power to make and collect assessments, and to maintain, repair and replace the Common Property.

The Association shall maintain records according to good accounting practices which shall be open to inspection by Unit Owners or their authorized representatives at reasonable times and written summaries of which shall be supplied at least annually to Unit Owners or their authorized representatives. A Unit owner who is denied access to official records is entitled to the actual damages or minimum damages for the association's willful failure to comply with a written request for records. The minimum damages shall be \$50 per calendar day up to 10 days, the calculation to begin on the 11th working day after receipt of the written request. Failure of the Association to permit inspection of its accounting records by Unit Owners or their authorized representatives shall entitle any person prevailing in an action for enforcement to recover reasonable attorney's fees from the Association. Such records shall include:

1. A record of all receipts and expenditures.
2. An account for each Unit which shall designate the name and address of the Unit Owner, the amount of each assessment, the dates and amounts in which the assessments come due, the amounts paid upon the account and the balance due.

The Association shall have the power to purchase Units in the Condominium and to acquire and hold, lease, mortgage and convey the same.

In any legal action in which the Association may be exposed to liability in excess of insurance coverage protecting it and the Unit Owners, the Association shall give notice of the exposure within a reasonable time to all Unit Owners who may be exposed to the liability and they shall have the right to intervene and defend.

A copy of each insurance policy obtained by the Association shall be made available for inspection by Unit Owners at reasonable times.

The Association shall have all powers granted by Chapters 718 and 617, of the current Florida

Statutes.

ARTICLE VII. MEMBERSHIP IN THE ASSOCIATION; VOTING RIGHTS.

Membership in the Association shall be restricted to all of the record owners of the Units in The Club at Cape San Blas. Purchasers shall become members of the Association automatically upon the completion of closing of the purchase of a Unit in The Club.

On all matters upon which the membership shall be entitled to vote, each member shall be entitled to one vote for each Unit owned in The Club which vote may be exercised or cast by the owner of each Unit in the manner provided in the Bylaws (Exhibit D) adopted by the Association and as amended, from time to time, and in accordance with applicable provisions of the current Florida Statutes.

ARTICLE VIII. METHOD OF AMENDMENT OF DECLARATION OF CONDOMINIUM.

This Declaration and the Articles of Incorporation and Bylaws of the Association 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 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, providing such approval is delivered to the secretary at or prior to the meeting. However, such agreement or disagreement with any action taken at a meeting that board member did not attend may not be used as a vote for or against the action taken and may not be used for the purposes of creating a quorum. Except as elsewhere provided, such approvals must be either by:

1. If an amendment is proposed by the Board, it must be approved for presentation for a membership vote by not less than sixty-six and two-thirds percent (66-2/3%) of the entire membership of the Board and subsequently approved by not less than sixty-six and two-thirds (66-2/3%) of the votes of the entire membership of the Association thereafter, or

2. If an amendment is proposed solely by the membership, it must be approved by not less than sixty-six and two-thirds percent (66-2/3%) of the votes of the entire membership of the Association

In the alternative, an amendment may be made by an agreement signed and acknowledged by all Unit Owners in the manner required by law for the execution of a deed, and such amendment shall be effective when recorded in the Public Records of Gulf County, Florida; provided, however:

(i) That no amendment shall be made or be valid which will in any manner impair the security of any institutional lender having a mortgage or other lien against any Condominium Parcel.

(ii) Notwithstanding anything to the contrary contained in this Declaration, the Developer expressly reserves the right to amend this Declaration so as to correct any legal descriptions as contained herein which legal description or descriptions may have been incorrect by reason of a scrivener's or surveyor's error. The Developer may amend this Declaration as aforesaid by filing an amended legal description or descriptions as an amendment to the Declaration among the Public Records of Gulf County, Florida, which amendment or amendments shall expressly describe that legal description which is being corrected (by reference to the exhibit containing said legal description or otherwise), in addition to the correct legal description. Such amendments need to be executed and acknowledged only by the

Developer and need not be approved by the Association, Unit Owners, lienors, or mortgagees of Units of the Condominium, whether or not elsewhere required for amendments. However, as part and parcel of any such amendment as provided for in this subparagraph, there shall be attached thereto an affidavit of the individual or individuals responsible for the original incorrect legal description, whether he be scrivener or surveyor, which affidavit shall set forth: (aa) that said individual made an error in the legal description; (bb) that the error is corrected by the description contained in the amendment; and (cc) that it was the intent at the time of the incorrect legal description to make that description such as is contained in the new amendment. Developer reserves the right to correct such other defects by amendment to this Declaration, properly executed and acknowledged, without approval of the Association, Unit Owners, lienors or mortgagees of Units provided such amendment does not materially affect the property rights of the above-named persons.

(iii) A copy of each amendment shall be certified by the president or a vice president and secretary or assistant secretary of the Association as having been duly adopted, and shall be effective when recorded in the Public Records of Gulf County, Florida.

ARTICLE IX. BYLAWS, ARTICLES OF INCORPORATION, AND RULES AND REGULATIONS OF CONDOMINIUM PROPERTY.

The Club at Cape San Blas Owners' Association, Inc., has been incorporated as a Florida corporation not for profit, and its Articles of Incorporation, Bylaws, and Rules and Regulations are included within these Condominium Documents and attached hereto as Exhibits C, D and E, respectively.

ARTICLE X. MAINTENANCE, REPAIR, ALTERATIONS AND IMPROVEMENTS OF CONDOMINIUM PROPERTY.

The responsibility for the maintenance of the Condominium Property and restrictions upon its alterations and improvements shall be as follows:

1. By the Association: The Association shall maintain, repair and replace at the Association's own expense:

A. All Common Property.

B. All air conditioning and heating systems and equipment other than items providing service to an individual Unit.

C. All portions of the Units (except interior wall surfaces) contributing to the support of the building, which portions shall include, but not be limited to, the outside walls of the building and load-bearing columns, but excluding interior non-bearing walls.

D. All conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of the Unit contributing to the support of the building or within interior boundary walls, and all such facilities contained within a Unit which service part or parts of the Condominium other than the Unit within which contained.

E. All incidental damage caused to a Unit by such work shall be promptly repaired at the expense of the Association.

2. By the Condominium Parcel owner: The responsibility of the Condominium Parcel owner shall be as follows:

A. To maintain, repair and replace at his expense, all portions of the Unit except the portions to be maintained, repaired and replaced by the Association. Included within this responsibility of the Unit Owner shall be windows, screens and doors opening into or onto his Unit, sliding glass doors and plate glass. All such maintenance, repairs and replacements shall be done without disturbing the rights of other Unit Owners.

B. Within the Unit, to maintain, repair and replace at his expense, all fans and air conditioning and heating equipment, stove, refrigerator, or other appliances or equipment, electrical fixtures, water heaters, or built-in cabinets, including any fixtures and/or their connections required to provide water, light, power, telephone, sewerage and sanitary service to his Unit. The Unit floors and interior walls and the floor and interior wall of any balcony attached to Units shall be maintained by the Unit Owner thereof at his own expense.

C. Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the building.

D. To promptly report to the Association any defects or need for repairs, the responsibility for the remedy of which is that of the Association.

E. No Unit Owner other than the Developer shall make any alterations in the portions of the building which are to be maintained by the Association or remove any portion thereof or make any addition thereto or do any work which would jeopardize the safety or soundness of the building or impair any easement without first obtaining approval from the Board of Directors.

3. Alteration and Improvement: There shall be no material alterations or substantial additions to Common Property, except as the same are authorized by the Board of Directors and ratified by the affirmative vote of voting members casting not less than sixty-six and 2/3 percent (66-2/3%) of the total votes of the members of the Association present at any regular or special meeting of the Unit Owners called for that purpose and approved by the institutional mortgagee holding the greatest dollar volume of mortgages on the Condominium. The cost of the foregoing shall be assessed as Common Expenses of this Condominium. Where any alterations or additions as aforesaid are exclusively or substantially exclusively for the benefit of the Unit Owner(s) requesting same, then, the cost of such alterations or additions shall be charged against and collected solely from the Unit Owners exclusively or substantially exclusively benefitting, and the charge shall be levied in such proportion as may be determined as fair and equitable by the Board of Directors of the Association. Where such alterations or additions exclusively or substantially benefit Unit Owners requesting same, said alterations or additions shall be made only when authorized by the Board of Directors and ratified by not less than sixty-six and 2/3 percent (66-2/3%) of the total votes of the Unit Owners exclusively or substantially exclusively benefitting therefrom and where said Unit Owners are ten or less, the approval of all but one shall be required. Alterations and improvements or repairs of an emergency nature may be made upon authorization by a vote of a majority of the directors available for consultation, if same is necessitated, and in the best interests of the Unit Owners.

ARTICLE XI. ENFORCEMENT OF MAINTENANCE.

In the event that a Unit Owner fails to maintain such Unit as required above, the Association, Developer, or any other Unit Owners shall have the right to seek compliance with the foregoing provisions and any and all remedies available by law.

ARTICLE XII. PURCHASER'S CONDOMINIUM FUND.

At the time the Developer sells and closes a Condominium Unit to a purchaser, purchaser thereby

becoming a Unit Owner to this Condominium, such purchaser shall deposit the equivalent of **two (2)** times the purchaser's estimated monthly condominium assessment as determined at the time of closing, which amounts shall be deposited to the Association to pay advance utility deposits, insurance trustee fees, advance premiums on casualty, workmen's compensation and liability policies and for the purpose of defraying such capital expenses as may arise during the initial period of Association operations. This deposit is not a regular contribution of, nor is it in lieu of, the monthly maintenance fee. The balance of such funds shall be used by the Association for future operating expenses.

ARTICLE XIII. RESIDENTIAL USE RESTRICTIONS APPLICABLE TO CONDOMINIUM UNITS.

In order to provide for a congenial and compatible occupancy of the Condominium building and to provide for the protection of the value of the Units, the use of the Condominium Property shall be restricted to and be in accordance with the following:

1. Each Unit is hereby restricted to residential or rental use by only the owner thereof, his immediate family, guests, invitees or lessees. No Unit may be divided or subdivided into smaller Units nor any portion sold or otherwise transferred without first amending this Declaration to show the changes in the Unit to be affected. However, while the Developer is still selling Units, unsold Units may be used in the Developer's sales program as model Units, sales offices or for any purpose deemed appropriate by the Developer in his sales promotion efforts.

2. The use of Common Property by the owners or lessees of all Units and all other parties authorized to use same shall be at all times subject to such rules and regulations as may be prescribed and established in the Condominium Documents governing such use or which may be hereafter prescribed and established in the Condominium Documents by the Association.

3. No immoral, improper, offensive or unlawful use shall be made of any Unit or of the Common Property or of any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction over The Club at Cape San Blas shall be observed.

4. Nothing shall be done or kept in any Unit or in the Common Property which will increase the cost of insurance paid by the Association, without the prior written consent of the Association. No Unit Owner shall permit anything to be done or kept in his Unit or in the Common Property which will result in the cancellation of insurance in the Condominium Property or contents thereof, or which would be in violation of any law. No wasting of Condominium Property will be permitted.

5. No nuisance shall be allowed upon the Condominium Property, nor shall any use or practice be allowed which is an unreasonable source of annoyance to Unit Owners or which interferes with the peaceful and proper use of the Condominium Property by any Unit Owner, including but not limited to, repairs made within a Unit before 8:00 a.m. Eastern Standard Time or after 6:00 p.m. Eastern Standard Time.

6. Common household pets are permitted to be kept by Unit Owners (and shall not be kept by guests or tenants) but shall not be kept in such number as to be an annoyance to other Unit Owners. All pets must be held, or kept leashed and under the control of a responsible party at all times that they are in the Common Property. All owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of their pets. Should a Unit Owner fail to clean up after his pet, the Association shall perform that service and bill the Unit Owner accordingly. The Association reserves the right to designate specific areas within the Common Property, if any, where pets may be walked on leashes by their owners. The Association further reserves the right to adopt and enforce additional pet

regulations necessary to ensure that pets are not and do not become a nuisance, and demand that a member permanently remove any and all pets which create disturbances and annoyances from the Condominium Property.

7. In order to preserve the residential character of the Condominium, except as reserved to the Developer, no business, trade, or profession of any type whatsoever shall be conducted from within any Unit in the Condominium without the prior written consent of the Association. The Association shall possess the additional authority to promulgate reasonable rules and regulations governing the manner, method and to what degree said uses may be permitted, and further, shall have the power to revoke the granting of such permitted uses, when in the Association's reasonable discretion, the use in question has become excessive and/or violates the original character of the Condominium.

8. In order to preserve the aesthetic qualities of the Condominium, all fabric and materials used as draperies or other window treatment located within the interior of any Unit which can be viewed from the exterior of the Unit through the windows thereof from any heights or location must be white or lined, finished or otherwise covered with white drapery linings.

9. In case of an emergency originating or threatening any Unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors, or any person authorized by it, or the building superintendent or managing agent, shall have the right to enter such Unit for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate and to facilitate entry in the event of any such emergency, the owner of each Unit, as required by the Association, shall deposit a key with the Association.

10. The Association has the irrevocable right of access to each Unit during reasonable hours, when necessary for maintenance, repair or replacement of any Common Property or any portion of a Unit to be maintained by the Association pursuant to the Declaration or as necessary to prevent damage to the Common Property or to a Unit or Units.

