

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
PCB RESORT COTTAGES

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INDEX OF DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
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ARTICLE I MUTUALITY OF BENEFIT AND OBLIGATION

Section 1.1 Mutuality
Section 1.2 Benefits and Burdens

ARTICLE II DEFINITIONS

Section 2.1 Accompanied Guest
Section 2.2 Annual Assessments
Section 2.3 ARB
Section 2.4 ARC
Section 2.5 Area Assessments
Section 2.6 Articles
Section 2.7 Assessment Equivalents
Section 2.8 Association
Section 2.9 Board
Section 2.10 Building Site
Section 2.11 Bylaws
Section 2.12 City
Section 2.13 Club
Section 2.14 Club Dues
Section 2.15 Club Facilities
Section 2.16 Club Manager
Section 2.17 Club Membership Documents
Section 2.18 Club Member
Section 2.19 Club Membership
Section 2.20 Club Owner
Section 2.21 Club Property
Section 2.22 County
Section 2.23 Common Area
Section 2.24 Common Expenses
Section 2.25 Declaration
Section 2.26 Developer
Section 2.27 Development Period
Section 2.28 Immediate Family
Section 2.29 Individual Purchase Charges
Section 2.30 Joining Fee
Section 2.31 Lot
Section 2.32 Member
Section 2.33 Owner
Section 2.34 Plat
Section 2.35 Project Standard

- Section 2.36 Property
- Section 2.37 Public Records
- Section 2.38 Renter
- Section 2.39 Residential Dwelling Unit
- Section 2.40 Rules and Regulations
- Section 2.41 Special Assessments
- Section 2.42 Specific Assessments
- Section 2.43 Subassociation
- Section 2.44 Surface Water or Stormwater Management System
- Section 2.45 Turnover
- Section 2.46 Unaccompanied Guest
- Section 2.47 Venue
- Section 2.48 Voting Membership

ARTICLE III PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS AND DELETIONS

- Section 3.1 No Implied Extension of Covenants
- Section 3.2 Additional Lands
- Section 3.3 Withdrawal of Lands
- Section 3.4 No Partition
- Section 3.5 Condemnation

ARTICLE IV COMMON AREA RIGHTS

- Section 4.1 Conveyance of Common Area
- Section 4.2 Owners' Easement of Enjoyment
- Section 4.3 Recreational Facilities
- Section 4.4 Right of the Developer to Designate Property as Common Area or to
Withdraw Property from the Common Area
- Section 4.5 Maintenance of Common Area and Compliance with Applicable Permits
- Section 4.6 Easement for Maintenance Purposes
- Section 4.7 Access by Association
- Section 4.8 Encroachment Easements
- Section 4.9 Club Easements

ARTICLE V COVENANTS FOR MAINTENANCE ASSESSMENTS

- Section 5.1 Creation of the Lien and Personal Obligation of Assessments
- Section 5.2 Purpose of Annual Assessments
- Section 5.3 Calculation and Collection of Assessments
- Section 5.4 Area Assessments
- Section 5.5 Special Assessments
- Section 5.6 Specific Assessments
- Section 5.7 Capital Contribution Fee
- Section 5.8 Effect of Non-Payment of Assessment: Lien, Personal Obligation, and
Remedies of Association

Section 5.9 Subordination of Lien to Mortgagees
Section 5.10 Developer's Assessments
Section 5.11 Estoppel Certificate

ARTICLE VI UTILITY PROVISIONS

Section 6.1 Master Metered Potable Water Usage: Operating Expenses for Potable and
Irrigation Water Usage
Section 6.2 Sewage System
Section 6.3 Trash Collection
Section 6.4 Utility Services
Section 6.5 Utility Easements

ARTICLE VII THE ASSOCIATION

Section 7.1 Governance of Affairs
Section 7.2 Membership
Section 7.3 Voting
Section 7.4 Co-Ownership
Section 7.5 Reserved
Section 7.6 Class B Termination
Section 7.7 Amplification
Section 7.8 Indemnification
Section 7.9 Duties of the Association
Section 7.10 Powers and Rights of the Association
Section 7.11 Landscape Maintenance

ARTICLE VIII USE RESTRICTIONS AND RIGHTS AND EASEMENTS RESERVED BY DEVELOPER

Section 8.1 Compliance with Laws
Section 8.2 Platting and Additional Restrictions
Section 8.3 Reservation of Right to Release Restrictions
Section 8.4 Easements for Ingress, Egress, Utilities and Drainage
Section 8.5 Drainage Flow
Section 8.6 Future Easements
Section 8.7 Developer's Reserved Rights Regarding Easements
Section 8.8 Buffer Areas
Section 8.9 Developer's Rights
Section 8.10 Rules and Regulations
Section 8.11 General Restrictions
Section 8.12 Exclusive Services
Section 8.13 Remedies for Violations
Section 8.14 Fines
Section 8.15 Association's Performance of Owner's Duties

ARTICLE IX SUB ASSOCIATIONS

Section 9.1 Reservation to Create
Section 9.2 Governance
Section 9.3 Assessments

ARTICLE X ARCHITECTURAL CONTROL

Section 10.1 Architectural Review and Approval
Section 10.2 Architectural Review Board
Section 10.3 Review Procedures
Section 10.4 Assignment
Section 10.5 Limited Liability

ARTICLE XI PANAMA CITY BEACH RESORT CLUB

Section 11.1 Mandatory Membership
Section 11.2 Membership Admission
Section 11.3 Term and Covenant Running with Land
Section 11.4 Membership Impact on the Property
Section 11.5 Club and Resort Relationship
Section 11.6 Disclosure
Section 11.7 Club Membership Documents
Section 11.8 Club Facilities and Ownership
Section 11.9 Changes
Section 11.10 Transfer of Club
Section 11.11 Control
Section 11.12 Use of Club Facilities
Section 11.13 Club Dues
Section 11.14 Multiple Lots or Building Sites
Section 11.15 Individual Purchase Charges
Section 11.16 Claim of Lien
Section 11.17 Subordination of the Lien to Mortgages
Section 11.18 Nonpayment
Section 11.19 Non-Use
Section 11.20 Basis for Suspension
Section 11.21 No Club Dues Abatement
Section 11.22 Destruction
Section 11.23 Other Discontinuance of Operations
Section 11.24 Rights of Access and Parking, if any.
Section 11.25 Jurisdiction
Section 11.26 Acknowledgements Regarding Club
Section 11.27 Limitations on Amendments

ARTICLE XII BRAND MATTERS

- Section 12.1 Brand Protection
- Section 12.2 Relationship to Margaritaville
- Section 12.3 Project Standard

ARTICLE XIII MORTGAGEES

- Section 13.1 Rights of Mortgagees

ARTICLE XIV DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

- Section 14.1 Resolution of Dispute without Resolution
- Section 14.2 Dispute Resolution Procedures
- Section 14.3 Initiation of Litigation by the Association

ARTICLE XV GENERAL PROVISIONS

- Section 15.1 Ground Leased Land
- Section 15.2 Severability
- Section 15.3 Additional Restrictions
- Section 15.4 Titles
- Section 15.5 Termination or Amendment
- Section 15.6 Conflict or Ambiguity in Documents
- Section 15.7 Usage
- Section 15.8 Effective Date
- Section 15.9 Use of the Words "PCB Resort Cottages" and "Margaritaville Beach Village
– Panama City Beach, FL"
- Section 15.10 Notice of Sale of Transfer of Title
- Section 15.11 Interpretation

- Exhibit "A" – Property
- Exhibit "B" – Master Site Plan

DECLARATION
OF COVENANTS AND RESTRICTIONS
FOR
PCB RESORT COTTAGES

THIS DECLARATION is made this _____ day of December, 2021, by PCB MARG DEVELOPMENT, LLC, a Florida limited liability company (the "Developer"), which declares that the real property described on Exhibit "A" attached hereto and made a part hereof (the "Property"), which is owned by the Developer, shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges, liens and all other matters set forth in this Declaration which shall be deemed to be covenants running with the title to the Property and shall be binding upon the Developer and all parties having or acquiring any right, title or interest in the Property or any part thereof.

ARTICLE I
MUTUALITY OF BENEFIT AND OBLIGATION

Section 1.1 **Mutuality.** The covenants, restrictions, and agreements set forth in this Declaration are made for the mutual and reciprocal benefit of every parcel within the Property, and are intended to create mutual equitable servitudes upon each such parcel in favor of the other parcels, to create reciprocal rights among the respective Owners, and to create privity of contract and an estate between the grantees of each and every parcel within the Property, their heirs, successors and assigns.

Section 1.2 **Benefits and Burdens.** Every person who is an Owner does by reason of taking title to land located within the Property agree to all the terms and provisions of this Declaration and shall be entitled to its benefits and subject to its burdens.

ARTICLE II
DEFINITIONS

The following words, when used in this Declaration shall have the following meanings:

Section 2.1 **Accompanied Guest.** "Accompanied Guest" shall be a person(s) the Owner has given permission to use the Owner's Residential Dwelling Unit during a period when the Owner is physically occupying the Residential Dwelling Unit. If any form of payment, trade, or consideration is granted to the Owner, either directly or indirectly from the guest then the guest shall not be considered an Accompanied Guest.

