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BY-LAWS
of
THE SUNDESTIN INTERNATIONAL
CONDOMINIUM OWNERS' ASSOCIATION, INC.

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BY-LAWS
OF
THE SUNDESTIN INTERNATIONAL
CONDOMINIUM OWNERS' ASSOCIATION, INC.
A Florida Corporation Not For Profit

ARTICLE I. - IDENTITY

These are the By-Laws of THE SUNDESTIN INTERNATIONAL CONDOMINIUM OWNERS' ASSOCIATION, INC., hereafter referred to as the "Association," a non-profit corporation, provided for in Chapter 718, Florida Statutes, for the purpose of administering Sundestin International, A Condominium.

1.1 Office. The office of the Association shall be at the site of the Condominium or such other place as may be designated by the Board of Directors.

1.2 Seal. The seal of the corporation shall bear the name of the corporation, the word "Florida," the words "Corporation Not For Profit," and the year of incorporation.

ARTICLE II. - MEMBERS

2.1 Qualification. the members of the Association shall consist of all of the record owners of units in the Condominium.

2.2 Change of Membership. Change of membership in the Association shall be established by recording in the Public Record of Okaloosa County, Florida, a deed or other instrument establishing a record title to a unit in the Condominium and the delivery to the Association of a copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

2.3 Voting Rights. The owner of each unit shall be entitled to one vote for each unit owned, notwithstanding the percentage share of common elements appurtenant to his unit or units, as a member of the Association, and the manner of exercising such voting rights shall be determined by these By-Laws. The term "majority" as used in these By-Laws and other Condominium instruments in reference to voting by Unit Owners, Association members, and the Board of Directors, means more than fifty (50%) percent.

2.4 Voting Certification. If a unit is owned by one person, his right to vote shall be established by the record title to this unit. If a unit is owned by more than one person, the person entitled to cast a vote for the unit shall be designated by a certificate signed by all of the Association. If such a certificate is not on file, the vote of such unit shall not be considered for any purpose whatsoever. If a unit is owned by a corporation, the person entitled to

cast the vote for the unit shall be designated by a certificate of appointment signed by the President or Vice-President and attested by the Secretary of the Association. Such certificate 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 thereof.

2.5 Approval or Disapproval of Matters. Whenever the decision of a Unit Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such owner if at the Association meeting, unless the joinder of record owners is specifically required by the Declaration or these By-Laws.

2.6 Restraint Upon Assignment of Shares in Assets. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated, or transferred in any manner except as an appurtenance to his unit.

ARTICLE III. - MEMBERS' MEETING

3.1 Annual Members' Meeting. The annual members' meeting shall be held at the office of the Association, at such date and time as shall be designated by the Board of Directors for the purpose of electing directors and of transacting any other business authorized to be transacted by the members; provided, however, if that day is a legal holiday, the meeting shall be held at the same hour on the next day. The annual meeting may be waived by a unanimous agreement of the members in writing.

3.2 Notice of Annual Members' Meeting. Notice of the annual members' meeting stating the time and place and the objects for which the meeting is called shall be given unless waived in writing. Such notice shall be in writing and furnished to each member not less than fourteen (14) days nor more than sixty (60) days in advance of the date of the meeting. The notice to each member shall be furnished by mailing the same by certified mail to each member at his address as it appears on the books of the Association. Proof of such mailing shall be given by the Post Office Certificate of Mailing which shall be retained by the Association. Notice of meetings may be waived either before or after the meeting in writing. If assessments against Unit Owners are to be considered for any reason at such annual meeting, the notice shall specifically contain a statement that assessments will be considered and the nature of the assessments.

3.3 Special Members' Meeting. Special members' meetings shall be held whenever called by the President or by a majority of the Board of Directors and must be called by such directors upon receipt of a written request from members entitled to cast a majority of the votes of the entire membership.

3.4 Notice of Special Members' Meeting. Except in the event of an emergency, notice of a special meeting stating

the time, place, and object thereof, shall be served upon or mailed to each member entitled to vote thereat, at such address as appears on the books of the Association, at least five (5) days prior to such meeting. Notice of a special meeting may be waived either before or after the meeting, in writing. If assessments against Unit Owners are to be considered for any reason at a special meeting, the notice shall specifically contain a statement that assessments will be considered and the nature of such assessments.

3.5 Quorum. A quorum at members' meetings shall consist of those persons present in person or by proxy at a duly called meeting. The acts approved by a majority of those present shall constitute the acts of the members, except when approval by a greater number of members is required by the Declaration of Condominium, the Articles of Incorporation, or these By-Laws. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall not constitute the presence of such member for the purpose of determining a quorum.