Whenever it shall be necessary to enter any Unit for the purpose of performing any maintenance, alteration, or repair to any portion of the Common Property, the owner of each Unit shall permit the duly constituted and authorized agent of the Association, to enter such Unit for such purpose, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

11. No owner of a Unit shall permit any structural modification or alterations to be made within such Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors determines, in its sole discretion, that such structural modifications or alterations would affect or in any manner endanger the Condominium in part or in its entirety. If the modification or alteration desired by the owner of any Unit involves the removal of any permanent interior partition, the Association shall have the right to permit such removal so long as the permanent interior partition to be removed is not a load-bearing partition and so long as the removal thereof would be in no manner an interference with the providing of utility services constituting Common Property located therein.

12. The Association shall not have the right to make or cause to be made such alterations or improvements to the Common Property which prejudice the rights of the owner of any Unit in the use and enjoyment of his Unit, unless, in each instance, such owner's written consent has been obtained. The making of such alterations and improvements must be approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be assessed as Common Expense to be assessed and collected from all of the owners of Units. However, where any alterations and improvements are exclusively or substantially exclusively for the benefit of the owner of a Unit requesting the same, then the cost of such alterations and improvements shall be charged against and

collected from the Unit Owner exclusively or substantially benefited. Such charge is to be levied in such proportion as may be determined by the Board of Directors.

13. The Common Property shall be used only for the purposes for which they are intended in the furnishing of said services and facilities for the enjoyment of the Units. However, while the Developer is still selling Units, the Common Property may be used by the Developer's marketing program in the manner Developer sees appropriate to use such Common Property.

14. The Pool shall be open on regular schedule as set by the Association Board. The pool is proposed to operate with no lifeguard on duty. Residents and guests understand that they swim and use the facilities at their own risk and should govern themselves accordingly. No glass bottles or glass containers may be used in the pool areas. Children under 12 years of age must be accompanied at all times by an adult or responsible sibling over the age of 16, which is authorized by a parent or legal guardian.

ARTICLE XIV. INSURANCE.

A. The owner of each Unit may, at his expense, obtain insurance coverage for loss of or damage to any furniture, furnishings, personal effects and other personal property belonging to such owner, and may, at his expense, obtain insurance coverage against personal liability for injury to the person or property of another while within such owner's Unit or upon the Common Property. All such insurance obtained by the owner of each Unit shall, whenever such provisions be available, provide that the insurer waives its right of subrogation as to any claims against other owners of Units, the Association or Developer, and their respective servants, agents and guests. Risk of loss or of damage to any furniture, furnishings and personal property (constituting a portion of the Common Property) belonging to or carried on the person of the owner of each Unit, or which may be stored in any Unit, or in, to, or upon Common Property, shall be borne by the owner of each Unit. All furniture, furnishings and personal property constituting a portion of the Common Property and held for the joint use and benefit of the Unit Owners shall be covered by such insurance as shall be maintained in force and effect by the Association as hereafter provided. The owner of a Unit shall be liable for injuries or damage resulting from an accident within his own Unit, to the same extent as for an accident occurring within his residence. Any and all insurance or reinsurance placed or contracted for by any owners having an interest in any Unit must be so placed with an insurer licensed and authorized to do business in the State of Florida and maintaining a licensed agent in the State of Florida.

B. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium:

1. Casualty insurance covering all of the Common Property and the building, as that term is defined in Section 718.111(2) F.S., in an amount equal to the maximum insurance replacement value thereof, exclusive of excavation and foundation costs, as determined annually by the insurance carriers; or, if approved by the Board of Directors, said casualty insurance may be carried on not less than 80% co-insurance basis; such coverage to afford protection against: (i) loss of damage by fire or other hazards, covered by the standard extended coverage or other perils endorsements, subject to such deductible provision as the Board of Directors may approve from time to time; and (ii) such other risks of a similar or dissimilar nature as are, or shall be, customarily covered with respect to buildings similar in construction, location and use to the Condominium, including, but not limited to, vandalism, malicious mischief, windstorm, flood water damage and war risk insurance if available.

2. Public liability and property damage insurance in such amount and in such form as shall be required by the Association to protect said Association and the owners of all Units, including but not limited to, water damage, legal liability, hired automobile, non-owned automobile and off-premises

employee coverage.

3. Worker's compensation to meet the requirements of the law.

4. Employee Honesty Insurance and/or fidelity bonding for all persons who control or disburse funds of the Association in accordance with Section 718.111(11)(d) F.S.

5. Such other insurance coverage the Board of Directors, in its sole discretion, may determine from time to time to be in the best interests of the Association and each Unit Owner individually.

All liability insurance maintained by the Association shall contain cross liability endorsements to cover liability by all owners of Units as a group and each Unit Owner individually.

All insurance coverage authorized to be purchased shall be purchased by the Association for itself and for the benefit of all owners of all Units. The cost of obtaining the insurance coverage authorized above is declared to be a Common Expense, as are any other fees and expenses incurred which may be necessary or incidental to carrying out the provisions hereof.

All policies of fire and casualty insurance covering the Condominium shall provide for the insurance proceeds covering any loss to be payable to the insurance trustee hereinafter named, or to its successor, and the insurance proceeds from any fire and casualty loss shall be held for the use and benefit of the Association and all owners of all Units and their respective mortgagees, as their interests may appear, and such insurance proceeds shall be applied or distributed in the manner herein provided. The Association is hereby declared to be and is appointed as authorized agent for all owners of all Units for the purpose of filing such proof of loss as may be required under the policy of fire and casualty insurance and negotiating and agreeing to a settlement as to the value and extent of any loss which may be covered under any policy of casualty insurance, and is granted full right and authority to execute in favor of any insurer a release of liability arising out of any occurrence covered by any policy of casualty insurance and resulting in loss of or damage to insured property.

The Board of Directors shall have the right to select the insurance company or companies with whom insurance coverage may be placed and shall have the right to designate the insurance trustee, and all parties beneficially interested in such insurance coverage shall be bound by the selection so made from time to time, but the foregoing shall not be to the exclusion of the rights reserved unto institutional lenders herein.

The insurance trustee shall be a banking institution having trust powers and doing business in the State of Florida. The insurance trustee shall not be liable for the payment of premiums nor for the renewal of any policy of fire insurance and casualty insurance, nor for the sufficiency of coverage, nor for the form or content of the policies, nor for the failure to collect any insurance proceeds. The sole duty of the insurance trustee shall be to receive such proceeds of fire and casualty insurance as are paid and to hold the same in trust for the purposes herein stated for the benefit of the Association and the owners of all Units and their respective mortgagees. Such insurance proceeds are to be disbursed and paid by the insurance trustee as herein provided. The Association, as a Common Expense, shall pay a reasonable fee to said insurance trustee for its services rendered hereunder, and shall pay such costs and expenses as said insurance trustee may incur in the performance of any duties and obligations imposed upon it hereunder. Said insurance trustee shall be liable only for its willful misconduct, bad faith or gross negligence, and then for only such money which comes into the possession of said insurance trustee. Whenever the insurance trustee may be required to make distribution of insurance proceeds to owners of Units and their mortgagees, as their respective interests may appear, or to any other party for repair, replacement or reconstruction of property, the insurance trustee may rely upon a certificate of the president and secretary of the Association, executed under oath, which certificate will be provided to said insurance trustee upon request of said insurance trustee made to the Association. Such certificate is to certify unto said insurance

trustee the name of the owner of each Unit, the name of the mortgagee who may hold a mortgage encumbering each Unit, and the respective percentages of any distribution which may be required to be made to the owner of any Unit, and his respective mortgagee, as their respective interest may appear, or to certify the name of the party to whom payments are to be made for repair, replacement or reconstruction of property. In the event any insurance proceeds are paid to the insurance trustee for any fire or casualty loss, the holder of any mortgage encumbering a Unit shall not have the right to elect to apply insurance proceeds to the reduction of any mortgage, unless such insurance proceeds represent a distribution to the owner of any Unit and his respective mortgagee, by reason of loss of or damage to personal property constituting a part of the Common Property and as to which a determination is made not to repair, replace or restore such personal property.

In the event of the loss or damage to only Common Property, real or personal, which loss or damage is covered by fire and casualty insurance, the proceeds paid to the insurance trustee to cover such loss or damage shall be applied to the repair, replacement or reconstruction of such loss or damage. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of such Common Property, then such excess insurance proceeds paid to the owner of each Unit and his mortgagee shall bear the same ratio to the total excess insurance proceeds as the undivided interest in Common Property appurtenant to each Unit bears to the total undivided interest in Common Property appurtenant to all Units. If it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the insurance trustee are not sufficient to pay for the repair, replacement, or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be so sufficient, then the Association shall deposit with the insurance trustee a sum which, together with the insurance proceeds received or to be received, will enable said insurance trustee to completely pay for the repair, replacement or reconstruction of any loss or damage, as the case may be. The monies to be deposited by the Association with the insurance trustee, in said latter event, may be paid by the Association from its reserve for replacement fund, and if the amount in such reserve for replacement fund is not sufficient, or if the Board of Directors determines not to use such fund for said purpose, then the Association shall levy and collect an assessment against the owners of all Units in an amount which shall provide the funds required to pay for said repair, replacement or reconstruction.

In the event of the loss of or damage to Common Property and any Unit, which loss or damage is covered by the fire and casualty insurance, the proceeds paid to the insurance trustee to cover such loss or damage shall be first applied to the repair, replacement or reconstruction of Common Property, and then any remaining insurance proceeds shall be applied to the repair, replacement or reconstruction of any Unit which may have sustained any loss or damage so covered. If the insurance proceeds are in excess of the cost of the repair, replacement or reconstruction of the Common Property and the Units sustaining any loss or damage, then such excess insurance proceeds shall be paid and distributed by the insurance trustee to the owners of all Units, and to their mortgagees, as their respective interest may appear. Such distributions are to be made in the manner and in the proportions as are provided herein.

If it appears that the insurance proceeds covering the fire and casualty loss or damage payable to the insurance trustee are not sufficient to pay for the repair, replacement or reconstruction of the loss or damage, or that the insurance proceeds when collected will not be sufficient, then the Board of Directors shall, based on reliable and detailed estimates obtained by it from competent and qualified parties, determine and allocate the cost of repair, replacement or reconstruction between the Common Property and the Units sustaining any loss or damage. If the proceeds of said fire and casualty insurance are sufficient to pay for the repair, replacement or reconstruction of any loss of or damage to the Common Property, but not be sufficient to repair, replace or reconstruct any loss of or damage to any Units, then the Association shall be entitled to charge and collect such amount from the owner of the Unit sustaining any loss or damage, and the amount so collected from said owner shall be deposited with said insurance trustee so that the sum on deposit with said insurance trustee shall be sufficient to completely pay for the repair, replacement or reconstruction of all Common Property and Units. In said latter event, the amount

to be charged and collected from the owner of each Unit sustaining loss or damage shall be apportioned between such owners in such a manner that the charge levied to each owner of a Unit and his Unit shall bear the same proportion to the total charges levied against all of the said owners of Units sustaining loss or damages as does the cost of repair, replacement, or reconstruction of each owner's Unit bears to the cost applicable to all of said Units sustaining loss or damage.

If the fire and casualty insurance proceeds payable to the insurance trustee in the event of the loss of or damage to Common Property and Units are not in an amount which will pay for the complete repair, replacement or reconstruction of the Common Property, it being recognized that such insurance proceeds are to be first applied to payment for repair, replacement or reconstruction of Common Property before being applied to the repair, replacement or reconstruction of a Unit, then the cost to repair, replace or reconstruct said Common Property in excess of available fire and casualty insurance proceeds shall be levied and collected as an assessment from all of the owners of all Units in the same manner as would be levied and collected had the loss or damage sustained been solely to Common Property and the fire and casualty insurance proceeds been not sufficient to cover the cost of repair, replacement or reconstruction. The cost of repair, replacement or reconstruction of each Unit sustaining loss or damage shall be charged and collected from the owners of Units sustaining the loss or damage in the same manner as is above provided for the apportionment of such charges between the owners of Units sustaining the loss or damage.

In the event of loss of or damage to property covered by such fire and casualty insurance, the Association shall, within 60 days after any such occurrence, obtain reliable and detailed estimates of the cost of restoring damaged property to a condition as good as that which prevailed before such loss or damage. Such estimates shall contain and include the cost of any professional fees and premiums for such bonds as the Board of Directors may deem to be in the best interests of the membership of the Association. Whenever it shall appear that the insurance proceeds payable for such loss or damage will not be sufficient to defray the cost of repair, replacement or reconstruction thereof, the additional monies required to completely pay for such repair, replacement or reconstruction of said loss or damage, whether to be paid by all of the owners of Units or only by the owners of Units sustaining loss or damage, or both, shall be deposited with said insurance trustee not later than 30 days from the date on which said insurance trustee shall receive monies payable under the policies of fire and casualty insurance.

In the event of the loss of or damage to personal property belonging to the Association, the insurance proceeds, when received by the insurance trustee, shall be paid to the Association. Should the Board of Directors determine not to replace lost or damaged property constituting a portion of the Common Property, the insurance proceeds received by the insurance trustee shall be paid to owners of Units and their respective mortgagees, as their interest may appear, in the manner and in the proportions herein provided for the distribution of excess insurance proceeds.

Contracts for repair, replacement or reconstruction of loss or damage shall be let by the Board of Directors in the name of the Association and said Board of Directors shall authorize payments to be made thereunder by the insurance trustee. The Board of Directors may enter into such agreements with the insurance trustee as it may deem in the best interest of the Association for the purpose of effectuating the intent hereof.

Any and all of the above stated or any other insurance including re-insurance placed or contracted for by the Association must be placed with an insurer licensed and authorized to do business in the State of Florida, which maintains a licensed agent in the State of Florida.