Section 2.2 **Annual Assessments.** Annual assessments levied by the Association against all Owners, used for the purposes of operational expenses, management and accounting fees, taxes, insurance, utility charges and other expenses relating to the Common Area, to fund the obligations of the Association set forth in Section 4.5 hereof, to provide common services to the Owners, and for all other purposes reasonably contemplated by this Declaration, the Articles,

the Bylaws, or any cost sharing or similar agreement to which the Association is or may become a party.

Section 2.3 **ARB.** The Architectural Review Board created by the Developer for the purpose of adopting the ARC and reviewing proposed construction within the Property.

Section 2.4 **ARC.** The Architectural Review Criteria adopted by the Developer or the ARB, as amended from time to time in accordance with the provisions hereof.

Section 2.5 **Area Assessments.** Annual and Special assessments to fund specific services authorized by the Board from time to time, including without limitation the cost of security services, which shall benefit only specific portions of the Property.

Section 2.6 **Articles.** The Articles of Incorporation of the Association, as the same are amended from time to time.

Section 2.7 **Assessment Equivalents.** The allocation of Annual and Special Assessments shall be based upon Assessment Equivalents assigned to the Lot or Building Site. Assessment Equivalents are allocated based on the location of the Lot or Building Site within the Resort as indicated by the Plats and in the following equivalents:

Parcel Type	Assessment Equivalent
Lots within Phase 1, Phase 2, and Phase 3, excluding Lots within Surf Hut Village, as depicted on the Master Site Plan attached hereto as Exhibit "B"	1
Lots comprising Surf Hut Village within Phase 3 of the Master Site Plan attached hereto as Exhibit "B"	.5
Building Sites comprising the Multi-Use Building in Phase 3 designated on the Master Site Plan attached hereto as Exhibit "B"	.5

Section 2.8 **Association.** The PCB Resort Cottages Property Owners Association, Inc., a Florida corporation not-for-profit and its successors and assigns.

Section 2.9 **Board.** The Board of Directors of the Association.

Section 2.10 **Building Site.** Each separate parcel of land within the Property (other than the Lots), as hereafter conveyed or designated by the Developer, consisting of an integral unit of land suitable for development. No Building Site shall include any portion of the Common Area, the Club Property, or any other portion of the Property owned by the Association.

Section 2.11 **Bylaws.** The Bylaws of the Association, as the same are amended from time to time.

Section 2.12 **City**. City shall mean and refer to the City of Panama City Beach, located within Bay County.

Section 2.13 **Club**. "Club" shall mean and refer to the Panama City Beach Resort Club, a social and recreational membership club to be operated by the Club Owner. Membership in the Club is mandatory for all Owners.

Section 2.14 **Club Dues**. "Club Dues" shall mean all recurring charges related to the Club to be paid by Club Members pursuant to the provisions of the Club Membership Documents.

Section 2.15 **Club Facilities**. "Club Facilities" shall mean the recreational and social amenities and facilities set forth in the Club Membership Documents, as they may change from time to time.

Section 2.16 **Club Manager**. "Club Manager" shall have the meaning set forth in Article XI hereof.

Section 2.17 **Club Membership Documents**. "Club Membership Documents" shall mean the Club Membership Plan and Rules and Regulations, which govern the Club and Club Memberships, as they may be amended from time to time by Club Owner, and with respect to each Club Member, such Club Member's Membership Agreement, as amended from time to time, and any replacement, supplemental or new written membership plan, rules, regulations, bylaws, policies, or summary adopted from time to time by Club Owner.

Section 2.18 **Club Member**. "Club Member" shall mean the holder of a Club Membership.

Section 2.19 **Club Membership**. "Club Membership" shall mean a non-equity membership that affords Club Facilities use privileges to Club Members, which is issued pursuant to the Club Membership Documents.

Section 2.20 **Club Owner**. "Club Owner" shall mean the Owner of the Club Property and improvements located thereon comprising the Club and any of its designees, successors and assigns who receive a written assignment of all or some of the rights of Club Owner hereunder. Such assignment need not be recorded in the public records of Bay County in order to be effective. In the event of such a partial assignment, the assignee shall not be deemed Club Owner but may exercise such rights of Club Owner specifically assigned to it. Any such assignment may be made on a non-exclusive basis. At this time, PCB Resort Club, LLC is the Club Owner. Club Owner may change from time to time. Notwithstanding that Club Owner and the Developer may be affiliates or related parties from time to time, each Owner acknowledges that Club Owner and Developer shall not be considered one and the same party, and neither of them shall be considered the agent, partner or alter ego of the other. At all times, Club Owner and Developer shall be considered separate and viewed in their separate capacities. No act or failure to act by Developer shall at any time be considered an act of Club Owner and shall not serve as the basis for any excuse, justification, waiver or indulgence to the Owner with regard to their prompt, full, complete and continuous performance of their obligations and covenants hereunder.

Section 2.21 **Club Property.** “Club Property” shall mean any i) real property that is owned, controlled, managed, leased, sub-leased by the Club Owner, ii) any amenity, feature, or activity that is controlled and/or managed by the Club Owner or Club Manager, iii) any personal property located at the Club Facilities that is owned, controlled, managed, leased, sub-leased by the Club Owner, and iv) any contracts and agreements for services or use of facilities, all of which as may be changed from time to time.

Section 2.22 **County.** County shall mean and refer to the County of Bay, State of Florida.

Section 2.23 **Common Area.** All real property located within or adjacent to the Property, if any, which is owned by the Developer, or by the Association, and which the Developer has designated for the common use of the Owners. Common Areas do not include any property owned by the Club Owner or any property subject to the condominium form of ownership within the Resort.

Section 2.24 **Common Expenses.** “Common Expenses” shall mean and refer to all expenses incurred by the Association in connection with its ownership of any portion of the Property, maintenance, and other obligations set forth hereinafter.

Section 2.25 **Declaration.** This instrument, and any exhibits annexed hereto, as it is amended or supplemented from time to time in accordance with the provisions hereof. This is the Declaration to which the Articles and Bylaws make reference.

Section 2.26 **Developer.** PCB Marg Development, LLC, and its successors in interest and title and such of its assigns as to which the rights of the Developer hereunder are specifically assigned. Developer may assign all or only a portion of such rights in connection with portions of the Property. In the event of such a partial assignment, the assignee may exercise such rights of the Developer as are specifically assigned to it. Any such assignment may be made on a non-exclusive basis. Reference in this Declaration to PCB Marg Development, LLC, as the Developer of the Property is not intended and shall not be construed, to impose upon PCB Marg Development, LLC, any obligations, legal or otherwise, for the acts or omissions of third parties who purchase Lots or Building Sites within the Property from PCB Marg Development, LLC, and develop and resell the same.

Section 2.27 **Development Period.** The period beginning upon the conveyance of the first Lot or Building Site in the Property to an Owner other than the Developer and continuing until the Developer notifies the Association that it will no longer pay for operating deficits of the Association.

Section 2.28 **Immediate Family.** “Immediate Family” shall have the meaning set forth in the Club Membership Documents.

Section 2.29 **Individual Purchase Charges.** “Individual Purchase Charges” shall have the meaning set forth in Section 11.15 of this Declaration.

Section 2.30 **Joining Fee.** "Joining Fee" shall mean the joining fee, membership deposit, initiation fee or similar payment required to acquire a Club Membership as established by Club Owner from time to time. Joining Fees are not to be considered as advance payment of Club Dues or security for payment of Club Dues, and other amounts payable to Club Owner, except as set forth in the Club Membership Documents. Joining Fees shall be the sole property of Club Owner, who may use the funds in its sole and absolute discretion and shall not be required to account for the same. Joining Fees may be used and applied by Club Owner as it deems appropriate in its sole and absolute discretion. Notwithstanding anything herein to the contrary, Club Owner shall have the option to waive or abate Joining Fees in its sole and absolute discretion.

Section 2.31 **Lot.** Each parcel, created or hereinafter created by the recording of a plat, located within the Property which is designated by the Developer by recorded covenant or deed restriction or on such plat, for single family residential use. No Lot shall include any portion of the Common Area, the Club Property, or any other portion of the Property owned by the Association.

Section 2.32 **Member.** A member of the Association.

Section 2.33 **Owner.** "Owner" shall mean and refer to (i) the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Building Site, and (ii) the record owner, whether one or more persons or entities, of the fee simple title to any real property interest subject to this Declaration, including, without limitation, individuals, condominium associations, other associations, entities and contract sellers prior to the passage of possession but excluding the Club Owner, mortgagees, and others having such interest only as security for the performance of an obligation.

Section 2.34 **Plat.** Plat means the plat of PCB Resort Cottages and the plats of any additional land annexed to and made a part of PCB Resort Cottages, from time to time.

Section 2.35 **Project Standard.** "Project Standard" shall mean the highest of the following standards: (i) the standard required to maintain and operate the Resort (and all Lots and Building Sites therein) in a condition and a quality level no less than that which existed at the time that the initial construction of the applicable structures and improvements was completed (ordinary wear and tear excepted), (ii) the standard required under any management agreement or license agreement, franchise agreement and/or similar agreement for the management or branding of the Club, and (iii) the standard established from time to time by the Club Owner. The Resort, including without limitation all Lots, Building Sites, Common Area, and Club, shall at all times be maintained and operated at physical, operational, and service levels which are consistent with the Project Standard.

Section 2.36 **Property.** The real property described on the attached Exhibit "A," all of which is subject to the covenants, reservations, restrictions, easements, assessments and other provisions as set forth within this Declaration, and such additions and deletions thereto as may be made in accordance with the provisions of Sections 3.2 and 3.3 of this Declaration. The Property is sometimes referred to herein as the "**Resort.**"

Section 2.37 **Public Records.** The public records of Bay County, Florida, maintained by the Clerk of the Circuit Court in and for Bay County, Florida.