3.6 Proxies. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote and shall be valid only for the specific meeting for which originally given and any lawfully adjourned meetings thereof. In no event shall any proxy be valid for a period longer than ninety (90) days after the date of the first meeting for which it is given. Every proxy shall be revocable at any time at the pleasure of the Unit Owner executing it. Proxies shall be filed with the Secretary before the appointed time of the meeting.

3.7 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.

3.8 Order of Business. The Order of Business at annual members' meetings, and as far as practical at all other members' meetings, shall be:

- (a) Calling of the roll and certifying of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of disposal of any unapproved minutes.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Elections.
- (g) Unfinished business.
- (h) Adjournment.

ARTICLE IV - BOARD OF DIRECTORS

4.1 Membership. The affairs of the Association shall be managed by a Board of Directors as set forth in the Articles of Incorporation. Each Director shall be a person entitled to cast a vote in the Association, except as provided in Section 4.2(d) of these By-Laws.

4.2 Election of Directors.

(a) Members of the Board of Directors shall be elected by a majority vote of the owners present in person or by proxy at the annual meeting of the members of the Association, and entitled to vote.

(b) Except as to vacancies provided by removal of Directors by members, vacancies on the Board of Directors occurring between annual meetings of the members shall be filled by the remaining Directors. Notwithstanding the foregoing, the Developer shall have the right to fill any vacancies caused by death or resignation of a Developer-appointed Director, except vacancies occurring to facilitate transfer of Association control to Unit Owners as provided below.

(c) Any Director not designated by the Developer may be removed by the vote or agreement in writing of a majority of all of the members of the Association. A special meeting may be called by members holding ten percent (10%) of the votes of the Unit Owners for that purpose. Notice shall be given or waived as provided herein for special members' meetings. The vacancy on the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(d) Notwithstanding any of the foregoing, the Developer shall be vested with the power to designate the initial Board of Directors and such other Directors as set forth in Section 4.2(d)(1) below and their successors until the first election of all Board members by the Association members other than the Developer. Any member of the initial Board of Directors must be an owner of a unit in the Condominium unless designated by the Developer either as a member of the initial Board of Directors or otherwise. Unless the Developer has elected to transfer control of the Association to the owners at an earlier date, the Developer shall transfer control of the Association to the Unit Owners as provided in the following formula.

The members of the Association, other than the Developer, will be entitled to elect one Director to replace a Developer-appointed Director after fifteen percent (15%) of the units have been sold. The members of the Association, other than the Developer, shall have the right to elect a majority of the Board of Directors either (a) within three years after such time as fifty percent (50%) of the units have been sold or (b) within three months after such time as ninety percent (90%) of the units shall have been sold, or (c) when some of the units have been conveyed to purchasers and none of the others are being offered for sale by the Developer in the ordinary course of business, whichever of

these three events (a), (b), or (c) shall first occur. Provided, however, that so long as the Developer shall hold at least five percent (5%) of the units for sale in the ordinary course of business, the Developer shall be entitled to elect at least one (1) Board member. For purposes of this By-Law, the date of sale shall be the date when the deed has been recorded in the Public Records of Okaloosa County, Florida, and when the Developer has received the funds to which he is entitled for the sale.

4.3 Election and Term of Office. Except for Directors named by the Developer, the term of office of one (1) member of the Board of Directors shall be fixed at three (3) years, the term of office of one (1) member of the Board of Directors shall be fixed at two (2) years, and the term of office of one (1) member of the Board of Directors shall be fixed at one (1) year. The first Board of Directors shall be elected simultaneously with one ballot or election. The person receiving the highest number of votes shall be elected for the three-year term. The person receiving the next highest number of votes shall be elected for the two-year term. The person receiving the third highest number of votes shall be elected for the one-year term. At the expiration of the initial term of office of each respective member of the Board of Directors, his successor shall be elected to serve for a term of three (3) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

4.4 Organizational Meeting. The organizational meeting of a newly elected Board of Directors shall be held within ten (10) days of their election at such place and time as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary.

4.5 Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph at least three (3) days prior to the day named for such meeting. Notice of such meetings shall be posted conspicuously on the Condominium property at least 48 hours in advance.

4.6 Special Meeting. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of two-thirds (2/3) of the Directors. Except in an emergency, not less than three (3) days notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place, and purpose of the meeting. Except in an emergency, notice of such meeting shall be posted on the Condominium property at least 48 hours in advance.

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

4.8 Quorum. A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The

acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the act of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Condominium or these By-Laws.

4.9 Adjourned Meeting. If at any meetings 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 which might have been transacted at the meeting as originally called may be transacted without further notice.

4.10 Joinder in Meeting by approval of Minutes. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall not constitute the presence of that Director for the purpose of determining a quorum.