ARTICLE XV. EASEMENTS

A. The Units and Common Property shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established in the Condominium documents governing the use of said Units and Common Property and setting forth the obligations and responsibilities incident to ownership of each Unit and its appurtenant undivided interest in the Common Property. Said Units and Common Property are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the real property and improvements of the Condominium.

B. Utility easements are reserved throughout the whole of the Condominium Property, including Units, as may be required for utility services in order to adequately serve the Condominium; provided, however, such easements through a Unit shall be only in accordance with the plans and specifications of the Condominium Property, or as the building is constructed, unless changes thereto are approved in writing by the Unit Owner.

C. The Common Property shall be, and the same is hereby declared to be, subject to the perpetual non-exclusive easements of way over all roads and walkways in favor of all Unit Owners, for all property and normal purposes and for the furnishing of services and facilities for which the same are reasonably intended for the enjoyment of said Unit Owners, subject to all restrictions in the Condominium Documents.

D. In the event that any Unit shall encroach upon any Common Property for any reason not caused by the purposeful or negligent act of the Unit Owner, or agents of such owner, then an easement appurtenant to such Unit shall exist for the continuance of such encroachment upon the Common Property, for so long as such encroachment shall naturally exist; and in the event that any portion of the Common Property shall encroach upon any Unit then an easement shall exist for the continuance of such encroachment of the Common Property upon any Unit for so long as such encroachment shall naturally exist.

E. Easements of ingress and egress are reserved over and upon all of the Common Property of the Condominium for the Developer, its agents, guests, designees, successors and assigns for so long as Developer is constructing improvements on Condominium Property.

F. Developer, its successors, assigns, agents, invitees and guests shall have in addition to all easements granted to Unit Owners, a perpetual easement throughout the Condominium property and any office thereon for the purpose of engaging in resort operations and administration, real estate sales, rental management, and all similar and related activities, and for such other activities that do not unreasonably interfere with the use of the Condominium Property by the Owners. While such activities are anticipated to be generally related to the benefit of the Unit Owners and their guests, there is no requirement that they be so related. Specifically, and to avoid dispute, Developer and its successors, assigns, invitees and guests have a perpetual easement and right, for the purpose of maid service, laundry service (including the use of chutes, if any), food preparation and service, retailing and utility and telephone service, broadband information, communication and/or entertainment services, and any other purpose reasonably related to its permitted activities throughout the Condominium Property, whether or not the provision of said services utilizes any of the Common Property.

ARTICLE XVI. TERMINATION.

Notwithstanding anything to the contrary contained in this Declaration, in the event of fire or other casualty or disaster which shall totally demolish the Condominium, or which shall destroy the Condominium so as to require more than two-thirds (2/3) of said buildings and improvements, as determined by the Board of Directors of the Association, to be reconstructed, then this Declaration and

the plan of condominium ownership established herein shall terminate, unless 70% of all owners of Units agree that said Condominium be reconstructed, or unless any policy of casualty insurance which may cover the damage or destruction of said buildings requires the reconstruction thereof as a condition precedent to the payment of insurance proceeds under such policy, notwithstanding the fact that the owners of 70% of all Units agree not to reconstruct the building. If such policy of casualty insurance requires the same to be reconstructed, this Declaration and the plan of condominium ownership established herein shall be terminated if there exists any regulation or order of any governmental authority having jurisdiction of the property which may then prevent the reconstruction of said Condominium, although nothing herein contained shall be construed as releasing or in any manner changing any obligation which may be owed to the Association, for itself and for the benefit of the owners of all Units, under any insurance policy then existing.

If, as above provided, this Declaration and the plan of condominium ownership established herein is to be terminated, then a certificate of resolution of the Board of Directors to said effect, and notice of the cancellation and termination hereof, shall be executed by the president and secretary of the Association in recordable form and such instrument shall be recorded in the Public Records of Gulf County, Florida. Upon termination of this Declaration and the plan of Condominium ownership established herein, all of the owners of Units shall be and become tenants in common as to ownership of the real property herein described, and any then remaining improvements thereon. The undivided interest in such Unit shall be the same as the undivided interest in Common Property which was formerly appurtenant to such Unit, and the lien of any mortgage or other encumbrance upon each Unit shall attach to the percentage of undivided interest of the owner of a Unit in the property and then remaining improvements as above provided. Upon termination of this Declaration and the plan of condominium ownership established herein, the owners of all Units still inhabitable shall, within sixty (60) days from the date of recording of said certificate of resolution, deliver possession of their respective Units to the Association. Upon such delivery of possession, the owners of habitable Units and their respective mortgagees as their interests may appear, shall become entitled to participate proportionately together with all owners of uninhabitable Units in the distribution of the proceeds in the possession of the insurance trustee. Upon termination of this Declaration and the plan of condominium ownership established herein, the insurance trustee shall distribute any insurance indemnity which may be due under any policy of casualty insurance to the owners of the Units and their mortgagees, as their respective interests may appear, such distribution to be made to the owner of each Unit in accordance with his then undivided interest in the real property and remaining improvements as herein provided. The assets of the Association upon termination of the plan of Condominium ownership created hereby shall then be distributed to the owner of each Unit and his mortgagee, as their respective interests may appear, in the same manner as was provided for the distribution of any final insurance indemnity.

Except in the event of this Declaration and the plan of condominium ownership being terminated as herein provided, this Declaration and said plan of condominium ownership may only be otherwise terminated by the unanimous consent of all owners of all Units and all parties holding mortgages, liens, or other encumbrances against any of said Units, in which event, the termination of the Condominium shall be by such plans as may be then adopted by said owners and parties holding any mortgages, liens or other encumbrances. Such election to terminate this Declaration and the plans of condominium ownership established herein shall be executed in writing by all of the forenamed parties, and such instrument shall be recorded in the Public Records of Gulf County, Florida.

The board of directors shall notify the Division of Florida Land Sales, Condominiums, and Mobile Homes and shall comply with the provisions of Section 718.117(1) F.S. prior to any termination or merger of the Condominium or the Association

ARTICLE XVII. PROHIBITION AGAINST SUBDIVIDING OF UNITS; PROHIBITION

AGAINST PARTITION OF COMMON PROPERTY.

A. No Unit may be divided or subdivided into a smaller Unit, nor shall any Unit or portion thereof be added to or incorporated into any other Unit except by the vote of a majority of the entire membership of the Association.

B. Recognizing the proper use of a Unit by an owner is dependent upon the use and enjoyment of the Common Property in common with others of all other Units, and that it is in the interest of all owners of the Units that the ownership of the Common Property be retained in common by the owners of Units, it is declared that the percentage of the undivided interest in the Common Property appurtenant to each Unit shall remain undivided and no owner of any Unit shall bring or have any right to bring any action for partition or division thereof.

ARTICLE XVIII. ASSESSMENTS.

A. Liability, Lien and Enforcement: The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the owners of all Units. To properly administer the operation and management of the Condominium, the Association will incur costs and expenses for the mutual benefit of all of the Unit Owners, which will be continuing and/or recurring costs, as the case may be. To provide the funds necessary for such proper operation, the Association has heretofore been granted the right to make, levy and collect assessments against the owners of all Units and said Units. In furtherance of said grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium, the following provisions shall be effective and binding upon all Unit Owners:

1. All assessments levied against all the Unit Owners and said Units shall be uniform and unless specifically otherwise provided for in this Declaration of Condominium, the assessments made by the Association shall be in proportion so that the amount of assessment levied against each Unit Owner and his Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Units as does the undivided interest in Common Property appurtenant to all Units.
2. The assessment levied against each of the Unit Owners and his Unit shall be payable in monthly installments, or in such other installments and at such times as may be determined by the Board of Directors.
 3. The Board of Directors shall establish an annual budget, in advance, for each fiscal year which shall correspond to the calendar year, and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies, reserves, insurance, etc. Said budget shall take into account any projected anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. Upon adoption of such annual budget by the Board of Directors, copies of said budget shall be delivered to each Unit Owner and the assessment for said year shall be established based upon such budget, although the failure to deliver a copy of said budget to each Unit Owner shall not affect the liability of any Unit Owner for such assessment. Should the Board of Directors at any time determine, in its sole discretion that assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessments as it shall deem necessary in accordance with the applicable Condominium Document provisions.
 4. All monies collected by the Association shall be treated as the separate property of said Association, and such monies may be applied by the Association to the payment of any expense of

operating and managing the Condominium by virtue of this Declaration and exhibits attached hereto and as monies for any assessments that are paid to the Association by the owner of a Unit, the same may be commingled with monies paid to said Association by the other Unit Owners. In accordance with the provisions of section 718.111(14), F.S., all funds shall be maintained separately in the association's name. Reserve and operating funds of the association shall not be commingled unless combined for investment purposes. If commingled, reserve funds will be accounted for pursuant to section 718.111(14), F.S. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom, shall be held for the benefit of members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Unit. When the owner of a Unit shall cease to be a member of the Association by reason of the divestment or loss of his ownership of such Unit, by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association, or which may have been paid to said Association by such owner, as all monies which any owner has paid to the Association shall be and constitute an asset of said Association which may be used in the operation and management of the Condominium.

5. The payment of any assessment or installment thereof due the Association shall be in default if such assessment or any installment thereof is not paid to the Association on or before the due date for such payment. When in default, the delinquent assessment or delinquent installment due to the Association shall bear interest at the maximum legal rate until such delinquent assessment or installment and all interest due thereon, has been paid in full. In addition, the Association shall charge an administrative late fee, in an amount of Twenty Five Dollars (\$25) or five percent (5%) of the assessment, whichever is greater, for each delinquent installment that the payment is late.

6. Each Unit Owner shall be personally liable to the Association, jointly and severally, as the case may be, for the payment of all assessments, regular and special, which may be levied by the Association against such party or parties as owners of a Unit in this Condominium. In the event that any owner is in default in the payment of any assessment or installment owed to the Association, such owner shall be personally liable, jointly and severally, for interest and late fees on such delinquent assessment or installment as above provided, and for all costs of collecting such assessment or installment and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

7. No Unit Owner may exempt himself from liability for any assessment levied against such owner and his Unit by waiver of the use of enjoyment of any of the Common Property, or by abandonment of the Unit, or in any other way.

8. Recognizing the necessity for providing proper operation and management of the Condominium entails the continuing payment of costs and expenses therefore, which results in benefits to all the Unit Owners, and that the payment of such Common Expenses by the Association is necessary in order to preserve and protect the investment of the owner and his appurtenant undivided interest in the Common Property, the Association shall be entitled to a lien against Condominium Parcels for delinquent assessments. Said lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each Condominium Parcel, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing the Association. Said lien shall also secure all costs and expenses, including a reasonable attorney's fee incurred by the Association in enforcing this lien upon said Condominium Parcel and its appurtenant undivided interest in the Common Property. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages in the State of Florida. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Condominium Parcel, or who may be given or acquired a mortgage, lien or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association and shall acquire such interest in any Condominium Parcel expressly subject to lien.

9. The lien herein granted to the Association shall be effective from and after the time of recording in the Public Records of Gulf County, Florida, a claim of lien stating the description of the Unit encumbered thereby, the name of the record owner, the name and address of the Association, the amount due, and the date when due. Such claims of lien shall include only assessments, interest, costs and attorney's fees, which are due, and which may accrue after the claim of lien has been recorded. Such claims of lien shall be signed by an officer or agent of the Association. No lien shall continue for a longer period than one year after recording, unless an action to enforce the lien is commenced. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record at the Unit Owner's cost. The claim of lien filed by the Association shall be subordinate to the lien of any mortgage or any other lien recorded prior to the recording of the Association's claim of lien. The Association's claim of lien for collection of such portion of any tax or special assessment shall specifically designate that the same secures an assessment levied pursuant to this Article.

10. The liability of a first mortgagee who acquires title to the Unit by foreclosure or by deed in lieu of foreclosure for the share of Common Expenses or assessments attributable to the Condominium parcel or chargeable to the former Unit Owner shall be only as specified in Section 718.116, Florida Statutes.

Whenever any purchaser of a Unit (other than a first mortgagee as set forth above) obtains title to the Unit, such acquirer of title and his successors and assigns shall be liable for unpaid assessments on the Unit that became due prior to receipt of title.

11. Whenever any Unit may be sold or mortgaged by the owner thereof, which shall be concluded only upon compliance with other provisions of this Declaration, the Association upon written request of the owner of such Unit shall furnish to the property purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by the owner of such Unit. Such statement shall be executed by an officer of the Association. Any purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction and the Association shall be bound by such statement.

In any voluntary conveyance of a Unit, the grantor shall be jointly and severally liable with grantee for all unpaid assessments against grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of grantee to recover from the grantor the amount paid by grantee therefor.

Institution of a suit at law to attempt to effect collection of payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent its thereafter seeking enforcement of the collection by foreclosure of any sums remaining owing to it. Nor shall proceeding by foreclosure to attempt to effect such collection be deemed to be an election precluding the institution of a suit at law to attempt to effect collection of any sum then remaining owing to it.

B. Payment of Personal Property Taxes on Association Property: All personal property taxes levied or assessed against personal property owned by the Association shall be paid by such Association and shall be included as a Common Expense in the annual budget of the Association.

ARTICLE XIX. REMEDIES IN EVENT OF DEFAULT.