Section 2.38 **Renter.** A Renter shall be a person(s) the Owner has granted permission to use the Owner's Residential Dwelling Unit during a period when the Owner is not physically occupying the Residential Dwelling Unit, for which the Owner receives a form of payment, trade, or consideration either directly or indirectly. A Renter shall be separate from Unaccompanied Guest and Accompanied Guest.

Section 2.39 **Residential Dwelling Unit.** Any improved portion of the Property located upon a Lot or Building Site and intended for use as a residential dwelling, including without limitation, any detached residential dwellings and condominium units.

Section 2.40 **Rules and Regulations.** The rules and regulations of the Association, adopted in accordance with this Declaration and the Bylaws.

Section 2.41 **Special Assessments.** A special assessment levied by the Association, applicable only to the fiscal year in which it is levied, and only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair, or replacement of any capital improvement or repair upon or to the Common Areas or for the purpose of defraying known expenses which exceeded or when mature will exceed, the budget prepared and on which the Annual Assessments and Area Assessments were based.

Section 2.42 **Specific Assessments.** An assessment against an Owner's Lot or Building Site for any violation of this Declaration, the Rules and Regulations, or the ARCs.

Section 2.43 **Subassociation.** Any residential or commercial property owners or condominium association (other than the Association) formed as a Florida non-profit corporation whose members are comprised solely of Owners.

Section 2.44 **Surface Water or Stormwater Management System.** A system which is designed and constructed or implemented within the Property to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water pollution or otherwise affect the quantity and quality of discharges from the system.

Section 2.45 **Turnover.** The event upon which the Class B membership will terminate and convert automatically to Class A or Class C membership (to the extent the Developer then owns Lots or Building Sites).

Section 2.46 **Unaccompanied Guest.** "Unaccompanied Guest" shall be a person(s) the Owner has granted permission to use the Owner's Residential Dwelling Unit during a period when the Owner is not physically occupying the Residential Dwelling Unit. If any form of payment, trade, or consideration is granted to the Owner, either directly or indirectly from the guest then the guest shall not be considered an Unaccompanied Guest.

Section 2.47 **Venue**. The parties hereto agree that venue for any action filed in appropriate courts regarding this Declaration shall be the Circuit Court of the Fourteenth Judicial Circuit in and for Bay County, Florida, or the Federal District Court for the Northern District of Florida.

Section 2.48 **Voting Membership**. The Association shall have the following classes of Voting Memberships:

Class A: Class A Membership shall consist of all Lot Owners within Phase 1, Phase 2, and Phase 3, excluding any Lots within Surf Hut Village, of the Master Site Plan attached hereto as Exhibit "B."

Class B: The Class B Member shall be the Developer.

Class C: Class C Membership shall consist of (i) all Owner of Lots in Surf Hut Village depicted as part of Phase 3 of the Master Site Plan, and (ii) all Owners of a Building Site comprising the "Multi-Use Building," depicted as part of Phase 3 of the Master Site Plan attached hereto as Exhibit "B."

ARTICLE III
PROPERTY SUBJECT TO THIS DECLARATION:
ADDITIONS AND DELETIONS

Section 3.1 **No Implied Extension of Covenants**. Each Owner and each tenant of any improvements constructed on any Lot or Building Site, by becoming an Owner or tenant, shall be deemed to have agreed that (a) the Property described on Exhibit "A" and such additional property as may be annexed pursuant to Section 3.2 hereof shall be the only Property subject to this Declaration, (b) that nothing contained in this Declaration or in any recorded or unrecorded plat, map, picture, drawing, brochure or other representation of a scheme of development, shall be construed as subjecting, or requiring the Developer to subject any other property now or hereafter owned by the Developer to this Declaration, and (c) that the only manner in which additional land may be subjected to this Declaration is by the procedure set forth in Section 3.2 hereof.

Section 3.2 **Additional Lands**. Developer may, but shall not be obligated to, subject additional land to this Declaration (or to the assessment provisions of this Declaration) from time to time provided only that (a) any additional land subjected to this Declaration (or its assessment provisions) shall be substantially contiguous to the Property then subject to this Declaration (for purposes of this Section 3.2, property which may be reasonably integrated into the overall development of the Property shall be deemed substantially contiguous), and (b) the Owners of property within additional lands made subject to this Declaration shall be and become subject to this Declaration, and shall be responsible for their pro rata share of common expenses for which assessments may be levied pursuant to the terms of Article V of this Declaration. Addition of lands to this Declaration shall be made and evidenced by filing in the public records of Bay

County, Florida, a Supplementary Declaration executed by the Developer with respect to the lands to be added. Developer reserves the right to supplement this Declaration to add land to the scheme of this Declaration (or its assessment provisions) pursuant to the foregoing provisions without the consent or joinder of any Owner or mortgagee of land within the Property.

Section 3.3 **Withdrawal of Lands.** With the consent and joinder of Owners holding a majority of the votes in the Association, the Developer may, but shall have no obligation to, withdraw at any time, or from time to time, portions of the Property from the terms and effect of this Declaration. Upon the Developer's request, the consent and joinder of each and every Owner to such withdrawal shall not be unreasonably withheld. The withdrawal of lands as aforesaid shall be made and evidenced by filing in the public records of Bay County, Florida, a Supplementary Declaration executed by the Developer with respect to the lands to be withdrawn.

Section 3.4 **No Partition.** Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No person shall seek any judicial partition unless the portion of the Common Area which is the subject of such partition action has been removed from the provision of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

Section 3.5 **Condemnation.** The Board may convey any portion of the Common Area in lieu of and under threat of condemnation, upon written approval of voting Members representing at least sixty-seven percent (67%) of the total Class "A" and Class "C" votes in the Association, and of the Developer, as long as the Developer owns any of the Property. If any part of the Common Area shall be taken by any authority having the power of condemnation or eminent domain or conveyed in lieu of condemnation (as described above), each Owner shall be entitled to written notice within ten (10) days after such event. The award made for such taking shall be payable to the Association to be disbursed to the Association and used for such purposes as the Association may determine.

ARTICLE IV **COMMON AREA RIGHTS**

Section 4.1 **Conveyance of Common Area.** Developer agrees that all of the Common Area owned by Developer shall be conveyed or assigned to the Association, subject to plats, covenants, easements, restrictions and other matters of record, on or before the date which is one hundred twenty (120) days after the Developer shall no longer own any Lot or Building Site, and the Association shall accept such conveyance or assignment. Upon the recordation of any deed or deeds conveying Common Area to the Association, the Association shall be conclusively deemed to have accepted the conveyance evidenced by such deed or deeds.

Section 4.2 **Owners' Easement of Enjoyment.** Each Owner shall have a right and easement of enjoyment in and to the Common Area for its intended purpose, which shall be appurtenant to, and shall pass with, the title to the land of such Owner, subject to the following:

4.2.1 The right of the Association, with the consent of the Developer, to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility;

4.2.2 The right of the Association, with the consent of the Developer, to make all or any part of the Common Area available for public use, provided that such use shall not unreasonably interfere with the use and enjoyment of such Common Area by the Owners.

4.2.3 All provisions of this Declaration, any plat of all or any parts of the Property, and all applicable governmental restrictions.

4.2.4 The Rules and Regulations governing use and enjoyment of the Common Area adopted by the Developer or the Association;

4.2.5 The rights of the Developer under Section 4.4 to add to or withdraw land from the Common Area;

4.2.6 Easements, restrictions, agreements and other matters of record.

4.2.7 The right of the Association to suspend any Owner's right to use any Common Area for any period during which any assessment against the Owner's Lot or Building Site remains unpaid, or for a period continuing to not later than the sixtieth (60) day after termination of any violation of this Declaration or the Rules and Regulations promulgated by the Association.

The foregoing easement of enjoyment in favor of the Owners shall not be construed to create or imply any other easements or rights not expressly created by this Declaration, it being the intent hereof to limit the Owners' rights of use of specific portions of the Common Area to only the intended purposes of such portions of the Common Area.

Section 4.3 **Recreational Facilities.** Various recreational facilities on, in or near the Property may be owned and operated by an association, club, entity, or by persons other than the Association. Ownership of a Lot or Building Site within the Resort does not qualify a Member or Owner to the right to use such recreational facilities. Any or all of such facilities may be operated as a private club exclusively for club members and their guests and subject to membership agreements and membership fees or dues.

Section 4.4 **Right of the Developer to Designate Property as Common Area or to Withdraw Property from the Common Area.** Notwithstanding anything to the contrary contained in this Declaration, the Developer shall have the right, in its sole discretion, to designate land, easements, use rights and personal property owned by the Developer as Common Area, provided only that such land shall be located within the Property. For so long as the Developer shall own any Lot or Building Site, the Developer may, at any time, withdraw, or cause to be withdrawn, land from the Common Area in the Developer's sole discretion. The prior sentence notwithstanding, in the event such withdrawal of Common Area shall materially and adversely affect access, availability of utilities, or drainage to or from any Lot or Building Site, the Developer shall not have the right to withdraw such Common Area without the consent and

joinder of the Owner of the Lot or Building Site, which is so affected. Addition of land to and withdrawal of land from the Common Area shall be evidenced by recording a supplementary declaration in the public records of Bay County, Florida, which shall specifically reference such addition or withdrawal. Withdrawal of land from the Common Area by the Developer shall terminate any and all easements and rights of use of the Owners in such land but shall not otherwise withdraw such land from the provisions of this Declaration unless such withdrawal shall comply with the requirements of Section 3.3 hereof. No land owned by the Developer shall be deemed to be Common Area unless such land is subsequently designated as such by the Developer pursuant to this Section 4.4, even if the Developer consents or acquiesces to the use of such land by the Owners. In the event any land owned by the Association shall be withdrawn from the Common Area pursuant to this Section 4.4, upon the Developer's written request, the Association shall promptly execute and deliver to the Developer any and all deeds or other conveyance documents as may be necessary or appropriate to effectuate the withdrawal of such Common Area.