4.11 Directors' Meetings. Meetings of the Board of Directors shall be open to all Unit Owners, and notices of such meetings shall be posted conspicuously forty-eight (48) hours in advance of such meetings for the attention of Unit Owners, except in an emergency.

4.12 Presiding Officer. The presiding officer of Directors' meetings shall be the President. In the absence of the President, the Directors present shall designate one of their number to preside.

4.13 Directors' Fees. Directors' fees, if any, shall be determined by the members of the Association; provided, Directors designated by the Developer shall never, under any circumstances, be entitled to Directors' fees.

ARTICLE V. - POWERS AND DUTIES OF BOARD OF DIRECTORS

All of the powers and duties of the Association existing under the Condominium Act, Declaration of Condominium, Articles of Incorporation, and these By-Laws shall be exercised exclusively by the Board of Directors, its agents, contractors, or employees, subject only to approval by Unit Owners when such is specifically required. Such powers and duties of the Directors shall include, but not be limited to, the following, subject, however, to the provisions of the Declaration of Condominium, Articles of Incorporation, and these By-Laws:

5.1. Assess. To make and collect assessments against members to defray the costs and expenses of the Condominium.

5.2. Disburse. To use the proceeds from assessments in the exercise of its powers and duties.

5.3. Maintain. To maintain, repair, replace, and operate the Condominium property.

5.4. Insure. To purchase insurance upon the Condominium property and insurance for the protection of the Association and its members.

5.5 Reconstruct. To reconstruct improvements after casualty and further improve the Condominium property.

5.6 Regulate. To make and amend reasonable rules and regulations respecting the use of the property in the Condominium as provided in Article IX of the Declaration of Condominium.

5.7 Management Contract. May contract for the maintenance, management, or operation of the Condominium property and to authorize a manager to perform such matters on its behalf as the submission of proposals, collection of assessments, preparation of records, enforcement of rules and maintenance, repair, and replacement of the common elements with funds as shall be made available for the Association for such purposes. The Association and its officers shall, however, retain at all times the powers and duties granted by the Declaration of Condominium, the Articles of Incorporation, these By-Laws, and the Condominium Act, including, but not limited to, the making of assessments, promulgation of rules, and execution of contracts on behalf of the Association.

5.8 Payment of Liens. To pay taxes, assessments, and fines which are liens against any part of the Condominium property other than individual units unless the individual unit is owned by the Association and to assess the same against the units subject to such liens.

5.9 Enforcement. To enforce by legal means provisions of the Condominium Act, the Declaration of Condominium, the Articles of Incorporation, the By-Laws, and the regulations for the use of the property in the Condominium. In the event that the Board of Directors determines that any Unit Owner is in violation of any provision of the Condominium Act, the Declaration, Articles, By-Laws, or Rules and Regulations, the Board or agent of the Board designated for that purpose, shall notify the Unit Owner of the nature of the violation. If said violation is not cured within five (5) days, or if said violation consists of acts or conduct by the Unit Owner, and such acts or conduct are repeated, the Board may take such action, consistent with the terms and provisions of this Declaration, the Articles of Incorporation, By-Laws, Rules and Regulations, and the Condominium Act as it deems appropriate.

5.10 Utilities. To pay the cost of all power, water, sewer, and other utility services rendered to the Condominium and not separately billed to Unit Owners.

5.11 Employment. To employ personnel for reasonable compensation to perform the services required for proper administration of the purposes of the Association.

5.12 Record of Mortgages of Units. To maintain a book or other written record of all holders of mortgages upon each unit. The holder of each mortgage shall be designated as either a mortgagee or not, as the case may be. Each Unit Owner must notify the Association of any mortgage on his unit, and the name and address of the mortgagee, within five (5) days after entering into a mortgage on his unit. This

record shall be open to inspection by Unit Owners and mortgagees during normal business hours.

ARTICLE VI. - OFFICERS

6.1 Officers and Election. The executive officers of the Association shall be a President, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be preemptorily removed by vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the board shall find necessary to properly manage the affairs of the Association.

6.2 President. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of an Association, including, but not limited to, the power to appoint committees from among the members from time to time, as he may in his discretion determine appropriate, to assist in the conduct of the affairs of the Association. He shall serve as Chairman of the Board and members' meetings.

6.3 Secretary. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an Association and as may be required by the Directors or the President. The duties of the Secretary may be fulfilled by a manager employed by the Association.

6.4 Treasurer. The Treasurer shall have custody of all property of the Association, including funds, securities, and evidences of indebtedness. He shall keep the books of the Association in accordance with good accounting practices and provide for collection of assessment; and he shall perform all other duties incident to the office of Treasurer. The duties of the Treasurer may be fulfilled by a manager employed by the Association.

6.5 Compensation. The compensation, if any, of all officers shall be fixed by the members at their annual meeting. No officer who is a designee of the Developer shall receive any compensation for his services as such.