Each Unit Owner shall be governed by and shall comply with the provisions of the Condominium Documents as any of the same are now constituted or as they may be amended from time to time. A default by any Unit Owner shall entitle the Association or other Unit Owners to the following relief:

1. Failure to comply with any of the terms of the Condominium Documents as they may be amended shall be grounds for relief which may include, without intending to limit the same, an action to

recover sums due for damages, injunctive relief, foreclosure of a lien, fines as permitted by Florida law, disapproval of a proposed lease of a Unit, or, if appropriate, suit by an aggrieved owner of a Condominium Unit. The procedure for fines is set forth in the Rules and Regulations (Exhibit E).

2. Presently, termination of utility and similar services by the Association is not permitted under Florida law; however, if such action is permitted by Florida law in the future, failure of a Unit Owner to comply with any of the terms of this Declaration or its exhibits, as they may be amended shall permit the Association to terminate utility and similar services to the Unit(s) owned.

3. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expenses are not met by the proceeds of insurance carried by the Association. However, nothing herein contained shall be construed to modify any waiver by insurance companies or rights of subrogation.

4. In any proceeding arising because of an alleged default by any Unit Owner, the prevailing party, shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court.

5. The failure of the Association or of the Unit Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provisions, covenant or condition in the future.

6. All rights, remedies and privileges granted to the Association or a Unit Owner pursuant to any terms, provisions, covenants, or conditions of these Condominium Documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

7. The failure of the Developer and/or the Association to enforce any right, privilege, covenant or condition which may be granted to it by these Condominium Documents shall not constitute a waiver of this right to thereafter enforce such right, provisions, covenant or condition in the future.

8. The failure of an institutional lender, as said term is defined herein, to enforce any right, provision, privilege, covenant or condition which may be granted or reserved to it by these Condominium Documents shall not constitute a waiver of the right of said party to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE XX. NOTICE TO THIRD PARTIES.

All natural persons, corporations and other business associations who shall acquire, by whatever means, any interest in the ownership of any Unit, or who may be given or acquire a mortgage, lien or other encumbrance thereof, are hereby placed on notice of all rights granted and/or reserved unto the Association and/or The Club and other rights and restrictions contained under the provisions of the Condominium Documents, and shall acquire such interest in any Unit expressly subject thereto.

ARTICLE XXI. RIGHT OF UNIT OWNERS OTHER THAN DEVELOPER TO REPRESENTATION ON THE BOARD OF DIRECTORS OF THE ASSOCIATION.

A. When Unit Owners other than the Developer own 15% or more of the Units within the Condominium that will be operated ultimately by the Association, the Unit Owners other than the Developer shall be entitled to elect not less than one-third of the members of the Board of Directors. Unit Owners other than the Developer shall be entitled to elect not less than a majority of the members of the Board of Directors:

- (1) three years after 50% of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
- (2) three months after 90% of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
- (3) when all the Units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business;
- (4) when some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business; or
- (5) seven (7) years after recordation of the Declaration; whichever occurs first. The Developer shall be entitled to elect at least one member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least 5% of the Units within the Condominium operated by the Association. Following the time the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned Units in the same manner as any other Unit Owner except for purposes of reacquiring control of the Association or selecting the majority members of the Board of Directors.

B. Within seventy-five (75) days after the owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call and give not less than sixty (60) days' notice of an election for this purpose. The notice may be given by any owner if the Association fails to do so.

C. If the Developer holds Units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

1. Assessment of the Developer as a Unit Owner for capital improvements.
2. Any action taken by the Association that would be detrimental to the sales of Units by the Developer. However, an increase in assessments for Common Expenses without discrimination against the Developer shall not be deemed detrimental to the sales of Units.

D. Whenever the Developer shall be entitled to designate and select any person to serve on any Board of Directors, the manner in which such person shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws of the Association, and the Developer shall have the right to

remove any person selected by it to act and serve on said Board of Directors and to replace such person with another person to act and serve in the place of any director so removed for the remainder of the unexpired term of any director so removed. Any director designated and selected by the Developer need not be a resident of The Club.

ARTICLE XXII. SIGNS, SALES OFFICE, MODEL UNITS.

With the exception of the sign originally constructed to designate this Condominium and the activities to be conducted within such Condominium, no "sold" or "for sale" or "for rent" signs or other advertising shall be maintained or permitted on Common Elements or on or within Units in the Condominium. The Developer, its successors and assigns, may make such use of the unsold Units and Common Elements as may facilitate such completion and sale, including but not limited to, the maintenance of a sales office and model Units and display of signs on the premises and to advertise, sell, mortgage or otherwise deal with any Unit owned by it without the necessity of obtaining approval of the Board of Directors.

ARTICLE XXIII. SPECIAL AMENDMENT.

In addition to any other method of amending this Declaration provided for elsewhere herein, the Developer reserves the right and power to record a special amendment ("Special Amendment") to this Declaration at any time and from time to time which amends this Declaration: (i) to comply with requirements of the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Department of Housing and Urban Development, the Federal Housing Association, the Veteran's Administration, or any other governmental agency or any other public, quasi-public or private entity which performs (or may in the future perform) functions similar to those currently performed by such entities, (ii) to induce any of such agencies or entities to make, purchase, sell, insure, or guarantee first mortgages covering Units, (iii) to bring this Declaration into compliance with the Florida Condominium Act, or (iv) to correct clerical or typographical errors in this Declaration or any exhibit hereto or any supplement or amendment thereto. In furtherance of the foregoing, a power coupled with an interest is hereby reserved and granted to the Developer to make or consent to a Special Amendment on behalf of each Owner. Each deed, mortgage, trust deed, other evidence of obligation, or other instrument affecting a Unit and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and a consent to the reservation of, the power to the Developer to make, execute and record Special Amendments. The reserved rights of the Developer under this Article shall terminate three (3) years from the date of recording of the Declaration.

ARTICLE XXIV. ACQUISITION OF TITLE TO REAL PROPERTY.

The Association may acquire title to real property, either in fee or as lessee upon the approval of the acquisition by not less than 66-2/3% of the votes of the entire membership of the Association.

IN WITNESS WHEREOF, the Developer has executed this Declaration this ____ day of _____, 2005.

Signed, sealed and delivered
in the presence of:

THE CLUB AT CAPE SAN BLAS, LLC,
a Florida Limited Liability Company

By: **Stone & Company Inc.**
Its Member

Type name: _____

By: _____
Sharon Stone, President

Type name: _____

By: **Forgotten Coast Development Co., LLC,**
Its Member

Type name: _____

By: _____
Kay W. Eubanks, Managing Member

**STATE OF FLORIDA
COUNTY OF BAY**

The foregoing instrument was acknowledged before me this ____ day of _____, 2005,
by SHARON STONE as President of Stone & Company Inc., in her capacity as a member of The Club at
Cape San Blas, LLC, a Florida Limited Liability Company, on behalf of the company.

Notary Signature

Notary Print Name

Personally Known _____
OR Produced Identification _____
Type of Identification Produced _____

**STATE OF FLORIDA
COUNTY OF BAY**

The foregoing instrument was acknowledged before me this ____ day of _____, 2005,
by KAY EUBANKS, in her capacity as the managing member of Forgotten Coast Development Co.,
LLC, a Florida Limited Liability Company, in her capacity as a member of The Club at Cape San Blas,
LLC, a Florida Limited Liability Company, on behalf of the company.

Notary Signature

Notary Print Name

Personally Known _____
OR Produced Identification _____
Type of Identification Produced _____

THIS INSTRUMENT PREPARED BY:
John L. Gioiello, Esq.
John L. Gioiello, P. A.
404 Jenks Avenue
Panama City, Florida 32401

**ADDENDUM TO DECLARATION
JOINDER OF MORTGAGEE**

Compass Bank of Birmingham, Alabama, hereinafter called "Lender", the owner and holder of a mortgage encumbering the property described in Exhibit A of this Declaration of Condominium, which mortgage is that certain mortgage dated this **30th day of June, 2003** and recorded in **Official Records Book 311, Page 213**, of the Public Records of Gulf County, Florida, to the extent it is required to do so under the laws of the State of Florida, join in the making of the foregoing Declaration of Condominium and agree that the lien of said mortgage shall hereafter encumber each and every one of the units as set forth in said Declaration, including, but not limited to, all of the undivided shares of the common elements.

WITNESSES:

COMPASS BANK of BIRMINGHAM

By: **Scott Pulliam**
Its Sr. Vice President

Print Name: _____

By: _____

Print Name: _____

**STATE OF ALABAMA
COUNTY OF JEFFERSON**

BEFORE ME, the undersigned authority, this day personally appeared SCOTT PULLIAM, as Vice President of Compass Bank of Birmingham, Alabama, who is personally known to me or who has produced _____ as proof of identification and who did not take oath, to be the person described in the foregoing instrument, and he acknowledged the execution thereof to be his free act and deed for the uses and purposes therein expressed, on behalf of said corporation.

WITNESS my hand and official seal this ____ day of _____, 2005.

Notary Public Signature
Print Name: _____

My Commission Expires: _____

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT A TO THE DECLARATION OF CONDOMINIUM

LEGAL DESCRIPTION, SITE PLAN AND GRAPHIC DESCRIPTION OF PROPERTY

Legal Description The East 141.00 feet of the West Half of Government Lot 2, Fractional Section 22, Township 9 South, Range 11 West, Gulf County, Florida, lying South of State Road 30-E

Tax ID# 06288-031R

Survey A copy of the actual survey is incorporated by reference and shall be made available by request. The survey attached hereto as Exhibit A has been modified for the purpose of fitting into this document.

EXHIBIT A (continued)
Legal Description & Survey

EXHIBIT A (continued)
Legal Description & Survey

EXHIBIT A (continued)
Legal Description & Survey

SITE PLANS & FLOOR PLANS

Site Plan: A copy of the actual Site Plan is incorporated by reference and shall be made available by request. The Site Plan attached in this Exhibit has been modified for the purpose of fitting into this document.

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT A (continued)
SITE PLANS & FLOOR PLANS

EXHIBIT B TO THE DECLARATION OF CONDOMINIUM
SCHEDULE OF SHARES OF COMMON ELEMENTS

The undivided share of the common elements and surplus appurtenant to each condominium Unit,

THE CLUB AT CAPE SAN BLAS

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DECLARATIONS

and the sharing of liability for common expenses, shall be an equal percentage share of the whole or 1/18.

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM
EXHIBIT C TO THE DECLARATION OF CONDOMINIUM
ARTICLES OF INCORPORATION FOR
THE CLUB AT CAPE SAN BLAS OWNERS' ASSOCIATION, INC.
A NOT FOR PROFIT CORPORATION

ARTICLE I. NAME AND PRINCIPAL PLACE OF BUSINESS

The name of this corporation is THE CLUB AT CAPE SAN BLAS OWNERS' ASSOCIATION, INC., hereinafter called "Association", and its principal place of business initially will be 404 Jenks Avenue, Panama City, Bay County, Florida 32401.

ARTICLE II. PURPOSE

This corporation is organized for the purpose of providing an entity pursuant to Section 718.111, Florida Statutes, for the operation of The Club at Cape San Blas, a condominium located in Gulf County, Florida. The Corporation shall operate as a corporation not for profit. Further, the Association shall operate and maintain any stormwater management system and any stormwater discharge facility exempted or permitted by the Florida Department of Environmental Protection or other state agency on the property of the Association, and shall have all powers necessary to establish rules and regulations, assess members, and contract for services for the maintenance and operation thereof.

ARTICLE III. TERM

The term of the Association shall be the life of the condominium, unless the Association is terminated by the termination of the condominium in accordance with the provisions of the Declaration of Condominium for The Club at Cape San Blas which created this condominium. Upon any such termination, any stormwater management system or discharge facility for which the Association is responsible shall be maintained by local government units, including Gulf County or any municipality, a municipal service taxing unit, an active water control district, a drainage district created by special act, a community development district created under Chapter 190, Florida Statutes, a special assessment district created under Chapter 170, Florida Statutes, a state or federal agency, any duly constituted communication, water, sewer, electrical or other public utility, or any entity acceptable to the Department of Environmental Protection or its successor under its rules and regulations.

ARTICLE IV. INCORPORATOR

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

<u>NAME</u>	<u>ADDRESS</u>
	404 Jenks Avenue, Panama City, Florida 32401.

ARTICLE V. DIRECTORS

1. The affairs of the Association will be managed by a board consisting of the number of directors as shall be determined by the Bylaws, but not less than three directors and in the absence of such determination shall consist of three directors.

2. Directors of the Association shall be elected at the annual meeting of the members in the manner determined by the Bylaws. Directors may be removed and vacancies of the Board of Directors shall be filled in the manner provided in the Bylaws.

3. The Developer shall have the right to appoint all the members of the Board of Directors until Unit Owners other than the Developer own fifteen (15%) percent or more of the Units that will be operated ultimately by the Association. When Unit Owners other than the Developer own fifteen (15%) percent or more of the Units that will be operated ultimately by the Association, the owners other than the Developer shall be entitled to elect not less than one-third (1/3) of the members of the Board of Directors. Unit Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Directors upon the earlier of: (a) Three (3) years after fifty (50%) percent of the Units that will be operated ultimately by the Association have been conveyed to purchasers; (b) three (3) months after ninety (90%) percent of the Units that will be operated ultimately by the Association have been conveyed to purchasers; (c) when all the Units that will be operated ultimately by the Association have been completed, some of them having been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business; or (d) when some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, or (e) seven years after recordation of the declaration of condominium, or in the case of an association which may ultimately operate more than one condominium, seven (7) years after recordation of the declaration for the first condominium it operates. The Developer is entitled to elect at least one (1) member of the Board of Directors as long as the Developer holds for sale in the ordinary course of business at least five (5%) percent of the Units operated by the Association. The Developer may, in its sole discretion, turn over control of the Association to Unit Owners other than the Developer prior to such dates by causing all of its appointed directors to resign, whereupon it shall be the affirmative obligation of Unit Owners other than the Developer to elect directors and assume control of the Association. Within seventy-five (75) days after the Unit Owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call, and give not less than sixty (60) days' notice of an election for the members of the Board of Directors. The election shall proceed as provided in §718.112(2)(d) Florida Statutes. The notice may be given by any Unit owner if the association fails to do so. Upon election of the first Unit owner other than the Developer to the Board of Directors, the Developer shall forward to the Division the name and mailing address of the Unit owner board member. Directors appointed by the Developer need not be Unit Owners.