Section 4.5 Maintenance of Common Area. The Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as often as necessary, the Common Area and any improvements and landscaping (except utilities owned and maintained by public or private utility companies providing water, sewer, electrical, fire protection, cable television, telephone, or similar utilities to the Property, or any portion thereof) situated on the Common Area, if any. Notwithstanding any provision of this Declaration to the contrary, the Association shall be responsible for the maintenance, operation and repair of specific portions of the Surface Water or Stormwater Management System, as more particularly set forth in the applicable permits for the construction and operation thereof. Maintenance of the Surface Water or Stormwater Management System shall mean the exercise of practices which allow the system to provide drainage, water storage, conveyance of other surface water, or stormwater management capabilities. Any repair or reconstruction of the Surface Water or Stormwater Management System shall be as permitted. All maintenance obligations of the Association shall be performed as ordered by the Board of Directors of the Association, and all or any portion of the cost of such maintenance incurred by the Association pursuant to this Section 4.5 shall be a Common Expense of the Association to be collected and paid in the manner prescribed by this Declaration.

Section 4.6 Easement for Maintenance Purposes. The Developer hereby reserves for itself, the Association, and their respective agents, employees, contractors, successors and assigns an easement for access in, on, over and upon those portions of the Property as may be reasonably necessary for the purpose of access to and maintenance of the Common Area, or the Surface Water or Stormwater Management System, or any easements reserved or granted in any existing or future plat, or other portions of Property to be maintained by the Association, in accordance with the requirements of this Declaration or as provided by law. The easement reserved hereby shall not be exercised by any party in a manner which unreasonably interferes with the use, occupancy, or enjoyment of any improved portion of the Property. Further, in the event that any portion of the Property shall be damaged or altered in any way as the result of the exercise of the easement rights reserved hereby, such portions of the Property shall be immediately restored to the condition that existed immediately prior to such damage or alteration by the party exercising such rights.

Section 4.7 **Access by Association.** Agents or other authorized representatives of the Association shall have the right of entry onto each Lot and Building Site to the extent reasonably necessary to discharge any duty imposed or exercise any right granted by this Declaration, or to investigate compliance with or enforce the provisions of this Declaration and the Rules and Regulations. Such right of entry must be exercised in a peaceful and reasonable manner and at reasonable times, and the entry may be only upon reasonable notice whenever circumstances permit. Notwithstanding the foregoing, entry into any enclosed non-public area of any completed structure upon any Lot or Building Site may not be made without the consent of its Owner or occupant, except pursuant to court order or other authority conferred by law.

Section 4.8 **Encroachment Easements.** The Developer hereby grants to the Owner of each Lot and Building Site an easement over the Common Areas for minor encroachments of porches, stoops, roof overhangs, balconies, bay windows or other similar improvements; provided (i) that any such encroachment does not extend beyond the boundary line by more than twelve (12) inches, except in the case of second story porches which may extend up to three (3) feet into the Common Areas, and (ii) that such encroachment is consistent with the Rules and Regulations and/or was specifically approved by the Developer.

Section 4.9 **Club Easements.** The Developer hereby grants to the Club Owner, its successors and assigns, the following easement rights:

4.9.1 An Easement in favor of the Club for use by its Members for pedestrian access to the sandy beach over and across the Common Areas.

4.9.2 A nonexclusive easement over and upon the Common Areas (i) for the purpose of the installation, construction, development, repair, replacement, operation, expansion, and/or alteration of any improvements of facilities located within the Club Property (ii) for displays, signs, marketing, or for any other purpose during the construction and development of any portion of the Club Property or Club Facilities, (iii), to connect to the utility systems within the Resort and over and across such portions of the Common Area as may be reasonably necessary to permit hook-up of any mechanical equipment, construction equipment and/or other equipment or items which the Club Owner may elect.

4.9.3 A nonexclusive easement over and upon any Developer owned Lots or Building Sites: (i) to place, erect, and/or construct portable, temporary, or accessory buildings or structures (including trailers) for construction storage, or other purposes in connection with the development or construction of any of the Club Facilities.

4.9.4 The easements granted hereby shall not be exercised in a manner which unreasonably interferes with the use, occupancy, or enjoyment of any improved portion of the Property.

ARTICLE V
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 5.1 **Creation of the Lien and Personal Obligation of Assessments.** Each Owner of a Lot or Building Site within the Property hereby covenants, and by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance including any purchaser at a judicial sale, shall hereafter be deemed to covenant and agree to pay to the Association any Annual, Area, Specific and Special Assessments established and levied pursuant to the terms of this Declaration. All such assessments, together with interest thereon from the due date at the highest lawful rate and costs of collection thereof (including reasonable attorneys' fees), shall be a charge and continuing lien upon each Lot and Building Site against which each such assessment is made, and shall also be the personal obligation of the Owner. No Owner may avoid liability for the assessments by waiver of rights to use, or by non-use of, the Common Areas or by abandonment.

Section 5.2 **Purpose of Annual Assessments.** The Annual Assessments levied by the Association against all Owners shall be used for the purposes of operational expenses, management and accounting fees, taxes, insurance, utility charges and other expenses relating to the Common Area, to fund the obligations of the Association set forth in Section 4.5 hereof, to provide common services to the Owners, and for all other purposes reasonably contemplated by this Declaration, the Articles, the Bylaws, or any cost sharing or similar agreement to which the Association is or may become a party. Further, such Annual Assessments may be levied to fund reasonable reserves for deferred maintenance of, or non-recurring expenses related to, the Common Area, including the Surface Water or Stormwater Management System. The maintenance responsibilities of the Association payable through assessment of the Owners shall specifically include, but not be limited to, the perpetual maintenance of all or any portion of the Surface Water or Stormwater Management System, including all operation, sampling, testing, monitoring and maintenance requirements. Assessments collected by the Association to fund reserves shall be separately accounted for, it being the requirement of this Declaration that such funds shall be used exclusively for deferred maintenance of, or non-recurring expenses related to, the Common Area.

Section 5.3 **Calculation and Collection of Assessments.** Annual Assessments shall be established by the Board of Directors based upon an annual budget. Each Owner's pro rata share of the total Annual Assessment or any Special Assessment shall be based upon the following calculations:

5.3.1 Owners of Lots and Building Sites shall pay a pro rata share of Annual and Special Assessments based upon Assessment Equivalents allocated among the Owners. The total amount of each Special Assessment shall be divided by the total Assessment Equivalents attributable to the Property as of the date of authorization of such Special Assessment by the Board of Directors for purposes of determining the portion of the Special Assessment allocable to each Lot or Building Site.

5.3.2 The assessment obligations of each Owner other than the Developer shall commence upon the recordation of this Declaration in the current public records of Bay County,

Florida. Annual Assessments shall be collectable in advance on a periodic basis established by the Board of Directors from time to time, which periodic basis shall not be less frequent than semi-annually. Special Assessments shall be collectible in advance in the manner established by the Board of Directors at the time such Special Assessments are authorized.

Section 5.4 **Area Assessments**. The Board of Directors may establish and levy Area Assessments. The Area Assessments shall be levied against only those portions of the Property that receive the benefit of such services and shall be allocated among only the Owners of those Lots and Building Sites located within such portions of the Property, based upon the allocations established by Section 5.3 hereof. The boundaries of the portions of the Property that are deemed to receive the benefit of the Area Assessments authorized by this Section 5.4 shall be determined by the Board in its sole discretion.

Section 5.5 **Special Assessments**. In addition to the Area Assessments, the Association may levy in any fiscal year a Special Assessment. Any such Special Assessment shall have the approval of at least two-thirds (2/3) of the votes of each class of Owners who are voting in person or by proxy, at a meeting duly called for that purpose, provided however as follows: (a) no such approval shall be required unless the amount of any such Special Assessment exceeds a sum equal to one half the Annual Assessments payable by such Owners for the year immediately prior to the date of such Special Assessment; (b) Special Assessments for taxes and governmental or quasi-governmental charges or assessments shall not require such approval; and (c) Special Assessment for needed replacements or repairs to capital improvements shall not require such approval. The Special Assessment shall be allocated based upon the allocations established by Section 5.3 hereof.

Section 5.6 **Specific Assessments**. In addition to Area Assessments and Special Assessments, the Association may levy reasonable fine(s) against the Owner of any Lot(s) or Building Site(s) from time to time for violations of the covenants and restrictions set forth herein or of the Rules and Regulations by the Owner or the Owner's family, tenants, guests or invitees, and may levy an assessment against the Owner of any Lot or Building Site to reimburse itself for any costs and expenses incurred by the Association to fulfill the obligations of the Owner under this Declaration. Such fine(s) shall be imposed in accordance with the procedures set forth in Section 8.14 hereof. In the event of a violation of the covenants and restrictions of this Declaration or the Rules and Regulations which continues after ten (10) days written notice to the Owner, each day the violation continues may be considered a separate violation for purposes of assessing fines. Any such fine(s) and assessments, together with any other charges or indebtedness of any Owner to the Association may be assessed by the Association as a specific assessment ("Specific Assessment") against such Owner's Lot(s) or Building Site(s).