6.6 Indemnification and Insurance of Directors and Officers. 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 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 in such cases wherein the Director or officer is

adjudged guilty of willful misfeasance or malfeasance in the performance of these duties. 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. The Board of Directors may, and shall, if reasonably available, purchase liability insurance to insure all Directors, officers, or agents, past and present against all expenses and liabilities as set forth above. The premiums for such insurance shall be paid by the Unit Owners as a part of the common expense.

ARTICLE VII. - FISCAL MANAGEMENT

The provisions for fiscal management of the Association set forth in the Declaration of Condominium shall be supplemented by the following provisions:

7.1 Accounts. The receipts and expenditures of the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Current Expenses. Current expenses shall include all receipt and expenditures to be made within the year for which the receipts are budgeted and may include a reasonable allowance for contingencies and working funds. The balance in assessments for current expense for the succeeding year or to fund reserves.

(b) Reserves. The following reserves shall be established by the Board of Directors:

(1) Reserves for Deferred Maintenance and Capital Expenditures. Reserves for deferred maintenance and capital expenditures shall include, but shall not be limited to, funds for roof replacement, building painting and pavement resurfacing. The amount to be reserved shall be computed by means of a formula which is based upon estimated life and estimated replacement cost of each item. Such reserves may be eliminated from the budget, or reduced, for a particular fiscal year if members of the Association vote to do so in a duly called meeting of the Association, by a majority vote.

The following reserves may be established in the discretion of the Board of Directors. Any or no amount may be budgeted for such reserves, in the sole discretion of the Board of Directors:

(i) Reserve for Taxes and Other Contingencies. Reserve for taxes and other contingencies shall include funds to be used to pay taxes, the exact amount of which may not be known when the reserve fund is established, and to pay for other contingencies.

(ii) Betterments. Reserve for betterments shall include funds to be used for capital expenditures for additional improvements or additional personal property that will be part of the common elements.

(c) Other Accounts. The Board of Directors shall establish and maintain such other accounts as required by the Condominium Act.

7.2 Budget. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray the current expenses and shall provide funds for the foregoing reserves, except as otherwise provided.

(a) A copy of a proposed annual budget of common expenses shall be mailed to the Unit Owners not less than thirty (30) days prior to the meeting of the Board of Directors at which the budget will be considered. The Unit Owners shall also be given written notice of the time and place at which the meeting shall be held, and such meeting shall be open to the Unit Owners. If a budget is adopted by the Board of Directors which requires assessment against the Unit Owners in any fiscal year exceeding 115% of the assessments for the preceding year, upon written application to the Board of Directors of ten percent (10%) of all the Unit Owners, a special meeting shall be held upon not less than ten (10) days' written notice to each Unit Owner, but within thirty (30) days of the delivery of such application. At this special meeting, Unit Owners may consider and enact a revision of the budget. The revision of the budget shall require a vote of not less than a majority of the votes of all Unit Owners. The Board of Directors may in any event propose a budget to the Unit Owners at a meeting of members or in writing, and if such budget or proposed budget be approved by the Unit Owners at the meeting, or by a majority of all Unit Owners in writing, such budget shall not thereafter be reexamined by the Unit Owners in the manner hereinabove set forth. In determining whether assessments exceed 115% of similar assessments in prior years, there shall be excluded from the computation any authorized provisions for reasonable reserves to repair or replace any of the Condominium property, anticipated expenses by the Association which are not anticipated to be incurred on a regular basis, or assessments for betterments of the Condominium property. Provision for common expenses shall be mailed to the Unit Owners not less than thirty (30) days prior to the meeting of the Board of Directors at which the budget will be considered. The Unit Owners shall also be given written notice of the time and place at which the meeting shall be held, and such meeting shall be open to the Unit Owners. Provided, however, that so long as the Developer is in control of the Board of Directors, the Board shall not impose an assessment for a year greater than 115% of the prior calendar year's assessment without approval of a majority of the Unit Owners.

7.3 Excess Assessments in Fiscal Year. Recognizing that it is extremely difficult to adopt a budget for each calendar year that exactly coincides with the actual expenses during that year, the Board of Directors, at the annual meeting of Unit Owners, shall report the amount, if any, by which assessments for the preceding fiscal year to date have exceeded the expenditures of the Association. Such excess shall be applied automatically by vote of seventy-five percent (75%) of those present in person or by proxy, vote to return the excess to the Unit Owners in the same percentages

as the percentage of ownership of the common elements appurtenant to each unit.