4. The names of the members of the first Board of Directors who shall hold office until their successors are elected and have qualified, or until removed, are as follows:

NAME

Kay W. Eubanks
Sharon Stone
H. Harrison Parrish

ARTICLE VI. OFFICERS

The affairs of the Association shall be administered by the 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:

NAME

TITLE

Kay W. Eubanks
Sharon Stone
H. Harrison Parrish

Sec./Treas.

President
Vice-President

ARTICLE VII INDEMNIFICATION

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

ARTICLE VIII. BYLAWS

The first Bylaws of the Association shall be adopted by the Board of Directors and may be altered, amended or rescinded in the manner provided by the Bylaws.

ARTICLE IX. AMENDMENTS

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

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

(B) A resolution for the adoption of a proposed amendment may be proposed either by the Board of Directors or by the members of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing provided such approval is delivered to the secretary or assistant secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be by not less than two-thirds (2/3) 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 the condominium operated by the Association.

(D) Provided, further, that no amendment shall abridge, limit or alter the rights reserved by or granted to The Club at Cape San Blas, a condominium, or its developer, The Club at Cape San Blas, LLC, a Florida Limited Liability Company, its successors or assigns, or any successor developer, by these Articles or By-Laws without the prior written consent of The Club at Cape San Blas, a condominium, or its developer, The Club at Cape San Blas, LLC, a Florida Limited Liability Company, its successors or assigns, or a successor developer.

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

ARTICLE X. RESIDENT AGENT

The Association has named JOHN L. GIOIELLO, whose address is 404 Jenks Avenue, Panama City, Florida 32401, as its resident agent to accept service of process within this State.

IN WITNESS WHEREOF, the incorporator has affixed his signature this _____ day of February , 2005.

JOHN L. GIOIELLO

**STATE OF FLORIDA
COUNTY OF BAY**

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by JOHN L. GIOIELLO, who is personally known to me and who has not taken an oath.

Signature

Print Name
Notary
Notary

CERTIFICATE DESIGNATING PLACE OF BUSINESS OR DOMICILE FOR THE SERVICE OF PROCESS WITHIN THIS STATE, NAMING AGENT UPON WHOM PROCESS MAY BE SERVED

In pursuance of Chapter 48.091, Florida Statutes, the following is submitted in compliance with said Act: That The Club at Cape San Blas Owners' Association, Inc., desiring to organize under the laws of the

State of Florida with its principal office, as indicated in Article I hereof at 404 Jenks Avenue, has named JOHN L. GIOIELLO, as its agent to accept service of process within this state.

ACKNOWLEDGMENT:

Having been named to accept service of process for the above-stated corporation, at the place designated in this Certificate, I hereby accept the Act in this capacity, and agree to comply with the provisions of said Act relative to keeping open said office.

JOHN L. GIOIELLO

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM
EXHIBIT D TO THE DECLARATION OF CONDOMINIUM

BYLAWS

OF

THE CLUB AT CAPE SAN BLAS OWNERS' ASSOCIATION, INC.

ARTICLE I

1.1 Name. These are the Bylaws of The Club at Cape San Blas Owners' Association, Inc., called "Association" in these Bylaws, a corporation not for profit under the laws of the State of Florida. The Association has been organized for the purpose of administering a condominium pursuant to Chapter 718, Florida Statutes, called the Condominium Act in these Bylaws.

1.2 Principal Office. The office of the Association shall be 404 Jenks Avenue, Panama City, Florida 32401.

1.3 Fiscal Year. The fiscal year of the Association shall be the calendar year.

1.4 Seal. The seal of the Association shall bear its name, the word, "Florida", the words, "corporation not for profit", and the year of its incorporation.

1.5 Definitions. The words used in these Bylaws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that Declaration of Condominium for The Club at Cape San Blas ("Declaration"), filed in the Office of the Clerk of the Circuit Court, Gulf County, Florida (the "Official Records"), as it may be amended, unless the context indicates otherwise.

ARTICLE II

ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING PROXIES

2.1 Membership. All Unit Owners in The Club at Cape San Blas Condominium shall be members of the Association.

2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board, either within the Properties or as convenient as possible and practical.

2.3 Annual Meetings. The annual members' meeting shall be held at a location determined by the Board in March, April, or May of each year for the purpose of electing directors and transacting any other business authorized to be transacted by the members; provided, however, that if the day is a legal holiday, the meeting shall be held on the next day that is not a holiday. The time and day of all meetings shall be set by the Board. The Board by a majority vote may change the date of the annual meeting.

2.4 Special Meetings. Special members' meetings shall be held whenever called by the president and 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 of the votes of the entire membership. Special meetings for approval of assessments which exceed 115% of assessments for a prior

year and for recall of a Board member may be called as set forth in Sections 718.112(2)(e) and (j), Florida Statutes, respectively.

2.5 Notice of Meetings.

(1) Notice of all members' meetings stating the time and place and an identification of agenda items, shall be given by the president or vice-president or secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than fourteen (14) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings. Adequate notice of members' meetings shall also be posted in a conspicuous place on the Condominium Property at least fourteen (14) continuous days preceding said meeting, except in emergency.

(2) Notice of any meeting where assessments against Unit Owners are to be considered for any reason shall specifically contain the statement that the assessments will be considered and the nature of such assessments.

2.6 Quorum. A quorum at members' meetings shall consist of persons entitled to cast a majority 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 acts of the members, except when approval by a greater number of members is required by the Declaration, the Articles of Incorporation or these Bylaws.

2.7 Voting.

(1) The voting rights of the Members shall be as set forth in the Declaration and in these Bylaws, and such voting rights provisions are specifically incorporated by this reference.

(2) If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit and filed with the secretary of the Association. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by the president or vice-president and attested by the secretary of the corporation and filed with the secretary of the Association. Such certificates shall be valid until revoked or until superseded by a subsequent certificate or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any owner of a Unit. If such a certificate is not of file, the vote of such owners shall not be considered in determining the requirement of a quorum nor for any other purpose.

2.8 Proxies. The use of limited and general proxies shall be permitted as set forth by Florida law. Votes may be cast in person or by proxy. Any proxy given shall be effective only for the specific meeting for which originally given. In no event shall a proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it was given. Every proxy shall be revocable at any time at the pleasure of the Unit Owner executing it. A proxy must be filed with the secretary before the appointed time of the meeting or any adjournment of the meeting for that proxy to be valid.

2.9 Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

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

- (1) Collection of election ballots
- (2) Election of chairman of the meeting.
- (3) Calling of the roll and certifying of proxies.
- (4) Proof of notice of meeting or waiver of notice.
- (5) Reading and disposal of any unapproved minutes.
- (6) Reports of officers.
- (7) Reports of committees.
- (8) Election of Directors.
- (9) Unfinished business.
- (10) New business.
- (11) Adjournment.

2.11 Parliamentary Rules. "Roberts' Rules of Order" (latest edition) shall govern the conduct of Association meetings when not in conflict with the Declaration of Condominium, Articles of Incorporation and these Bylaws.

ARTICLE III BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

3.1 Purpose and Composition of the Board. The affairs of the Association shall be managed by a Board of Directors of not less than three, nor more than nine, directors, the exact number to be determined by the Board of Directors from time to time. The term of office for all directors elected at each annual meeting shall be two year terms. At each annual meeting, elections shall be held to elect directors to replace those whose terms have expired, with an odd number of directors being elected in odd years, and an even number of directors elected in even years. All directors shall continue in office after the expiration of their terms until the director's successor is duly elected and qualified, except in the event of earlier resignation, removal or disqualification.

The term of each director's service shall extend for two years until the annual meeting of the members at which his term expires and subsequently until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided.

3.2 Nomination, Election and Removal 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) The election shall be written ballot or voting machine. Proxies shall in no event be used in electing the Board of Directors in general elections. However, limited proxies may be used pursuant to the provisions of Rule 61B-23.0026(2)(d), F.A.C. for elections to fill vacancies caused by recall. Not less than 60 days before a scheduled election, the Association shall mail or deliver, whether by separate Association mailing or included in another Association mailing or delivery including regularly published newsletters, to each Unit Owner entitled to vote, a first notice of the date of the election. Any Unit Owner desiring to be a candidate for the Board of Directors shall give written notice to the secretary of the Association not less than forty (40) days before a scheduled election. Together with the written notice and agenda for the annual meeting, the Association shall then mail or deliver a second notice of the meeting to all Unit Owners entitled to vote therein, together with a ballot which shall list all candidates. Upon request of a candidate, the Association shall include an information sheet, no larger than 8.5 inches by 11 inches furnished by the candidate, to be included with the mailing of the ballot, with the costs of mailing and

copying to be borne by the Association. Elections shall be decided by a plurality of those ballots cast. There shall be no quorum requirement. However, at least 20 percent of the eligible voters must cast a ballot in order to have a valid election of members of the Board of Directors.

(c) Vacancies Except as to vacancies provided by removal of directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining directors.

(d) Removal. Any director may be removed by concurrence of a majority of the votes of the entire membership at a special meeting of the members called for that purpose, or by agreement in writing as provided for in Section 718.112(2)(j), F.S. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meetings. The initial directors named in the Articles or any director elected by the Developer may be removed only by the Developer.

3.3 Directors During Developer Control Period. Notwithstanding anything to the contrary contained in this Article, the Board shall consist of three (3) directors during the period that the Developer is entitled to appoint a majority of the directors, as hereinafter provided. The first Board as appointed by the Developer shall hold office and serve until their successors have been elected and qualified as hereinafter provided, and the first Board shall consist of those persons set forth in the Articles of Incorporation. The Developer shall have the right to appoint all the members of the Board until Unit Owners other than the Developer own fifteen (15%) percent or more of the Units that will be operated ultimately by the Association. When Unit Owners other than the Developer own fifteen (15%) percent or more of the Units that will be operated ultimately by the Association, the owners other than the Developer shall be entitled to elect not less than one-third (1/3) of the members of the Board of Directors. Unit Owners other than the Developer are entitled to elect not less than a majority of the members of the Board upon the earlier of: (a) three (3) years after fifty (50%) percent of the Units that will be operated ultimately by the Association have been conveyed to purchasers; (b) three (3) months after ninety (90%) percent of the Units that will be operated ultimately by the Association have been conveyed to purchasers; (c) when all the Units that will be operated ultimately by the Association have been completed, some of them having been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business; or (d) when some of the Units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, or (e) seven (7) years after recordation of the Declaration . The Developer is entitled to elect at least one (1) member of the Board as long as the Developer holds for sale in the ordinary course of business at least five (5%) percent of the Units operated by the Association. The Developer may, in its sole discretion, turn over control of the Association to Unit Owners other than the Developer prior to such dates by causing all of its appointed directors to resign, whereupon it shall be the affirmative obligation of Unit Owners other than the Developer to elect directors and assume control of the Association. Within seventy-five (75) days after the Unit Owners other than the Developer are entitled to elect a member or members of the Board, the Association shall call, and give not less than sixty (60) days' notice of an election for the members of the Board. The election shall proceed as provided in §718.112(2)(d) Florida Statutes. The notice may be given by any Unit Owner if the Association fails to do so. Upon election of the first Unit Owner other than the Developer to the Board, the Developer shall forward to the Division the name and mailing address of the Unit Owner Board member. Directors appointed by the Developer need not be Unit Owners.

3.4 Organizational Meeting. The organizational meeting of the newly elected Board shall be held within ten (10) days of their election at such place and time as shall be fixed by the Board at the meeting at which they were elected. Adequate notice of this meeting date, including an identification of agenda items, shall be conspicuously posted on the condominium property at least forty-eight (48) continuous hours prior to the meetings.

3.5 Regular Meetings. Regular meetings of the Board 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 facsimile transmission, at least forty-eight (48) hours prior to the day named for the meeting.

3.6 Special Meeting. Special meetings of the Board of 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 forty-eight (48) hours notice of the meeting shall be given personally, or by mail, telephone or facsimile transmission, which notice shall state the time, place and purpose of the meeting.

3.7 Notice of Meetings. All meetings are open to all Unit Owners. Except in emergencies, notice shall be conspicuously posted at least forty-eight (48) continuous hours prior to the meetings. Any meeting regarding assessments against Unit Owners shall specifically state said fact on this notice.

3.8 Waiver of Notice. Any director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

3.9 Quorum. A quorum at a Board meeting shall consist of a majority of the entire Board. 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, except when approval by a greater number of directors is required by the Declaration, the Articles of Incorporation or these Bylaws.

3.10 Adjourned Meetings. If at any meeting of the Board of Directors there be 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.

3.11 Joinder in a Meeting By Approval of Minutes. The written joinder of a board member may not be utilized as a vote for or against any action taken at a meeting that the member did not attend and may not be used for the purpose of establishing a quorum.