Section 5.7 **Capital Contribution Fee**. Upon the closing of the Developer's sale of each Lot and Building Site, the purchasing Owner shall pay to the Association a Capital Contribution Fee equal to one quarter (1/4) of the total annual assessment applicable to such Lot or Building Site for the year in which closing occurs. No part of such Capital Contribution Fee shall be applied, as a credit or otherwise, toward the annual assessment due for such Lot or Building Site nor shall any portion of such fee be refundable for any reason whatsoever, but such fee shall be applied toward costs incurred by the Association as determined by the Board. The

Developer shall be under no obligation to treat any portion of the Capital Contribution Fee as a reserve to be expended only for certain purposes.

Section 5.8 Effect of Non-Payment of Assessment: Lien, Personal Obligation, and Remedies of Association. The lien of the Association shall be effective from and after recording in the public records of Bay County, Florida, a claim of lien stating the description of the Lot or Building Site encumbered thereby, the name of the Owner, the amount and the due date. Such claim of lien shall include assessments which are due and payable when the claim of lien is recorded as well as assessments which may accrue thereafter, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record, and the affected Owner shall pay the cost of such satisfaction. If the assessment is not paid within fifteen (15) days after the due date, the assessment shall bear interest from the due date at the highest lawful rate, and the Association may at any time thereafter bring an action to enforce the lien authorized hereby by appropriate foreclosure proceedings and/or a suit on the personal obligation against the Owner. In the event the Association shall fail to bring such an action for collection of such delinquent assessment within thirty (30) days following receipt of written notice from any Owner demanding that such proceedings be commenced, such Owner shall be authorized to institute such proceedings on behalf of the Association. There shall be added to the amount of such delinquent assessment the costs of collection incurred by the Association, or such Owner, which shall specifically include without limitation reasonable attorneys' fees for trial and appeal. Upon receipt of a written request therefor from any Owner, the Association shall provide such Owner with a written statement of all assessments and other charges due or to become due from such Owner to the Association, which shall be binding on the Association through the date indicated on the Association's written statement.

Section 5.9 Subordination of Lien to Mortgage. The lien of the assessments provided for by this Declaration shall be subordinate to the lien of any bona fide mortgage which is perfected by recording prior to the recording of the claim of lien for any such unpaid assessments. Such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of the Lot or Building Site by deed in lieu of foreclosure, pursuant to a decree of foreclosure, or pursuant to any other proceeding in lieu of foreclosure of such mortgage. The total amount of assessment which remains unpaid as a result of a mortgagee obtaining title to the Lot or Building Site shall be added to the Association's total budget and shall be paid by all Owners including the mortgagee on a pro rata basis. No such sale or other transfer shall relieve any Lot or Building Site from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments. A written statement of the Association that its lien is subordinate to a mortgage shall be dispositive of any question of subordination.

Section 5.10 Developer's Assessments. Notwithstanding any provision of this Declaration to the contrary, during the Development Period the Lots, Building Sites, and other portions of the Property owned by the Developer shall not be subject to any Annual, Area, or Special Assessments levied by the Association or to any lien for such assessments. During the Development Period, and in lieu of payment of any assessments to the Association, the Developer shall pay the balance of the actual operating expenses of the Association (excluding

the cost of funding deferred maintenance and reserve accounts) remaining after the levying of and payment of assessments due from Owners other than the Developer pursuant to assessments levied by the Board of Directors pursuant to this Declaration. The Developer shall be obligated to fund such balance only as the expenses are actually incurred by the Association during the Development Period. Upon termination of the Developer's agreement to pay operating deficits, the Developer shall become obligated to pay assessments on Lots and Buildings Sites owned by it within the Property on the same basis as other Owners. In no event shall the Developer be obligated to pay for operating deficits of the Association after the Developer no longer owns any Lots or Building Sites within the Property.

Section 5.11 **Estoppel Certificate.** No Owner may sell or convey his interest in a Lot or Building Site unless all sums due the Association are paid in full and an estoppel certificate in recordable form to such effect shall have been received by the Owner. If all such sums shall have been paid, the Association shall deliver such certificate within ten (10) days of a written request therefor. The Owner requesting the certificate may be required by the Association to pay to the Association a reasonable sum to cover the costs of examining records and preparing the certificate. Owners shall be obligated to deliver the documents originally received from the Developer, containing this and any other declarations and documents, to any grantee of such Owner.

ARTICLE VI **UTILITY PROVISIONS**

Section 6.1 **Master Metered Potable Water Usage: Operating Expenses for Potable and Irrigation Water Usage.** The costs associated with potable water usage for all Lots and Building Sites shall be deemed part of the Common Expenses. Owners will not receive an itemized bill for potable water usage fees and there will be no method for prorating the costs of potable water usage to individual Lots or Building Sites. Each Owner of a Lot or Building Site shall pay water charges in the manner and amount provided by the annual budget as a part of the Owner's Annual Assessments. The central water supply system provided for the service of the Property shall be used as the sole source of potable water for all water spigots and outlets located within or on all buildings and improvements located within the Property. No individual potable water supply system or well for consumptive, irrigation, or any other purposes shall be permitted on any Lot or Building Site. The Owners will not have access to the irrigation lakes to provide water to any Lot or Building Site without the approval of the Developer.

Section 6.2 **Sewage System.** The central sewage system provided for the service of the Property shall be used as the sole sewage system for all buildings and improvements located within the Property. Each Owner shall maintain and repair all portions of the sewer lines located within, or which serve, the portions of the Property owned by such Owner, and shall pay when due the periodic charges or rates for the furnishing of such sewage collection and disposal services made by the operator thereof. No sewage shall be discharged onto the open ground or into any wetland, lake, pond, park, ravine, drainage ditch or canal or roadway and no septic tank or drain field shall be placed or allowed within the Property.

Section 6.3 **Trash Collection.** The Association shall contract for trash service for all portions of the Resort, and the cost of such trash collection and recycling shall be a Common Expense paid by the Owners in such manner and in the amounts as provided by the annual budget.

Section 6.4 **Utility Services.** It shall be the responsibility of each Owner to make direct arrangements with the suppliers of electricity, internet, cable, and any other utility services for service to the portions of the Property owned by such Owner. Water, sewer, and trash services will be arranged by the Association and paid for by the Owners as a Common Expense as set forth in Section 6.1.

Section 6.5 **Utility Easements.** If any plat of all or a portion of the Property reserves to the Developer a utility easement, such easement shall be deemed to be a private easement, and not dedicated to the public or to utility providers generally. The Developer may assign nonexclusive rights to use such utility easements to specific providers of electric, telephone, gas, or other utility providers. Unless the Developer specifically agrees in writing to such a dedication, or as otherwise required by law, an assignment of nonexclusive rights to specific utility providers hereunder shall not be deemed to make such utility easements "dedicated to a compatible use" within the meaning of the Cable Communication Policy Act of 1984. All easements granted by the Developer hereunder shall be interpreted, to the maximum extent possible, to not be "dedicated to a compatible use" within the meaning of the Cable Communication Policy Act of 1984. The Developer shall have the right to adopt rules and regulations governing utility accommodations on such utility easements. The rights of the Developer hereunder may be assigned to the Association.

ARTICLE VII **THE ASSOCIATION**

Section 7.1 **Governance of Affairs.** The Association is a not for profit corporation incorporated under the laws of the state of Florida, and is charged with the duties and empowered with the rights set forth herein. The affairs of the Association will be governed by this Declaration, the Association's Articles of Incorporation, and its Bylaws. Unless the context specifically states to the contrary, when any power, duty, or action is required or permitted to be taken by the "Association" in this Declaration, the power, duty, or action is exercisable by the Board, and not by the Members.

Section 7.2 **Membership.** Every Owner of a Lot or Building Site shall be a Member. If title to a Lot or Building Site is held by more than one person, each such person is a Member. An Owner of more than one Lot or Building Site is entitled to one membership for each Lot or Building Site owned (subject to Section 7.3 below). Each membership is appurtenant to the Lot or Building Site upon which it is based and is transferred automatically by conveyance of title. No person other than an Owner may be a Member of the Association, and membership in the Association may not be transferred except by the transfer of title to a Lot or Building Site.

Section 7.3 **Voting.** The Association shall have three classes of voting membership: Class A, Class B, and Class C as defined in Section 2.48 herein. For so long as there exists a

Class B membership, Class A and Class C shall not include the Developer. Class B shall be the Developer. Upon termination of the Class B membership, the Class B membership shall cease and be converted to Class A or Class C membership as provided in Section 7.6 herein.

Section 7.3.1 Each Owner shall be entitled to the following number of votes:

Parcel Type	No. of Votes
Lots within Phase 1, Phase 2, and Phase 3, excluding Lots within Surf Hut Village, as depicted on the Master Site Plan attached hereto as Exhibit "B"	1
Lots comprising Surf Hut Village within Phase 3 of the Master Site Plan attached hereto as Exhibit "B"	1/2
Building Sites comprising the Multi-Use Building in Phase 3 designated on the Master Site Plan attached hereto as Exhibit "B"	1/2

Subject to the provisions of Section 7.3, all Members, Class A, Class B, or Class C, are entitled to cast their votes as provided herein; but the Class B member is entitled to appoint a majority of the Board of Directors until the termination of the Class B membership.