7.4 Assessments. Assessments against the Unit Owners for their shares of the items of the budget shall be made in advance on or before ten (10) days preceding the year for which the assessments are made. Such assessments shall be due in twelve (12) equal monthly payments, one of which shall come due on the first day of each month of the year for which the assessments are made. If any annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment and monthly payments thereon shall be due upon the first day of each month until changed by an amended assessment. In the event the annual assessment proves to be insufficient, the budget and assessments may be amended at any time by the Board of Directors. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due on the first day of the month next succeeding the month in which such amended assessment is made or otherwise provided by the Board of Directors. The first assessment shall be determined by the first Board of Directors of the Association.

7.5 Acceleration of Assessment Installments Upon Default. If Unit Owner does not pay an installment of an assessment due to the Association within thirty (30) days from the time it becomes due, the Unit Owner shall be deemed to be in default. Upon such default, the Board of Directors may accelerate the remaining installments of the assessment upon notice to the Unit Owner, and then all unpaid installments shall become due upon the date stated in the notice to the Unit Owner. Thereafter, the Association may enforce its lien for assessments in accordance with the terms of the Declaration of Condominium and of applicable law.

7.6 Assessments for Emergencies. Assessments for common expenses for emergencies that cannot be paid form the annual assessments for common expenses shall be made only after notice of the need for such is given to the Unit Owners. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the Unit Owners, the assessment shall become effective, and it shall be due after thirty (30) days notice in such manner as the Board of Directors of the Association may require in the notice of assessment.

7.7 Additional Assessments. The Declaration and the Articles of Incorporation provide that the corporation has the power to acquire the ownership of property, real and personal, enter into lease or leasehold agreements, covering real or personal property, acquire memberships or other possessory or use interests and the expenses of mortgage payments, lease payments, rents, taxes, fees, operation, maintenance, replacements, and other undertakings in connection therewith are to be treated as common expenses and are to be provided for in the annual budget. Additional assessments may be made, upon affirmative vote of a majority of the Unit Owners, to establish reserves for capital improvements. Such funds are to be earmarked for specific

capital improvements and are to be considered as contributions or capital.

7.8 Legal Actions, Requirement to Notify Unit Owners. 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.

7.9 Depository. The depository of the Association will be such banks or savings and loan associations as shall be designated from time to time by the Board of Directors and in which the withdrawal of monies from such accounts shall be only by checks signed by those persons authorized by the Board of Directors. Provided, however, that the provisions of this section may be superseded by the terms of a management agreement entered into by the Association.

7.10 Audit. An audit of the accounts of the Association shall be made annually by a public accountant, and a copy of the audit report shall be furnished to each member not later than one hundred twenty (120) days following the end of the fiscal year for which the audit is made.

7.11 Fidelity Bonds. Fidelity bonds shall be required by the Board of Directors from all persons handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums for such bonds shall be paid by the Association.

7.12 Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors from time to time.

ARTICLE VIII. - PARKING

The Developer has the right to assign parking spaces with the sale of each unit. The Developer's right to assign parking spaces shall continue until the Developer sells the last Condominium unit. Thereafter the Association shall have the right to assign and control all unassigned parking spaces so long as the Association does not interfere with, alter, or change the previously made Developer's assignments. Parking spaces may be transferred and swapped only among the various Unit Owners, but every unit must at all times have one parking space which is assigned to it exclusively and the right to which shall be transferrable at the time of the sale or transfer of the unit. Maintenance of the parking area is declared to be a common expense. Thereafter, the Association shall have the right to assign additional parking spaces to a unit.

8.1 Assignment of Parking Spaces. The Association shall maintain a book for the purpose of listing each assignee of each parking space and the transfers thereof (the "Book"). Upon assignment of such parking space, the

Developer shall cause the Association to record the transfer in the Book. Upon conveyance of, or passing of, title to the unit to which the said assignment of parking space has been made, the owner of the unit making the conveyance of title shall execute a notice of transfer to the Association and record the transfer in the Book. The same procedure shall be followed in the event of a trade of spaces.

ARTICLE IX. - PARLIAMENTARY RULES

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

ARTICLE X. - MAINTENANCE, ALTERATION,
AND IMPROVEMENT OF CONDOMINIUM PROPERTY

Responsibility for the maintenance of the Condominium property, and restrictions upon its alterations and improvements shall be as follows:

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

(a) All common elements and limited common elements, except as otherwise provided herein.

(b) All portions of a Condominium unit, except interior surfaces, contributing to the support of the apartment building, which portions shall include, but not be limited to, load-bearing columns and load-bearing walls.

(c) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services contained in the portions of a Condominium unit that service part or parts of the Condominium other than the Condominium unit within which contained.

(d) All incidental damage caused to a Condominium unit by reason of maintenance, repair, and replacement accomplished pursuant to the provisions of 4.1(a), (b), and (c) above.