3.12 Conduct of Meetings.

(a) The presiding officer of Board 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.

(b) The order of business at directors' meetings shall be:

- (1) Calling of the roll.
- (2) Proof of due notice of meeting.
- (3) Reading and disposal of any unapproved minutes.
- (4) Reports of officers and committees.
- (5) Election of officers.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

(c) Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.13 Compensation of Directors. Directors' fees, if any, shall be determined by the members.

3.14 Powers and Duties of the Board of Directors.

(a) Powers. All of the powers and duties of the Association existing under the Condominium Act, Declaration, Articles of Incorporation and these Bylaws shall be exercised exclusively by the Board, its agents, contractor or employees, subject only to approval by Unit Owners when such is specifically required.

(b) Duties. The duties of the Board shall include, without limitation:

(i) preparation and adoption, in accordance with the Declaration , of an annual budget establishing each Owner's share of the Common Expenses;

(ii) levying and collecting such assessments from the Owners;

(iii) providing for the operation, care, upkeep and maintenance of the Common Property;

(iv) designating, hiring and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(v) depositing all funds received on behalf of the Association in a bank account which it shall approve and using such funds to operate the Association; provided, any reserve fund may be deposited, in the Board's best business judgment, in depositories other than banks;

(vi) making and amending use restrictions and rules in accordance with the Declaration ;

(vii) opening of bank accounts on behalf of the Association and designating the signatories required;

(viii) making or contracting for the making of repairs, additions and improvements to or alternations of the Common Property in accordance with the Declaration and these Bylaws;

(ix) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules of the Association and bringing any proceedings which may be instituted on behalf of or against the Unit Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action. Any such determination shall not be construed as a waiver of the right to enforce such provision under other circumstances or estop the Association from enforcing any other covenant, restriction or rule;

(x) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof and filing and adjusting claims, as appropriate;

(xi) paying the cost of all services rendered to the Association;

(xii) keeping books with detailed accounts of the receipts and expenditures of the Association;

(xiii) making available to any prospective purchaser of a Unit, any Owner and the holders, insurers and guarantors of any Mortgage of any Unit, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules and all other books, records and financial statements of the Association, as provided in Section 6.4;

(xiv) permitting utility suppliers to use portions of the Common Property reasonably necessary to the ongoing development or operation of the Properties;

(xv) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required under Florida law, the Articles of Incorporation, the Declaration; and

(xvi) assisting in the resolution of disputes between Owners and other without litigation, as set forth in the Declaration .

ARTICLE IV OFFICERS

4.1 Officers. The executive officers of the Association shall be a president, who shall be a director, a vice-president, who shall be a director, a treasurer and secretary, all of whom shall be elected annually by the Board of Directors and who may be peremptorily removed by vote of the directors at any meeting. Any person may hold one or more offices except that the president shall not be also the 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 required to manage the affairs of the Association.

(a) President. The president shall be the chief executive officer of the Association. He shall have all of the powers and duties usually vested in the office of a 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 corporation.

(b) Vice President. The vice president in the absence or disability of the president, shall exercise the powers and perform the duties of the president. He also shall assist the president generally and exercise such other powers and perform such other duties as shall be prescribed by the Board of Directors.

(c) Secretary. The secretary shall keep the minutes of all proceedings of directors and members. He shall attend to the giving and serving of all notices to the members and directors and other notices required by law. He shall have custody of the seal of the Association and affix it to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the treasurer. He shall perform all other duties incident to the office of secretary of an Association, and as may be required by the Board of Directors or the president.

(d) Treasurer. The treasurer shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices. He shall perform all other duties incident to the office of treasurer.

4.2 Indemnification. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding or settlement of any proceeding to which he may be a part 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 gross negligence or willful misconduct in the performance of his duties; provided, that in the event of a settlement, the indemnification shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE V FISCAL MANAGEMENT

5.1 Fiscal Management. The provisions for fiscal management of the Association set forth in the

Declaration and Articles of Incorporation shall be supplemented by the following provisions:

(a) The receipt and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be Common Expenses:

(i) 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 the fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year.

(ii) Reserve for capital expenditures and deferred maintenance, which shall include funds for maintenance items that occur less frequently than annually, including but not limited to roof replacement, building painting, and resurfacing of paved areas.

(iii) Reserve for replacement, which shall include funds for repair or replacement required because of damage, depreciation or obsolescence.

(iv) Property improvements, 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 Property.

(v) Operations, which shall include the gross revenue from the use of the common property. 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 expense in the year following the year in which the surplus is realized. Losses from such operations shall be met by special assessments against Unit Owners, which assessments may be made in advance in order to provide a working fund.

5.2 Budget. The Board of Directors shall adopt a budget for each calendar year that shall include the estimated funds required to defray the common expense and to provide and maintain funds for the foregoing accounts and reserves according to good accounting practices. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 2 preceding the year for which the budget is made. If the budget is amended substantially, a copy of the amended budget shall be furnished to each member.

5.3. Assessments. Assessments against the Unit Owners for their shares of the items of the budget shall be made for the calendar year annually in advance on or before December 20 preceding the year for which the assessments are made. Such assessments shall be due in quarterly or monthly installments, as may be determined by the Board of Directors. If an assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment, and payments on such assessment shall be due and payable in the same manner as the prior assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board.

5.4 Acceleration of Assessment Installments Upon Default. If a Unit Owner shall be in default in the payment of an installment upon an assessment, the Board may accelerate the installments of the assessment due for the remainder of the budget year upon the filing of a lien.

5.5 Assessments for Emergencies. A special assessment for Common Expenses for emergencies that cannot be paid from the annual assessments for common expenses due to the unavailability of funds shall be made only after notice to the Unit Owners of a regular or special Board meeting to address the need for such special assessment. After such notice and upon approval of the special assessment by a majority of the Board present at a meeting at which a quorum is present, the special assessment shall become effective, and it shall be due after thirty (30) days notice in such manner as the Board may require

in the notice of assessment.

5.6 Depository of the Association. The depository of the Association shall be such bank or banks as shall be designated from time to time by the directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such account shall only be by checks signed by such persons as are authorized by the Board of Directors.

ARTICLE VI AMENDMENTS

These Bylaws may be amended in the same manner as is provided in the Articles for the amendment to said Articles. No amendment shall be made which will conflict with the Declaration . No amendment shall be effective until a copy certified by the Association as having been properly adopted has been recorded in the public records of the county in which the Condominium is located.

ARTICLE VII DISPUTE RESOLUTION

As required by Florida law, the Association shall participate in mandatory non-binding arbitration as provided for in Section 718.1255, Florida Statutes, as it may be amended.

ARTICLE VIII ENFORCEMENT

8.1 Generally. The Association is empowered to exercise all such rights to impose sanctions for violations of the Declaration, these Bylaws and the Rules of the Association as are described in the Declaration.

8.2 Fines. In the event the Association shall at any time decide to impose a fine against the owner of a Unit, or its occupant, licensee or invitee, from failure to abide by any provision of the Declaration , these By-Laws, or rules of the Association, the following shall be applicable:

- (a) No fine will become a lien against a Unit.
- (b) No fine may exceed One Hundred Dollars (\$100) per violation, however, a fine may be levied on the basis of each day of a continuing violation with a single notice and opportunity for hearing, provided that no such fine shall in the aggregate exceed One Thousand Dollars (\$1,000).
- (c) The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:
 - (i) A statement of the date, time and place of the hearing;
 - (ii) A statement of the provisions of the Declaration, Association By-Laws, or Association Rules which have allegedly been violated; and
 - (iii) A short and plain statement of the matters asserted by the Association.
- (d) The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association.
- (e) The hearing must be held before a committee of other Unit Owners. If the committee does not agree with the fine, the fine may not be levied.
- (f) The provisions of this section do not apply to unoccupied Units.

ARTICLE IX
MISCELLANEOUS

A certificate of compliance from a licensed electrical contractor or electrician may be accepted by the Board of Directors as evidence of compliance on the Units with the Condominium Fire and Life Safety Code.

The foregoing were adopted as the Bylaws of The Club at Cape San Blas Owners' Association, Inc., a corporation not for profit under the laws of the State of Florida at the first meeting of the Board of Directors on this _____ day of _____, 2005.

_____(Seal)
Secretary

Approved:

_____(Seal)
President

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT E TO THE DECLARATION OF CONDOMINIUM

RULES AND REGULATIONS

1. Automobiles may be parked only in the areas provided or assigned for that purpose.
2. Use of recreational facilities and Common Property will be in such manner as to respect the rights of other Unit Owners. Use of particular recreational facilities will be controlled by regulations to be issued from time to time, but in general, such use will be prohibited between the hours of 10:00 p.m. Eastern Standard Time and 8:00 a.m. Eastern Standard Time.
3. No radio or television antenna or any wiring for any purpose shall be installed on the exterior of a building without the written consent of the Association.
4. Any owner may identify the Unit with a name plate of a type and size approved by the Association and mounted in a place and manner approved by the Association. No other signs may be displayed except signs of the Developer pending construction and sale of the Units.
5. The balconies, terraces and exterior stairways shall be used only for the purpose intended and shall not be used for hanging garments or other objects, or for cleaning of rugs and other household items, or for the cooking of food by any method, including but not limited to a charcoal grill or gas grill.
6. Unit Owners are reminded that alteration and repair of unit buildings is the responsibility of the Association except for the interior of Units. No work of any kind is to be done upon exterior building walls or upon interior boundary walls without first obtaining the approval required by the Supplement.
7. Common household pets are permitted to be kept by Unit Owners (and shall not be kept by guests or tenants) but shall not be kept in such number as to be an annoyance to other Unit Owners. All pets must be held, or kept leashed and under the control of a responsible party at all times that they are in the Common Property. All owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of their pets. Should a Unit Owner fail to clean up after his pet, the Association shall perform that service and bill the Unit Owner accordingly. The Association reserves the right to designate specific areas within the Common Property, if any, where pets may be walked on leashed by their owners. The Association further reserves the right to adopt and enforce additional pet regulations necessary to ensure that pets are not and do not become a nuisance, and demand that a member permanently remove any and all pets which create disturbances and annoyances from the Condominium Property.
8. No owner may make or permit any disturbing noises in the building whether made by himself, his family, friends or servants, nor do or permit anything to be done by such persons that will interfere with the rights, comforts or convenience of other tenants. No owner may play or suffer to be played any musical instrument, phonograph, stereo, radio or television set in his Unit between the hours of 10:00 p.m. Eastern Standard Time and the following 8:00 a.m. Eastern Standard Time, if the same shall disturb or annoy other occupants of the Condominium.

Notwithstanding the above, the Developer shall retain the right to use a Unit as a sales office and to erect signs, have sales persons and access to the property as may be required for sales purposes. These rights are set forth in Article XXI of the Declaration.

9. Each Unit is restricted to residential use by only the owner thereof, his immediate family, guests, invitees or lessees. Such Unit may be rented on a daily or longer basis.

RULES OF PARKING

10. Passenger cars and pick-up trucks only may utilize the parking facilities. No large trucks, boats and/or trailers, motor homes, or any other vehicles other than those cited in Paragraph 10 may use parking facilities without prior written approval of the Board of Directors or its designee. All such vehicles which were initially designed and manufactured to be self-propelled with an individual engine must be in operating condition in order to be parked in any designated parking space and no designated parking space shall be used as a site to store, repair, and/or overhaul any such vehicle. This restriction, with respect to parking, does not apply to the Developer in the performance of activities authorized by the Declaration and does not apply to commercial vehicles, machines, and equipment required to perform construction, maintenance, refurbishing, or repair services to a unit or a building for the period of time necessary for such construction, maintenance, refurbishing, or repair.

FINES

11. In the event the Association shall at any time decide to impose a fine against the owner of a Unit, or its occupant, licensee or invitee, from failure to abide by any provision of the Declaration, these By-Laws, or rules of the Association, the following shall be applicable:

- (a) No fine will become a lien against a Unit.
- (b) No fine may exceed \$100 per violation, however, a fine may be levied on the basis of each day of a continuing violation with a single notice and opportunity for hearing, provided that no such fine shall in the aggregate exceed \$1,000.
- (c) The party against whom the fine is sought to be levied shall be afforded an opportunity for hearing after reasonable notice of not less than fourteen (14) days and said notice shall include:
 - (i) A statement of the date, time and place of the hearing;
 - (ii) A statement of the provisions of the Declaration, Association By-Laws, or Association rules which have allegedly been violated; and
 - (iii) A short and plain statement of the matters asserted by the Association.
- (d) The party against whom the fine may be levied shall have an opportunity to respond, to present evidence, and to provide written and oral argument on all issues involved and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Association.
- (e) The hearing must be held before a committee of other Unit Owners. If the committee does not agree with the fine, the fine may not be levied.
- (f) The provisions of this section do not apply to unoccupied Units.

12. The Association reserves the right to change, amend, delete and/or waive any of the rules set forth herein.

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM
EXHIBIT F TO THE DECLARATION OF CONDOMINIUM
ESTIMATED OPERATING BUDGET

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT 3

PURCHASE AGREEMENT

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

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

Whereas, The Club at Cape San Blas, LLC, a Florida Limited Liability Company, herein called the Seller, whose mailing address is 710 Highway 98, Post Office Box 98710, Mexico Beach, Florida 32456 is developer of The Club at Cape San Blas, a Condominium, hereinafter described, and Purchaser desires to purchase the condominium Unit hereinafter described from the Seller.