Section 7.4 **Co-Ownership.** If more than one person owns an interest in any Lot or Building Site, or if more than one person owns separate portions of a Lot or Building Site, all such persons are Members; but there may be only one vote(s) in the aggregate cast with respect to the Assessment Equivalents attributable to each such Lot or Building Site. Such vote or vote(s) may be exercised as the co-Owners determine among themselves; but no split vote is permitted among co-Owners. Prior to any meeting at which a vote is to be taken, each co-Owner must file the name of the voting co-Owner with the secretary of the Association to be entitled to vote at such meeting, unless such co-Owners have filed a general voting authority with the Secretary applicable to all votes until rescinded. Notwithstanding the foregoing, if title to any Lot is held jointly by a husband and wife, either spouse is entitled to cast the vote for such Lot unless and until the Association is notified otherwise by either spouse in writing. If a Lot or Building Site is held by an entity other than a natural person, the entity shall file with the Secretary of the Association the name of the voting representative of such entity prior to any vote.

Section 7.5 **Reserved.**

Section 7.6 **Class B Termination.** Turnover will occur upon the happening of any of the following, whichever occurs first:

7.6.1 Three (3) months after the Developer conveys, other than to a successor developer, all of its right, title and interest in and to ninety percent (90%) of the total of all the

existing Lots and Building Sites within the Property and any planned Lots and Building Sites in the remaining Property. For purposes of this provision, a Lot or Building Site shall be considered conveyed when the deed is duly recorded in the Public Records.

7.6.2 The Developer records a disclaimer of its Class B membership in the Public Records.

Upon Turnover, all provisions of this Declaration, Articles, or Bylaws referring to Class B membership will be obsolete and without further force or effect. However, notwithstanding Turnover, the Developer may, at its option, in place of voting its Class A and Class C membership votes for the election of the Board of Directors, appoint one of the Directors to the Board of Directors so long as Developer holds for sale in the ordinary course of business at least five percent (5%) of the total of all the existing Lots and Building Sites in the Property and any planned Lots and Building Sites in the remaining Property. If Directors are being elected for different terms, the Developer shall be entitled to appoint a Director who will sit for the longest term available.

Section 7.7 **Amplification.** The provisions of this Declaration are amplified by the Association's Articles, Bylaws, ARC, and Rules and Regulations; but no such amplification will alter or amend substantially any of the rights or obligations of the Owners set forth in this Declaration. The Developer intends the provisions of this Declaration on the one hand, and the Articles, Bylaws, ARC, and Rules and Regulations, on the other, be interpreted, construed, applied and enforced to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Developer intends that the provisions of this Declaration control over the Articles, Bylaws or Rules and Regulations, and that the provisions of the Articles control over the Bylaws, and the provisions of the Bylaws control over the Rules and Regulations.

Section 7.8 **Indemnification.** The Association shall indemnify every officer, director and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit or other proceeding (including settlement of any suit or proceedings, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director or committee member, all as more particularly set forth in the Articles.

Section 7.9 **Duties of the Association.** The Association will have the following duties and obligations:

Section 7.9.1 To operate, maintain, and manage the Common Area; to keep the Common Area in good order and repair and to make all repairs, replacements, or renewals necessary to so maintain all portions of the Common Area. Said duty to operate, maintain, and manage the Common Area will include, but not be limited to, grass cutting, tree and shrub care, and trash and litter removal for the Common Area; maintenance of open spaces, Common Areas, buffer areas, preservation areas, and the Surface Water Management System areas; any private water or wastewater lines, pumps, lift stations, or treatment facilities serving the Property; and the cleaning, maintenance, and repair of the other facilities, areas, or fixtures located on the Common Area.

Section 7.9.2 To own, accept, take, and hold record title to such portions of the Common Area as may be conveyed from time to time by the Developer to the Association, and to assume any and all obligations relative thereto; in this regard, the Association is obligated to accept the delivery of a deed to any property conveyed to it by the Developer;

Section 7.9.3 To establish, promulgate, amend, repeal, and enforce the Rules and Regulations relative to the use and enjoyment of the Common Area;

Section 7.9.4 To secure and maintain policies of fire and extended coverage insurance on all improvements located on the Common Area on a current replacement cost basis in an amount not less than 100% of the insurable value (based on replacement cost) and policies of general liability insurance for bodily injury and property damage liability insurance insuring against liability with respect to the ownership, maintenance, and/or repair of the Common Area;

Section 7.9.5 To secure and maintain, if available at reasonable cost, policies insuring the directors and officers of the Association against personal liability arising in connection with the performance of their official duties;

Section 7.9.6 To secure and maintain fidelity insurance insuring the Owners against dishonest acts on the part of the directors and officers of the Association including managers, trustees, employees, or volunteers of the Association, if any, responsible for handling funds belonging to or administered by the Association;

Section 7.9.7 To apply the proceeds of all hazard insurance collected as a result of damage or destruction to the Common Area to the repair, replacement, or restoration of such damaged or destroyed Common Area.

Section 7.9.8 To apply the proceeds of any condemnation award for taking of the Common Area to the replacement or restoration of the land so taken or, if replacement or restoration is not feasible, to the acquisition of additional land and/or facilities as the Association may deem desirable for the benefit of all Owners;

Section 7.9.9 To fix, establish, and collect all Annual Assessments, Area Assessments, Special Assessments, and Specific Assessments, and to issue certifications to Owners and first mortgagees relative to the assessment payment status of a Lot or Building Site;

Section 7.9.10 To grant easements in and/or to dedicate portions of the Common Area and improvements thereon to utility companies serving the Property;

Section 7.9.11 To pay all real and personal property taxes and assessments levied upon or assessed against the Association, Common Area, and/or any personal property owned by the Association;

Section 7.9.12 To make improvements to the Common Area;

Section 7.9.13 To appoint the members of the Architectural Review Board;

Section 7.9.14 To enforce the obligations of Owners to comply with the Covenants of this Declaration by imposing Specific Assessments, fines, bringing actions at law or in equity, or any other means;

Section 7.9.15 To perform any other act necessary or proper to carry out any of the foregoing specified duties and obligations or any other duty or obligation expressly or impliedly established elsewhere in this Declaration, or required by law of any federal, state, or local governmental or quasi-governmental agency or federally related corporation including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, FHA, VA, and the like;

Section 7.9.16 To perform any other act not authorized by Article 7 of this Declaration, but necessary or proper to promote the common health, safety, or welfare of the Owners.

Section 7.10 Powers and Rights of the Association.

(a) The Association has any and all powers and rights necessary or proper to carry out the duties and obligations contained in Section 7.9.

(b) The Association has the power and right to contract with and/or employ any and all contractors, managers, employees, consultants, attorneys, accountants, or other personnel or entities necessary to carry out the duties and obligations contained in Section 7.9.

Section 7.11 Landscape Maintenance.

7.11.1 General. The Association shall be responsible for maintaining the landscaped areas within each Lot and Building Site. Such maintenance responsibilities include the trimming, mowing, and fertilization of grass and shrubs, mulch maintenance, and tree trimming (collectively "Landscape Maintenance"). The foregoing shall be performed at the Board's discretion and on such intervals as the Board may decide in its sole and absolute discretion. Except as otherwise provided herein, all costs and expenses pertaining to such Landscape Maintenance shall constitute a Common Expense of the Association to be collected and paid in the manner prescribed by this Declaration. In the event any landscaping, including, without limitation, grass, shrubs or trees, become dead or badly damaged, the Association shall be responsible for the replanting, repair, and/or replacement of such landscaping with sound, healthy plant materials, except in the case of freeze damage or damage from any other natural disaster, or damage due to an Owner's negligence (or negligence of such Owner's Immediate Family Members, guests, or Renters). Notwithstanding the foregoing or any other provision of this Declaration to the contrary, the Association shall have no responsibility for the repair or replacement of sod, grass, shrubs, trees, or any other landscaping within a Lot in the case of any damage due to freeze damage or damage from any other natural disaster or an Owner's negligence (or negligence of such Owner's Immediate Family Members, guests, or Renters), and the Owner of each Lot or Building Site shall be responsible for any such repair and replacement

of the landscaped areas in such event. In the event landscaped areas are not repaired and replaced by the Owner of the Lot or Building Site, the Association may, but shall not be obligated to, repair and replace such landscaped areas on behalf of the Owner. The costs and expenses of such repairs and replacements shall be assessed against the respective Lot or Building Site as a Specific Assessment.

7.11.2. Additional Landscape Maintenance. Each Owner by acceptance of a deed of a deed to their Lot or Building Site, authorizes the Association to conduct additional landscape maintenance beyond the scope described in this Section 7.11 if, in the discretion of the Board, such additional maintenance is required for any reason whatsoever, including, without limitation, naturally occurring deterioration of the landscaped areas. The costs associated with any such additional landscape maintenance shall be assessed against the respective Lot or Building Site as a Specific Assessment.

7.11.3 Modification of Landscaping. In the event an Owner modifies the landscaping as initially installed by the Developer, then such Owner shall be solely responsible for the maintenance and irrigation of such modified landscaping.