To facility and carry out the obligations of the Association for maintenance, repair, and replacement as set forth above, there is reserved unto the Association the right to enter in and upon any unit at any reasonable time.

10.2 By the Condominium Unit Owner. The responsibility of the Condominium Unit Owner for maintenance, repair, and replacement shall be as follows:

(a) To maintain, repair, and replace at his expense all portions of his Condominium unit except the portions to be maintained, repaired, and replaced by the Association. Included within the responsibility of the Condominium Unit Owner shall be windows, screens, and doors opening into or onto his Condominium unit; all air

conditioning and heating equipment, all stoves, refrigerators, fans, and other appliances or equipment including fixtures and/or their connections required to provide water, light, power, telephone, sewage, and sanitary service to the particular unit. All such maintenance, repairs, and replacement shall be done without disturbing the rights of other Condominium Unit Owners.

(b) To not paint or otherwise decorate or change the appearance of any portion of the exterior of the apartment buildings without the prior approval, in writing, of the majority of the Board of Administration.

(c) If entitled to the exclusive use of an area designated as a limited common element appurtenant to his unit, to be reasonable for the upkeep and cleanliness of said area, except parking areas (if any) which shall be maintained by the Association.

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

10.3 Architectural Control Committee. Except for the original construction and except for purposes of proper maintenance and repair or as otherwise in this Declaration provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, plant, remove, or construct any lighting, shades, screens, awnings, patio cover, decorations, fences, sprinkler line, parking spaces, hedges, landscaping features, walls, aerials, antennae, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, fireplaces, or to make any changes or otherwise alter (including any alteration in color), in any manner whatsoever the exterior of any Dwelling Unit, or upon any of the common areas within the project or to remove or alter any windows or exterior doors of any Dwelling Unit, materially increase the cost of operating or insuring the Association property or impair any easement, until the complete plans and specifications showing the location, nature, shape, height, form of change (including, without limitation, any other information specified by the Board of Administration or its designated committee) shall have been submitted to and approved in writing as to safety, the effect of any such alterations on the cost of maintaining and insuring the Association property and harmony of design, color, and location in relation to surrounding structures and topography, the Board of Administration of the Association, or by an architectural control committee designated by it.

10.4 Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of three (3) or more natural persons designated from time to time by the Board of Administration of the Association, and such persons shall serve at the pleasure of the Board of Administration. In the event the Board of Administration fails to appoint an Architectural Control Committee, then the Board of Administration shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to adopt or

promulgate any rule or regulation, or to make any finding, determination, ruling, or order, or to issue any permit, consent, authorization, approval, or the like pursuant to the authority contained in this Article. In no event shall the powers and duties herein provided in any way alter or affect the ultimate control or powers of the Board as provided in this Declaration.

10.5 Approvals, etc. Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee, and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within ninety (90) days after such plans and specifications (and all materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required, and this Article will be deemed to have been fully complied with.

10.6 Alteration and Improvement. Except as provided in 3.7 herein, there shall be no alteration or further improvements of common elements or limited common elements without the prior approval, in writing, by record owners of seventy-five percent (75%) of all Condominium Unit Owners, together with the approval of the Association. The cost of such alteration or improvement shall not interfere with the rights of any Condominium Unit Owner without his consent.

ARTICLE XI. - ASSESSMENTS

The making and collection of assessments, including special assessments as required and approved by the Association, against Condominium Unit Owners for a proportionate share of the common expenses and reserves, as established by the Association, shall be pursuant to the By-Laws of the Association, subject to the following provisions of this Declaration:

11.1 Share of Common Expenses. Each Condominium Unit Owner shall be liable for an equal share of the common expenses and shall share in the common surplus upon termination of the Condominium, such shares being the same as the undivided share in the common elements appurtenant to the Condominium unit owned by him; provided, however, that pursuant to the Condominium Act, the Developer may guarantee the maximum monthly assessment amount for each unit for a specified period of time. Such guaranteed amount and the period of time to which it pertains shall operate, pursuant to the Condominium Act, to excuse the Developer from the payment of the common expenses with respect to the unit(s) it owns, provided that during said period of guaranty the Developer shall pay any amount of common expenses actually incurred which exceeds the amount receivable from Unit Owner assessments.

11.2 Interest; Application of Payments. Assessments and installments on such assessments paid on or before ten (10) days after the date when due shall not bear interest, but all sums not paid on or before ten (10) days after the date when due shall bear interest at the rate of fifteen percent (15%) per annum from the date when due until paid. All payments on account shall be first applied to interest and then to the assessment payment first due.