It is therefore agreed as follows:

1. **PURCHASE**

Purchaser's Names: _____

Permanent Address: _____ Phone: _____

City: _____ State: _____ Zip Code: _____

SSN: _____ SSN: _____

Local Address: _____ Phone: _____

City: _____ State: _____ Zip Code: _____

Additional Purchaser's Names: _____

Permanent Address: _____ Phone: _____

City: _____ State: _____ Zip Code: _____

SSN: _____ SSN: _____

hereinafter called "Purchaser", hereby agrees to purchase Condominium Unit No. _____ for the following price and payable as described:

RICE:

\$

OTAL PRICE:

\$

The Price will be paid as follows:

A) Initial reservation deposit applied to deposit payments (if applicable)

\$ _____

B) Deposit/Additional deposit due with execution of Purchase Agreement.

\$ _____

_____ (C) Additional deposit due on or before

\$ _____

D) Balance due at closing (not including closing costs)

\$ _____

2. ESCROW. All payments made by Purchaser under this Agreement prior to closing, hereafter called "the deposit payments" shall be deposited and held in escrow with John L. Gioiello, P.A., 404 Jenks Avenue, Panama City, Florida 32401, herein called "Escrow Agent", pursuant to the terms and conditions of the Escrow Agreement attached as Exhibit 4 to the Prospectus. The Purchaser shall receive a receipt for his deposit payments from the Escrow Agent. Any interest earned on the deposit payments will be applied to the Price at closing to Purchaser's benefit.

3. DOCUMENTS. The documents required by Florida Statutes §718.503 to be furnished by Seller to Purchaser are referred to in this paragraph and have been filed with the appropriate public authorities prior to the execution of this agreement. The Purchaser hereby acknowledges receipt of the documents referred to in this paragraph and acknowledges that Purchaser has read and understood, or had ample opportunity to read and understand, each and every document and that the particulars of Purchaser's interest in the condominium are governed by said documents. The documents are as follows:

- (A) The Prospectus
- (B) The Declaration of Covenants, Conditions and Restrictions creating The Club at Cape San Blas, ("Declaration of Condominium") and its exhibits thereto, consisting of the Legal Description, the Survey, Plot Plan and Graphic Descriptions, the Percentage of ownership in common elements, share in common expenses and share of common surplus, Articles of Incorporation of The Club at Cape San Blas Owners' Association, Inc., the By-Laws of The Club at Cape San Blas Owners' Association, Inc., the Rules and Regulations.
- (C) Purchase Agreement
- (D) Escrow Agreement
- (E) Proposed Condominium Warranty Deed
- (F) Estimated Closing Expenses
- (G) Estimated Operating Budget

Purchaser and Seller acknowledge that the Purchaser's receipt of these documents will be reflected on the standard receipt form required pursuant to Rule 61B-18.004, F.A.C. and that this section will not serve in lieu of that prescribed form.

4. CLOSING DATE. The closing date, time, and place of closing shall be specified in a written notice given by Seller to Purchaser. The notice shall not be given less than ten (10) days prior to the date specified in the notice as the Closing date and the Closing date shall not be prior to completion of the Unit. The issuance of a *Certificate of Occupancy* by Gulf County, Florida, or any other governmental agency authorized to issue such *Certificates of Occupancy* or *Completion*, or the approval of the building department if a *Certificate of Occupancy* is not normally issued by Gulf County, shall be binding upon the parties as to whether said unit has been completed. Such closing shall occur at the offices of John L. Gioiello, P.A. in Panama City, Florida, or at such other place in Gulf County as may be specified by the Seller.

Notwithstanding the foregoing, in compliance with the requirements of the Interstate Land Sales Full Disclosure Act, the Seller acknowledges that although the Seller has agreed to complete the condominium Unit as provided above, it has an absolute obligation to complete and deliver the Unit to Purchaser within not more than twenty-four months from the date of execution of this Purchase Agreement by Purchaser. Provided, however, the twenty-four month period may be extended due to delays caused by acts outside

Seller's control, including without limitation, acts of God, inability to obtain labor or materials, inclement weather, strikes or other delays in construction caused by matters over which the Seller has no control.

5. CLOSING. The closing shall be effected in the following manner:

- (A) The balance of the purchase price shall be paid according to the terms of this Agreement.

(B) Title to the condominium Unit shall be conveyed by Warranty Deed subject only to the following exceptions:

- (i) Taxes for the year in which the sale is closed;
- (ii) The conditions, covenants and agreements contained in the instruments and documents referred to in paragraph 4 hereof, including without limitation the Declaration of Condominium.
- (iii) Reservations, restrictions and easements now of record or hereafter granted by Seller, zoning and other governmental regulations, and the usual exceptions' contained in an owner's policy of title insurance issued by a title insurance company transacting business in Gulf County, Florida.

(C) Ad valorem taxes, prepaid insurance premiums, and prepaid assessments of The Club at Cape San Blas Owners' Association, Inc., will be prorated to the date upon which Seller is ready to close this sale according to the terms of this Agreement.

(D)

- (i) The Seller shall pay the cost of an owner's title insurance policy and the real estate commission payable on the sale. Developer's attorney shall close all sales from the Seller and shall provide the required title insurance.
- (ii) The Purchaser shall pay all other closing costs including, without limitation, the documentary stamps required on the Warranty Deed, all costs pertaining to any financing obtained by Purchaser, the closing attorney's fee of \$200, a Letter of Credit fee of \$150, if applicable, and an escrow management fee not to exceed \$100. The Seller will furnish a mortgagee title policy at a cost of \$175.00 to the Purchaser. At time of closing, the Purchaser shall contribute to the Condominium Association a sum equal to two (2) months assessments which does not constitute a prepayment of the condominium assessments, but is instead to provide a working capital fund to provide a means of reimbursement to the Seller for prepaid deposits and expenses made on behalf of the Association.

(E) Purchaser shall have a reasonable opportunity to inspect the Unit, accompanied by an agent for Seller, before closing. After inspection and before closing, the parties will prepare and sign a list ("punch list") of any noted defects in workmanship or materials. Any necessary minor repairs or "touch ups" will be made by Seller without cost to Purchaser. If the items are warranty items, the service provider designated in the relevant warranty shall be responsible for completion of the item. The closing will not be delayed because of any of these items unless they prevent the occupancy of the Unit. Purchaser agrees not to hold back any part of the purchase price or place conditions on closing because of defects or minor repairs which are not customarily completed prior to closing and occupancy.

6. DEFAULT.

(A) By Purchaser. Should Purchaser fail to close this transaction as provided herein, or to perform any of Purchaser's other obligations hereunder, time being of the essence of this Agreement, Seller may, at Seller's option and as Seller's sole and exclusive remedy, either: (i) terminate this Agreement by notice to Purchaser, whereupon Purchaser's deposit (including any interest earned thereon) shall be paid to Seller as liquidated, agreed damages (and not as a penalty) for Purchaser's default, and the parties shall have no further rights or obligations hereunder, or (ii) seek specific performance of Purchaser's obligations under this Agreement.

(B) By Seller. Should Seller fail to close this transaction as provided above or to perform any of Seller's other obligations hereunder, time being of the essence of this Agreement, Purchaser may obtain

an immediate refund of all deposits paid by Purchaser, plus accrued interest earned thereon, without waiving any remedy available to Purchaser at law or in equity.

(C) If Purchaser defaults by failing to close within ten (10) days of written notice after completion of construction but still desires to close the sale and the Seller agrees, in writing, to extend the closing date to on or before a date certain, then, and in that event, interest shall be payable to Seller in addition to the purchase price. Said interest shall accrue from the date on which the closing was scheduled by notice from Seller to Purchaser and shall accrue until the actual closing date. The interest shall be the same rate of interest which Developer is at that time paying on the outstanding construction loan funds, and shall be calculated on the full purchase price of the unit.

(D) Costs and Attorney Fees. In the event of a dispute under this Agreement, the prevailing party shall be entitled to receive its costs of enforcement, including reasonable attorney fees, whether or not suit be brought.

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

8. DEVELOPER WARRANTY. Except as provided by Section 718.203, Florida Statutes, Seller has not made and hereby expressly disclaims any and all implied warranties regarding the property as to its material workmanship or capacity, including implied warranties of merchantability and fitness for a particular purpose.

9. INSULATION DISCLOSURE. The insulation in the roof of the condominium Unit will be batt insulation and will, according to the manufacturer, yield an R-value of 30; the insulation in the interior walls will be sound batt insulation, installed on one side of the double stud wall and has not been given an R value by the manufacturer. The insulation in the exterior wall will be batt insulation, and will, according to the manufacturer, yield an R-value of 19. Purchaser acknowledges that this R-value information is based solely upon information supplied by the manufacturer or installer, and Seller does not represent or warrant the accuracy of this information. Purchaser acknowledges that R-value may vary based upon normal construction variances in insulation thickness and openings in the walls.

10. ASSIGNMENT. Purchaser may not assign this Agreement or the Purchaser's rights hereunder unless such assignment is approved, in writing, by Seller in Seller's sole and absolute discretion, and then only upon such terms and conditions as may be established by Seller. Any assignment or transfer of Purchaser's rights and interest hereunder not so approved by Seller shall be deemed to be a default of Purchaser under this Agreement. Seller shall have the right to assign its right under this Agreement to a mortgage lender as additional security, and there shall be no restrictions on Seller's ability to assign its obligations and rights under this Agreement to any third party.

11. SELLING AGENT. Purchaser represents to Seller that the only sales agent with whom the Purchaser has dealt in connection herewith, if any, is Coldwell Bank-Forgotten Coast Realty, and Seller agrees to pay the commission earned by the sales agent or broker (if any) pursuant to separate agreement. The Purchaser agrees to save, defend, indemnify and hold harmless the Seller from any and all loss or liability or claim including reasonable attorney's fees resulting from or arising out of any claim against the Seller by any real estate broker or sales agent other than the broker or sales agent whose name appears above, who claims to have dealt with the Purchaser in connection herewith.

12. PROJECTIONS. All projections of costs or expenses contained within this Agreement including but not limited to the estimated operating budget for the residential condominium Units and the

Association are estimates based upon the past experience of the Seller and its advisers. The actual amount of said payments, costs and expenses may vary from the estimates depending upon future economic conditions.

13. PURCHASER'S REPRESENTATIONS. The Purchaser represents to the Seller as follows:

(A) The subject condominium Unit has been purchased by the Purchaser for residential purposes and has not been offered and sold with an emphasis on the economic benefits to Purchaser to be derived from the managerial efforts of others.

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

(C) There has been no offering of a rental or similar arrangement whereby Purchaser must hold his Unit available for rental for any period of the year, must use an exclusive rental agent, or is otherwise materially restricted in occupancy or rental of his Unit.

(D) The Purchaser may decide to rent, or not to rent, and may use the rental agent of his choice or no rental agent and may enter into a non-pooled rental arrangement with other owners, if other owners desire to enter into such an arrangement on terms that are mutually agreeable. However, there has been no representation made to the Purchaser that there will be other owners who desire to enter into such rental arrangements.

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

Purchaser may wish to contact the EPA to obtain a copy of Publication OPA-86005, "Radon Reduction Methods: A Homeowner's Guide" or other publications dealing with radon gas which the EPA has made available.

It is understood and agreed by Purchaser that Seller makes no representations of any kind about the present or future existence of radon gas, or about acceptable levels of radon gas in or around the property being purchased. Further, Purchaser understands that the Seller does not make any warranty, express or implied, including but not limited to, warranties of good workmanship, habitability, merchantability, and fitness for a particular purpose regarding radon gas as it relates to the property being purchased. Purchaser releases Seller from any present or future claims or liability it may ever have of any kind against Seller, in any way related to the existence of radon gas in or around the property being purchased, including but not limited to any expenses Purchaser may incur in any radon reduction methods that Purchaser may pursue if elevated levels of radon gas should ever occur.

15. SUBORDINATION. Purchaser hereby subordinates all of its right, title and interest in and to the condominium Unit arising by virtue of this Purchase Agreement to the lien of any mortgage which may be executed by Seller to acquire, develop or construct the condominium Unit.

16. CONTRACT NOT RECORDABLE; BINDING AGREEMENT. Neither this Contract nor any notice thereof shall be recorded in any Public Records; to do so is a substantive breach of this Contract.

This Agreement shall be binding upon the parties hereto and their respective heirs, legal representatives, successors, distributees and assigns, as the case may be.

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

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

19. CONSTRUCTION OF AGREEMENT. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida. The date this Agreement is executed by Seller shall be deemed to be the date of this Agreement for all purposes. If any term, covenant or condition of this Agreement shall, to any extent, be invalid or unenforceable for any reason whatsoever, the remainder of this Agreement shall not be affected thereby, and each term, covenant, and condition hereof shall be valid and enforceable to the fullest extent permitted by law. The captions and headings throughout this Agreement are for the convenience of reference only and the words contained therein shall in no way be deemed to define, limit, or modify the interpretation or meaning of any provision of this Agreement. No failure by either party to exercise any power given such party hereunder or to insist upon strict compliance by the other party with its obligations hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of either party's rights to demand exact compliance with the terms hereof. Time is of the essence of this Agreement.

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

21. MORTGAGEE'S RIGHT TO CURE. Notwithstanding any contrary provision in this Purchase Agreement, Purchaser hereby covenants and agrees that Seller shall not be deemed to be in default under this Agreement unless and until Purchaser has first given written notice of Seller's default to the holder of any mortgage encumbering the Condominium Project and/or its appurtenant land (whether such mortgage is executed before or after this Agreement) and such default is not cured within a reasonable time (but in no event less than thirty (30) days) after the receipt of such written notice by the holder of such mortgage.