7.11.4. Irrigation Facilities. The Association is responsible for irrigation to the landscaped areas, including repair and replacement of damaged sprinkler heads, piping, or valves that comprise the irrigation system of the Lots and Building Sites, except in the case of damage due to an Owners' negligence (or negligence of such Owner's Immediate Family Members, guests, or Renters), The cost associated with ny such maintenance, repair and replacement of the irrigation facilities shall be a Common Expense of the Association to be collected and paid in the manner prescribed by this Declaration, except in the case of costs for repair and replacement of damage due to an owners negligence (or negligence of such Owner's Immediate Family Members, guests, or Renters), which costs shall be assessed against the respective Lot or Building Ste as a Specific Assessment. Grass and landscaping located on Lots and Building Sites shall be irrigated in a routine and ordinary manner, at intervals and frequency as the board may decide in its sole discretion and as may be permitted by County or other regulations.

ARTICLE VIII

USE RESTRICTIONS AND RIGHTS AND EASEMENTS

RESERVED BY DEVELOPER

Section 8.1 **Compliance with Laws.** All Owners and other occupants of the Property shall at all times comply with the terms of all development permits, orders, and approvals of the City and any other governmental agency having jurisdiction over the Property, and all environmental, land use, marketing and consumer protection ordinances, statutes and regulations applicable to the Property or to any improvements constructed thereon, as well as all governmental rules, regulations, statutes and ordinances applicable to each Owner in connection with operation of improvements located within the Property.

Section 8.2 **Platting and Additional Restrictions.** The Developer shall be entitled at any time, and from time to time, to plat or replat all or any part of the Property, and to file any

covenants and restrictions, or amendments to this Declaration, with respect to any portion or portions of the Property owned by the Developer, without the consent or joinder of any other party.

Section 8.3 **Reservation of Right to Release Restrictions.** If a building or other improvement has been or is proposed to be erected within the Property in such a manner as to constitute a violation of, variance from, or encroachment into, the covenants and restrictions set forth in, or easements granted or reserved by, this Declaration, the Developer shall have the right to waive or release the violation, variance or encroachment without the consent or joinder of any person so long as the Developer, in the exercise of its sole discretion, determines in good faith that such waiver or release will not materially and adversely affect the health and safety of Owners, the value of adjacent portions of the Property, and the overall appearance of the Property.

Section 8.4 **Easements for Ingress, Egress, Utilities, and Drainage.** The Developer reserves for itself, its successors in interest and title, assigns and designees, a right-of-way and perpetual, nonexclusive easement for ingress and egress and to erect, maintain and use utilities, electric, telephone and street lighting poles, wires, cables, conduits, storm sewers, sanitary sewers, water mains, gas, sewer, water lines, drainage ways and structures, or other public conveniences or utilities, on, in and over, (i) any portion of the Common Area; and (ii) any area designated as an easement, private street or right-of-way area on any plat of all or any portion of the Property.

Section 8.5 **Drainage Flow.** Drainage flow shall not be obstructed or diverted from drainage easements. The Developer or the Association may, but shall not be required, to cut drainways for surface water wherever and whenever such action may appear to be necessary to maintain reasonable aesthetic standards relative to the Property and surrounding properties. These easements include the right to cut any trees, bushes or shrubbery, make any grading of the land, or to take any other reasonable action necessary to install utilities and to maintain reasonable aesthetic standards, but shall not include the right to disturb any permanent improvements erected upon a Lot or Building Site which are not located within the specific easement area designated on the Plat or otherwise reserved in this Declaration.

Section 8.6 **Future Easements.** Developer reserves the right to impose further restrictions and to grant or dedicate additional easements and rights of way on any portions of the Property owned by Developer. In addition, Developer hereby expressly reserves the right to grant easements and rights-of-way over, under and through the Common Area so long as Developer shall own any portion of the Property. The easements granted by Developer shall not materially or adversely affect any improvements or unreasonably interfere with the enjoyment of the Common Area.

Section 8.7 **Developer's Reserved Rights Regarding Easements.** Notwithstanding any provision of this Declaration to the contrary, the Developer shall have the right to specifically define or amend the boundaries or extent of any easement, license, or use right reserved or granted pursuant to the terms hereof. At any time, the Developer shall have the right to execute and record an instrument which shall specifically define or amend the boundary and

extent of any such easement, license or use right, or the Developer may specifically define or amend such boundaries by the designation thereof on one or more recorded plats of portions of the Property. The Developer's determination of the boundary and extent of any easement, license or use right reserved or granted pursuant to this Declaration in accordance with this Section 8.7, shall be dispositive for all purposes; provided nothing contained in this Section 8.7 shall authorize the Developer to take any action that would have a material and adverse effect on any improved portion of the Property.

Section 8.8 **Buffer Areas.** The Owners shall comply with all legal requirements regarding the areas of the Property designated on any plat of any or all of the Property as "Buffer Areas." Without limiting the generality of the foregoing, the Owners shall comply with all statutes, ordinances, regulations, permit conditions, Rules and Regulations, and ARC provisions relating to the Buffer Areas. The Association shall have the right, but not the obligation, to enter onto any Lot or Building Site and remove or correct any violation of the foregoing and charge the Owner with a Specific Assessment for the cost of such correction.

Section 8.9 **Developer's Rights.**

8.9.1 Any or all of the special rights and obligations of the Developer set forth in this Declaration or the Articles, Bylaws, ARC, or Rules and Regulations may be transferred in whole or in part to any other persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which Developer has under this Declaration, the Articles, the Bylaws or Rules and Regulations. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Developer and duly recorded in the Public Records.

8.9.2 The Developer and builders authorized by Developer may maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of the Developer, may be reasonably required, convenient, or incidental to the construction or sale of Lots, Building Sites, Residential Dwelling Units, or Commercial Improvements, including, but not limited to, business offices, signs, model units and sales offices. The Developer and authorized builders shall have easements for access to and use of such facilities.

8.9.3 The Developer and its employees, agents and designees shall also have a right and easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

8.9.4 No person shall record any declaration of covenants, conditions and restrictions or declaration of condominium or similar instrument affecting any portion of the Property without Developer's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Developer and recorded in the Public Records.

8.9.5 Notwithstanding any contrary provision of this Declaration, no amendment to or modification to this Declaration made after the termination of Class "B" membership shall

be effective without prior notice to and the written approval of Developer so long as the Developer owns any portion of the Property that is held primarily for development and sale.

8.9.6 In contemplation of changing conditions and circumstances not present on the Property upon the recording of this Declaration, the Developer retains the unilateral right, as long as it owns any portion of the Property, to change the name of the community and any portions thereof.

8.9.7 Nothing in this Article VIII shall be construed as limiting the rights of the Developer to those specified herein or affecting the rights of the Developer specified elsewhere in this Declaration.

8.9.8 This Article VIII may in no event be amended without the written consent of the Developer. The rights contained in this Article VIII shall terminate upon the earlier of (a) forty (40) years from the date this Declaration is recorded, or (b) upon recording by Developer of a written statement that all sales activity within the Property has ceased.

Section 8.10 **Rules and Regulations.** The Association, acting through its Board, shall have the right to adopt and amend reasonable Rules and Regulations pertaining to the use, operation, enjoyment, maintenance, management, control, and occupancy of all portions of the Property, and the conduct of the Owners, their family, guests, tenants, licensees and invitees, which shall be consistent with the provisions of this Declaration. Without limiting the foregoing, the Association shall have the right to adopt specific rules and regulations pertaining to the installation and maintenance of all landscaping and natural areas which shall promote and protect aesthetic and environmental values within and in the vicinity of the Property.

Section 8.11 **General Restrictions.**

8.11.1 No Lot or Building Site shall be used for any purpose in violation of any development permits, orders, and approvals of the City and any other governmental agency having jurisdiction over the Property, this Declaration, or the Rules and Regulations of the Association.

8.11.2 No activity deemed by the Association to constitute a noxious, offensive or hazardous activity shall be permitted by any Owner on any Lot, Building Site, Club Property, or in the Common Area, nor shall anything be done thereon which in the opinion of the Association constitutes a nuisance or safety hazard to individual Owners or to the community in general. No Owner shall permit or allow anything to be done or kept upon any Lot or Building Site or within the Common Area which constitutes a violation of any applicable law, regulation, or other governmental restriction or requirement.

8.11.3 All utility lines and lead-in wires, including but not limited to cable television lines, electrical lines, telephone lines, and any other telecommunication lines of any kind whatsoever located within the Property, and specifically within any Lot or Building Site, shall be located underground.

8.11.4 Once the sale of a Lot or Building Site has been closed, and until construction of improvements shall be initiated, the Lot or Building Site shall be maintained in a neat and orderly condition and appearance. If, in the reasonable judgment of the Association, the appearance of a sold Lot or Building Site becomes disorderly or overgrown, and the Owner, after reasonable notice, fails to take corrective measures with regard to the Lot or Building Site, the Association may cause the Lot or Building Site to be cleaned up, growth trimmed, etc., at the cost of the Owner, and if the Owner fails to pay the cost of such cleanup within ten (10) days of demand by the Association, the Association shall have the right to treat such unpaid costs as a Specific Assessment upon the Lot or Building Site.