11.3 Lien for Assessments. The Association shall have a lien against each Condominium unit for any unpaid assessments against the owner thereof, and for interest accruing thereon, which lien shall also secure reasonable attorneys' fees incurred by the Association incident to the collection of such assessment or enforcement of such lien, including any appeal thereof, and whether or not legal proceedings are initiated. The said liens may be recorded in the Public Records of Okaloosa County, Florida, by filing a claim therein which states the legal description of the Condominium unit, and the amount claimed to be due, and said lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing said lien, shall have been paid. Such claims of lien may be signed and verified by an officer of the Association. Upon full payment, the party making payment shall be entitled to a recordable satisfaction of lien, to be prepared and recorded at his expense. All such liens shall be subordinate to the lien or mortgages or other liens recorded prior to the date of recording the claim of lien, and all such liens may be foreclosed by suit brought in the name of the Association in like manner as a foreclosure or a mortgage on real property. In any such foreclosure, the owner of the Condominium unit subject to the lien shall be required to pay a reasonable rental for the Condominium unit, and the Association shall be entitled to the appointment of a receiver to collect the same. The Association may also, at its option, sue to recover a money judgment for unpaid assessments without thereby waiving the lien securing the same. In the event a mortgagee of a first mortgage of record shall obtain title to the Condominium unit as a result of the foreclosure of a first mortgage, or in the event an institutional first mortgagee shall obtain title to a Condominium unit as the result of a conveyance in lieu of such foreclosure of such first mortgage, such acquirer of title, its successors, and assigns, shall not be liable for that share of the common expenses or assessments by the Association chargeable to the Condominium unit, or the owner thereof, which became due prior to the acquisition of title by such institutional mortgagee or purchaser at foreclosure sale. Any such unpaid share of common expenses, or assessments, chargeable against any such foreclosed Condominium unit, or against a Condominium unit transferred in lieu of a foreclosure, shall be deemed a common expense, to be paid in the same manner as other common expenses of the Condominium by all of the Condominium Unit Owners. This mortgagee provision shall not be applicable where the Association has recorded a claim of lien prior to the recordation of the mortgage. In addition, said purchaser at foreclosure sale or mortgagee so acquiring title shall be liable for assessments accruing subsequent to such acquisition of title.

ARTICLE XII. - USE RESTRICTIONS AND REGULATIONS.

Reasonable regulations concerning the use of Condominium property may be made and amended from time to time by the Board of Administration of the Association in the manner provided by the Articles of Incorporation and these By-Laws. The Association rules and regulations or the failure to maintain the unit or to take other steps as provided in these By-Laws to ensure compliance. Copies of such regulations and amendments shall be furnished by the Association to all Condominium Unit Owners and residents of the Condominium upon request. Provided, however, that until the Developer has closed the sale of all of the units in the Condominium, neither the Condominium Unit Owners, nor the Association, nor the use of the Condominium property shall interfere with the sale or lease by the Developer of the units. The Developer may make such use of the unsold units, common elements, and common areas, as may facilitate such completion and sale, including, but not limited to, maintenance of a sales office, model units, showing the property, and the display of signs.

12.1 Right of Entry.

(a) Each owner hereby grants the right of entry to the manager or to any other persons authorized by the Board of Directors of the Association in case of emergency originating in or threatening his apartment, whether the owner is present at the time or not.

(b) An owner shall permit representatives of the Association when so required, to enter his apartment for the purpose of performing installations, alteration, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

12.2 Conduct.

(a) Each of the units shall be occupied only as a single family residential dwelling by the Unit Owner, members of his family, his guests, invitees, and lessees, and in the case of lessees, their families, guests, and invitees. No unit may be divided or subdivided into component units. As long as the Developer owns a unit, it or its agents may utilize a unit or units for a sales office, a model unit, or any other usage for the purpose of selling units.

(b) The common elements and limited common elements shall be used for the purpose for which they are intended in the furnishing of services and facilities to the units and the Unit Owners.

(c) No nuisances shall be allowed upon the Condominium property, not any use or practice that is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the Condominium property by its residents. All parts of the Condominium property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate nor any fire hazard allowed to exist. No Unit Owner shall permit any

use of his unit or make any use of the common elements that will increase the cost of insurance upon the Condominium property.

(d) No immoral, improper, offensive, or unlawful use shall be made of the Condominium property nor any part of it, and all valid laws, zoning ordinances, and regulations of the governmental bodies having jurisdiction shall be observed.

(e) No "For Sale" or "For Rent" signs or any other type of sign or other displays or advertising shall be maintained on any part of the common elements, limited common elements, or the units, except for identification signs located on the exterior of the building which are part of the original construction of the building or signs which are located within the interior of the building not visible to view from the exterior of the building and except that the right is specifically reserved to the Developer to place "For Sale" signs in connection with any unsold units it may from time to time own.

(f) No trucks or other commercial vehicles, boats, house trailers, boat trailers, mobile homes, campers, or trailers of any description shall be parked in any parking space except with the written consent of the board of Directors of the Association. This prohibition of parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pick-up, delivery, and such other services as may be necessary.