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

23. CANCELLATION. THIS AGREEMENT IS VOIDABLE BY PURCHASER'S DELIVERING WRITTEN NOTICE OF THE PURCHASER'S INTENTION TO CANCEL

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

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

Witnesses as to Purchasers:

PURCHASER(S):

Date executed by Purchaser: _____

SELLER:

Witnesses as to Seller:

THE CLUB AT CAPE SAN BLAS,
LLC, a Florida Limited Liability Company

By: _____
Kay Eubanks, Managing Member

Date executed by Seller: _____

LETTER OF CREDIT RIDER

The undersigned acknowledge that Escrow Agent charges a fee of up to \$175.00 in the event that a letter of credit is accepted in lieu of the cash earnest money deposit referenced in this Agreement. In the event a letter of credit is accepted by Seller it will represent the first 10% of the earnest money required by this Agreement.

Print Name:

Print Name:

Letter of Credit Agreement

This agreement is an addendum to the primary Purchase Agreement executed between the parties for the Purchase of The Club at Cape San Blas Unit _____. The Purchaser has requested that the Seller authorize them to utilize a letter of credit as a substitute for the first ten percent of the twenty percent cash Deposit due at the execution of the contract. The Seller hereby agrees to allow the use of the letter of credit (“LOC”) with the following understandings and restrictions:

1. The construction lender (Compass Bank) for the project shall have full and sole discretion to accept or reject any letter of credit presented for consideration under this addendum and/or to request additional financial information from the Purchaser if they are purchasing more than one unit..
2. All letters of credit shall adhere to the form which has been provided to Purchaser as the model letter of credit.
3. The Escrow Agent will retain the executed LOC and credit its face amount towards the first ten percent of the required deposit. The remaining ten percent shall be paid in cash or certified funds and shall be retained as provided for in paragraph 2 of the Purchase Agreement. No interest will be credited to the Purchaser for the portion of the Deposit amount represented by the LOC.
4. All LOC’s shall remain effective for no less than 24 months from the date of issuance and the date of issuance shall be no earlier than the effective date of the Purchase Agreement.
5. Within thirty (30) days after Compass Bank requests, the expiration date of any letter of credit which has been provided as part of the earnest money deposit will be extended to at least thirty (30) days after the anticipated closing date as determined by Compass Bank from time to time. If I do not comply with this sentence, Compass Bank may require the escrow agent to convert the letter of credit to a cash earnest money deposit.

Signed this ____ day of _____, 2004.

PURCHASER

SELLER

The Club at Cape San Blas, LLC

Printed Name:

By

: _____
Kay Eubanks, Managing Member

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT 4

ESCROW AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2005, by and between John L. Gioiello, P.A., whose principal address is 404 Jenks Avenue, Panama City, Florida 32401("Escrow Agent"), and The Club at Cape San Blas, LLC, a Florida Limited Liability Company, whose principal address is 710 Highway 98, HC3 Box 98710, Mexico Beach, Florida 32456 ("Developer").

WITNESSETH:

WHEREAS, Developer proposes to construct and develop a condominium project to be located in Gulf County, Florida to be known as The Club at Cape San Blas, a Condominium, (the "Condominium"); and

WHEREAS, Developer intends to enter into contracts for sale and purchase of Units in said Condominium ("Contracts"); and

WHEREAS, Developer desires to make arrangements to escrow a portion of the deposit ("Deposit") on Contracts; and

WHEREAS, Escrow Agent has consented to hold all payments it receives pursuant to the terms and provisions hereof;

NOW, THEREFORE, the Escrow Agent and the Developer agree as follows:

1. From time to time, Developer will deliver checks payable to Escrow Agent, which will represent all or a portion of deposits on Contracts, together with a copy of each executed Contract.
2. Upon request, Escrow Agent shall give the Purchasers under said Contracts a receipt for such Deposits in accordance with the requirements of Section 718.202, Florida Statutes.
3. Escrow Agent shall, subject to funds clearing, disburse the Purchaser's Deposit on Contracts escrowed hereunder together with interest thereon, if any, in accordance with the following:
 - a. To the Purchaser within a reasonable time period after the receipt of the Developer's written certification that the Purchaser has properly terminated his Contract.
 - b. To the Developer within a reasonable time period after the receipt of the Developer's written certification that the Purchaser's Contract has been terminated by reason of the Purchaser's failure to cure a default in performance of Purchaser's obligations thereunder.
 - c. The Deposit of a Purchaser which has not been previously disbursed in accordance with the provisions of 3(a) and 3(b) above, shall be disbursed to the closing agent at closing to be credited against the total purchase price paid by Purchaser.
 - d. The Escrow Agent shall at any time make distribution of the Purchaser's Deposit upon a

contract upon written direction duly executed by the Developer and Purchaser.

e. Deposits which are in excess of 10% of the sales price received prior to completion of construction shall be held in a special escrow account and may be disbursed pursuant to the requirements of Section 718.202, Florida Statutes. Developer will identify all deposits in excess of 10%.

4. The Escrow Agent shall invest Deposits in only securities of the United States or any agency thereof or in accounts in institutions, the deposits of which are insured by an agency of the United States or as shall be permitted under Section 718.202, Florida Statutes. Escrow Agent is authorized to hold all deposits in money market accounts in local banks.

5. The Escrow Agent may act in reliance upon any writing or instrument or signature which it, in good faith, believes to be genuine, may assume that any person purporting to give any writing, notice, advice or instructions in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent shall not be liable in any manner for the sufficiency or correctness as to form, manner and execution, or validity of any instrument deposited in this escrow, nor as to the identity, authority or right of any person executing the same; and its duties hereunder shall be limited to the safekeeping of such certificates, monies, instruments or other documents received by it as such escrow holder, and for the disposition of the same in accordance with the written instruments accepted by it as the Escrow Agent.

6. Developer hereby agrees to indemnify the Escrow Agent and hold it harmless from any and all claims, liabilities, losses, actions, suits or proceedings at law or in equity, or any other expense, fees, or charges of any character or nature, which it may incur or with which it may be threatened by reason of its acting as Escrow Agent under this Agreement; and in connection therewith, to indemnify the Escrow Agent against any and all expenses, including attorney's fees and the cost of defending any action, suit or proceeding or resisting any claim. The Escrow Agent shall be vested with a lien on all funds which are deliverable to Developer under the terms of this Agreement, for indemnification, for attorneys fees, court expense, fees or charges of any character or nature, which may be incurred by said Escrow Agent by reason of disputes arising between the Developer, any Purchaser and/or Escrow Agent as to the correct interpretation of this Agreement and/or instructions given to the Escrow Agent hereunder, or otherwise, with the right of said Escrow Agent, regardless of the instructions aforesaid, to hold the said property until and unless said additional expenses, fees and charges shall be fully paid.

7. If any two parties shall be in disagreement about the interpretation of this Escrow Agreement, or about the rights and obligations, or the property, or any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, at its sole discretion, file an action in interpleader to resolve the dispute between Developer and Purchaser. The Escrow Agent shall be indemnified by Developer for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action and shall be fully protected in suspending all or part of its activities under this Agreement until a final judgment in the interpleader action is received.

8. The Escrow Agent may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it and hereunder in good faith and in accordance with the opinion of such counsel. The Escrow Agent shall otherwise not be liable for any mistakes of fact or error of judgment, or for any acts or omissions of any kind unless caused by its willful misconduct or gross negligence.

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

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

11. The rights created by this Agreement shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns of the Escrow Agent and Developer.

12. The Escrow Agent shall be reimbursed by Developer for the costs and expenses including attorney's fees incurred in connection with administering any and all its rights and obligations under this Agreement.

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

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

WITNESSES:

DEVELOPER:

THE CLUB AT CAPE SAN BLAS,
LLC, a Florida limited liability company

Kay Eubanks, Managing Member

Date: _____

ESCROW AGENT:

JOHN L. GIOIELLO, P.A.

By: _____
John L. Gioiello
Its President

Date: _____

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT 5

"RECEIPT FOR CONDOMINIUM DOCUMENTS"

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

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

ADDRESS OF CONDOMINIUM: 197 Cape Pointe Drive
Port St. Joe, Florida 32456

An "X" has been placed in the column by each document delivered or, for the plans and specifications, made available for inspection.

If an item does not apply, a "N/A" appears in the column.

<u>DOCUMENT</u>	<u>RECEIVED</u>
Prospectus Text	X
Declaration of Condominium	X
Articles of Incorporation	X
By-Laws	X
Estimated Operating Budget	X
Form of Agreement for Sale or Lease	X
Rules and Regulations	X
Covenants and Restrictions	N/A
Ground Lease	N/A
Management and Maintenance Contracts for More Than One Year	N/A

	Renewable Management Contracts
	N/A
Lease of Recreational and Other Facilities to be Used Exclusively by Unit Owners of Subject Condominiums	N/A
Form of Unit Lease if Leasehold	N/A
Declaration of Servitude	N/A
Sales Brochures	N/A
Lease of Recreational and Other Facilities to be Used by Unit owners with other condos (See 718.503 (1)(b)8)	N/A
Description of Management of Single Management for Multiple Condominiums (See 718.503(1)(b)11)	N/A
Conversion Inspection Report	N/A
Conversion Termite Inspection Report	N/A
Plot Plan	X
Floor Plan	X
Survey of Land and Graphic Description of Improvements	X
Executed Escrow Agreement	X
Plans and Specifications	Made Available

Question and Answer Sheet

X

Developer's Fee Simple Evidence

X

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

Executed this ___ day of _____, 2005.

Purchaser

Purchaser

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT 6

FREQUENTLY ASKED QUESTIONS AND ANSWERS SHEET

As of _____
The Club at Cape San Blas Owners' Association, Inc.

Q: What are my voting rights in the condominium association?

A: Each Unit shall be entitled to a voting interest of one vote. If a Unit is owned by two or more persons, is under lease, or is owned by a corporation, a certificate as required by the Bylaws must be filed with the Association secretary designating the person entitled to vote for the Unit. Such voting rights are further detailed in Article VI of the Declaration and Article 2.7 of the Bylaws.

Q: What restrictions exist in the condominium documents on my rights to use my Unit?

A: Use is restricted to residential purposes, must be in compliance with all governmental regulations, and shall not constitute a nuisance. The unit may be put to no use that would increase the Associations insurance costs, without prior written consent, and no structural changes may be made within a unit without prior written consent. Common household pets are permitted to be kept by unit owners (and shall not be kept by guests or tenants) but shall not be kept in such number as to be an annoyance to other unit owners. All pets must be held, or kept leashed and under the control of a responsible party at all times that they are in the common property. All owners of pets shall be held strictly responsible to immediately collect and properly dispose of the wastes and litter of their pets. Should a unit owner fail to clean up after his pet, the Association shall perform that service and bill the unit owner accordingly. The Association reserves the right to designate specific areas within the common elements, if any, where pets may be walked on leashed by their owners. The Association further reserves the right to adopt and enforce additional pet regulations necessary to ensure that pets are not and do not become a nuisance, and demand that a member permanently remove any and all pets which create disturbances and annoyances from the condominium property. Such restriction are further detailed in Article XIII of the Declaration.

Q: What restrictions exist in the condominium documents on the leasing of my unit?

A: The unit may be leased for residential purposes only. The use restrictions and rules and regulations for the condominium apply to lessees and others authorized to use the unit. The documents grant to the Association the right to sue owners or lessees who violate the use restrictions or rules and regulations. Such restrictions are further detailed in Article XIII of the Declaration.

Q: How much are my assessments to the condominium association for my unit type and when are they due?

A: The current monthly assessment for each unit is estimated to be \$367.56 per unit without reserves, and \$437.46 per unit with reserves. Assessments are payable in monthly installments, or at the times as may be determined by the Board.

Q: Do I have to be a member in any other association? If so, what is the name of the association and what are my voting rights in this association? Also, how much are my assessments?

A: No.

Q: Am I required to pay rent or land use fees for recreational or other commonly used facilities? If so, how much am I obligated to pay annually?

A: No - not applicable.

Q: Is the condominium association or other mandatory membership association involved in any court cases in which it may face liability in excess of \$100,000? If so, identify each such case.

A: No - not applicable

NOTE: THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A

PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, EXHIBITS HERETO, THE SALES CONTRACT, AND THE CONDOMINIUM DOCUMENTS.

THE CLUB AT CAPE SAN BLAS, A CONDOMINIUM

EXHIBIT 7

EVIDENCE OF OWNERSHIP

JOHN L. GIOIELLO, P.A.
ATTORNEY AND COUNSELOR AT LAW
JOHN L. GIOIELLO, ESQUIRE

Street Address:
404 Jenks Avenue
Panama City, FL 32401
Telephone: (850) 763-9006

Mailing Address:
P.O. Box 1987
Panama City, FL 32402
Facsimile: (850) 785-8624

January 18, 2005

State of Florida
Department of Business and Professional Regulation
Bureau of Standards and Registration
Fuller Warren Building
201 West Bloxam Street
Tallahassee, FL 32301

Re: The Club at Cape San Blas, a Condominium
The Club at Cape San Blas, LLC
PR69890

To Whom It May Concern:

As required by the rules of the Division, the undersigned certifies, based upon review of the Public Records of Gulf County, Florida, that the Developer identified as The Club at Cape San Blas, LLC owns fee simple title to the property in Gulf County, Florida on which the project known as The Club at Cape San Blas is to be located.

Very Truly Yours,

JOHN L. GIOIELLO, P.A.

John L. Gioiello

JLG/em