(g) Rules and regulations concerning use of the Condominium property shall be made by and may be amended from time to time by the Board of Directors of the Association in the manner provided by its Articles of Incorporation and By-Laws. Copies of such rules and regulations and amendments thereto shall be furnished by the Association to all Unit Owners and residents of the building upon request.

(h) All outdoor drying of clothes by line, rack, or otherwise shall be prohibited.

(i) No television or radio antennae or towers of any nature shall be erected on any part of the Condominium property except that one antenna may be erected by the Association; as a master antenna for the building.

(j) Owners, guests, or lessees are not permitted to have any animals as pets on the Condominium property, except for dogs which shall be restricted to lap dogs (small enough to be held in the owner's lap, and weighing less than 20 pounds), and such dogs shall be kept by each owner in the owner's unit. Dogs, when not in the owners' unit, must be on a leash and may be exercised on Condominium property in designated areas only. Each owner, his guest, or lessee is liable for any damage to Condominium property by action of his dog. Pet "accidents" occurring on any common area going to or coming from designated areas must be immediately cleaned up by the owner involved.

(k) No cooking of any nature whatsoever shall take place or be permitted in any of the corridors.

(l) Until such times as Developer has completed all the contemplated improvements of the Condominium and closed the sale of all the Condominium parcels, neither the Unit Owners nor the Association, nor the use of the Condominium property shall interfere with the completion of the contemplated improvements and the sale of the Condominium parcels. Developer may make such use of any unsold units and the common elements as may facilitate such completion and sale including, but not limited to, maintenance of sales office, showing of the units, and the display of signs.

ARTICLE XIII. - AMENDMENT

A resolution for the adoption of a proposed amendment of these By-Laws may be proposed by either the Board of Directors of the Association or by the members of the Association. Members may propose such an amendment by instrument in writing directed to the President or Secretary of the Association signed by owners of not less than twenty percent (20%) of the units. Amendments may be proposed by the Board of Directors by action of a majority of the Board at any regularly constituted meeting thereof. Upon an amendment being proposed as herein provided for, the President, or in the event of his refusal or failure to act, the Board of Directors shall call a meeting of the membership to be held within sixty (60) days for the purpose of considering said amendment. Except as elsewhere provided, such approvals must be either by:

(a) The votes of not less than fifty-one percent (51%) of Unit Owners present at such meeting in person or by proxy; or

(b) In the alternative, an amendment may be made by an agreement signed and acknowledged by all Condominium Unit Owners in the manner required for the execution of a deed, and such amendment shall be effective when recorded in the Public Records of Okaloosa County, Florida.

13.1 Proviso. No amendment shall discriminate against any Condominium Unit Owner nor against any Condominium unit or class or group of units unless the Condominium Unit Owners so affected shall consent. No amendment shall be made that is in conflict with the Condominium Act, the Declaration of Condominium, or the Articles of Incorporation.

13.2 Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted as an amendment of the Declaration and By-Laws, which certificate shall be executed by the officers of the Association with the formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the Public Records of Okaloosa County, Florida.

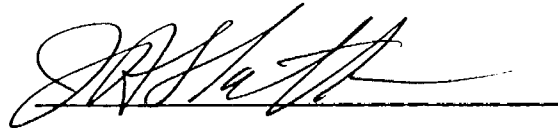
ARTICLE XIV. - CONSTRUCTION

Whenever the masculine singular form of the pronoun is used in these By-Laws, it shall be construed to mean the masculine, feminine, or neuter, singular or plural, whenever the context so requires.

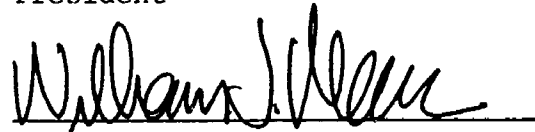
ARTICLE XV. - INVALIDITY OF PROVISION

Should any of the covenants herein imposed be void or become unenforceable at law or in equity, the remaining provisions of this instrument shall, nevertheless, be and remain in full force and effect.

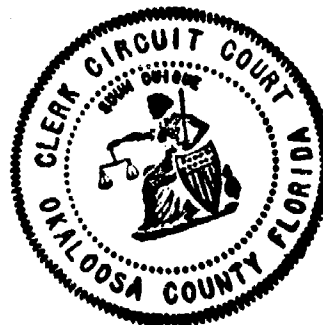
The foregoing were adopted as The By-Laws of the Sundestin International Condominium Owners' Association, Inc., a condominium corporation and a non-profit corporation under the laws of the State of Florida, at the first meeting of the Board of Directors on Nov. 20, 1984.



President



Secretary



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