8.11.5. Reserved.

8.11.6 No refuse, garbage, trash, lumber, tree clippings, plant waste, metal, bulk materials, used furniture, scrap or debris of any kind shall be kept, stored, or allowed to accumulate on any Lot or Building Site. Owners shall not accumulate rubbish in, on, or around their property and shall ensure that all rubbish and refuse is promptly removed from their property and placed in the approved designated shared receptacles in the manner and location determined by the Association. No outside garbage or trash cans or receptacles are permitted on the Property other than the shared receptacles authorized by the Association. This Section 8.11.6 does not require an Owner to dispose of any chemical, biological, toxic, or other hazardous waste in a manner that would contravene any applicable law applying to the disposal of such waste. If an Owner fails to remove any garbage or waste in compliance with this Section 8.11.6, the Association shall, in addition to any and all other remedies provided herein, be entitled to enter the property of the Owner and remove the garbage or waste at the Owner's sole cost and expense.

8.11.7 No exterior antennas, satellite dishes or similar equipment shall be permitted on any Lot or Building Site or improvement thereon, except to the extent such a restriction is prohibited by law. The Developer may establish rules that are as stringent as allowed under 47 CFR 1.4000, or other similar provisions of law limiting the authority of the Association to restrict the installation, maintenance, or use of antennas, satellite dishes, or similar equipment. The Developer may adopt rules requiring that an Owner demonstrate that a restriction on the use of such equipment precludes the reception or transmission of an acceptable quality signal, and may charge such fees as are allowed by law.

8.11.8 Solar collection panels shall be permitted upon Lots, Building Sites, and improvements thereon, provided that they be installed by licensed contractors in accordance with applicable building code requirements and in accordance with any specific requirements contained in the ARC or the Rules and Regulations.

8.11.9 No signs of any type whatsoever shall be permitted upon a Lot or Building Site or any part thereof, including without limitation signs advertising the Lot or Building Site and/or Residential Dwelling Unit for sale, except a sign of material and size approved by the Association containing the address and/or the Owners' name.

8.11.10 Mail Delivery Centers. Individual Lots and Building Sites shall not have mailboxes. Rather, mailboxes shall be grouped together for all or a portion of the Lots or

Building Sites as required by the local postmaster (the "Mail Delivery Centers"). No mailboxes are permitted except the Mail Delivery Centers originally installed by the Developer or Mail Delivery Centers substantially similar to the Mail Delivery Centers originally installed by the Developer. Mail Delivery Centers, if any, shall be maintained by the Association in first class condition and appearance and the requirements of any controlling governmental authority. All costs associated with the maintenance, repair and replacement of the Mail Delivery Centers shall be part of the Common Expenses allocated among the Owners served by such mailboxes, except for the costs of keys or replacement keys which shall be borne solely by the individual Owners. The Developer, in its sole discretion, may install one or more Mail Delivery Centers within PCB Resort Cottages and may consist of freestanding, pedestal-mounted mailboxes commonly referred to by the United States Postal Service as "Cluster Box Units" or a "Neighborhood Delivery Center" which is a freestanding and/or enclosed installation containing a large number of individually locked mailboxes. To the extent any Mail Delivery Centers are located on a Lot or Building Site, the Developer hereby grants the Association an easement of ingress and egress across such Lot or Building Site for the purpose of regulating and maintaining such Mail Delivery Centers and the Developer hereby grants the Owners an easement for access across such Lot or Building Site for the purpose of accessing and utilizing such Mail Delivery Centers.

8.11.11 Except as may be approved or used by the Developer during construction and/or sales periods, no structure of a temporary character, or trailer, mobile home or recreational vehicle, shall be permitted on any Lots or Building Sites within the Property at any time or used at any time as a residence, either temporarily or permanently. Any outdoor equipment such as, but not limited to, pool pumps and water softening devices shall be completely screened from the view of anyone not standing on the Lot by the use of landscaping or other means.

8.11.12 No animals, reptiles, wildlife, livestock or poultry of any kind shall be raised, bred or kept on any Lot or Building Site, except that household pets may be kept provided they are not kept, bred or maintained for any commercial purpose, and provided that they do not become a nuisance or annoyance to any neighbor by reason of barking or otherwise. No dogs or pets shall be permitted to have excretions on any Common Areas, except areas designated by the Association, if any, for such use and Owners shall be responsible to clean up any such excretions. For purposes hereof, "household pets" shall mean dogs, cats and other animals expressly permitted by the Association, if any. All pets shall be kept on a leash when not in the applicable home or a fenced-in yard, if any. Pets shall also be subject to all applicable Rules and Regulations. Nothing contained herein shall prohibit the keeping of fish or domestic (household-type) birds, as long as the latter are kept indoors and do not become a source of annoyance to neighbors.

8.11.13 No commercial vehicles, or campers, mobile homes, motorhomes, house trailers, jetskis or trailers of every other description, recreational vehicles, boats, boat trailers, horse trailers or commercial vans shall be permitted to be parked or to be stored at any place on the Property, nor in dedicated areas, except in (i) enclosed garages, (ii) spaces for some or all of the above specifically designated by Developer or the Association, if any, and (iii) any ancillary structure constructed on the Owner's Lot or Building Site that has been approved by the Developer as set forth herein. For purposes of this Section, "commercial vehicles" and "commercial vans" shall mean those which are not designed and used for customary,

personal/family purposes or, even if so, those containing attached equipment such as pipe racks, exterior tool boxes (other than in the bed) or the like. The absence of commercial-type lettering or graphics on a vehicle shall not be dispositive as to whether it is a commercial vehicle. The prohibitions on parking contained in this Section shall not apply to temporary parking of commercial vehicles, such as for construction use or providing pick-up and delivery and other commercial services, nor to passenger-type vans with windows for personal use which are in acceptable condition in the sole opinion of the Board (which favorable opinion may be changed at any time), nor to any vehicles of the Developer or its affiliates. Non-commercial pick-up trucks, sport utility vehicles and passenger vans (all in good condition) shall be permitted. All Owners are advised to consult with the Association prior to purchasing or bringing onto the Property, any type of vehicle other than a passenger car inasmuch as such other type of vehicle may not be permitted to be kept within the Property. Subject to applicable laws and ordinances, any vehicle parked in violation of these or other restrictions contained herein or in the Rules and Regulations now or hereafter adopted may be towed by the Association at the sole expense of the owner of such vehicle if such vehicle remains in violation for a period of 24 hours from the time a notice of violation is placed on the vehicle. The Association shall not be liable to the owner of such vehicle for trespass, conversion or otherwise, nor guilty of any criminal act, by reason of such towing and once the notice is posted, neither its removal, nor failure of the owner to receive it for any other reason, shall be grounds for relief of any kind. For purposes of this paragraph, "vehicle" shall also mean campers, mobile homes, RVs and trailers. An affidavit of the person posting the aforesaid notice stating that it was properly posted shall be conclusive evidence of proper posting.

8.11.14 Owners may drive personal golf carts within the Property only in conformity with the provisions of the Florida Uniform Traffic Control Law applicable to golf carts on County roads. All golf carts brought onto the Property for private use must be previously approved by the Association.

8.11.15 No vehicles of any type shall be parked on any portion of a Lot or Building Site other than its driveway and garage. Garage doors shall be kept closed at all times except when in actual use and during reasonably limited periods when the garage is being cleaned or other activities are being conducted therefrom which reasonably require the doors to be left open.

8.11.16 No clothing, laundry or wash shall be aired or dried on any portion of the Property except on a portion of a Lot or Building Site which is completely screened from the view of all persons other than those on the Lot or Building Site itself.

8.11.17 No air conditioning units may be mounted through windows or walls. No building shall have any aluminum foil placed in any window or glass door or any reflective substance or other materials (except standard window treatments) placed on any glass, except such as may be approved by the Developer for energy conservation purposes.

8.11.18 Keyless Entry. There shall be no use of KABA locks or any other type of combination lock or keyless entry, unless approved by the Association and ARB.

8.11.19 Security. To provide security and control of all the Resort, no Owner may allow Unaccompanied Guests to enter the Property, use any keyless unit access, or use any of the Club Facilities without prior announcement, check-in, and registration at a location and designee as directed by the Developer and/or Club.

8.11.20 Rental and Unaccompanied Guests. Owners allowing use of their Residential Dwelling Unit by Unaccompanied Guests and Renters shall at a minimum satisfy and maintain the following minimum Resort use standards requirements:

(a) No Sublet, Sub-leasing, or Secondary Leasing: No Owner shall allow an Unaccompanied Guest or Renter to sublet, sublease, or secondary lease their Residential Dwelling Unit.

(b) Guests and Renters Only: For safety and security no Unaccompanied Guest or Renter shall allow any persons not listed on the "Renter and Guest Pre-Arrival Notification," defined later herein, to occupy the Residential Dwelling Unit or use or access any of the Resort and Club amenities and facilities.

(c) Designated Rental Program. An Owner renting his or her Residential Dwelling Unit on a short-term basis (less than twelve months) must utilize the Designated Rental Program selected by the Club Owner, which shall be the exclusive rental management agent/agency for the Resort (the "Designated Rental Program"), unless the Owner personally books and manages his or her own Residential Dwelling Unit's rental without participation in any rental pool or similar booking, management or cost-sharing program with any other person or entity, including another owner. No amendment to this Section, and no amendment in derogation hereof to any other provisions of this Declaration, may be made without the written approval of Club Owner (unless the amendment is effected by the Developer alone pursuant to the rights reserved hereunder, in which event, the approval of the Club Owner shall not be required).

(d) Owner's Responsibility For Renters and Guests: The Owner must have on-file with the Association, or its designee or assignee, (a) a letter certifying that the Owner shall be responsible for and pay for their Renters' and Unaccompanied Guests' unpaid Resort and Club fees, Resort charges, and the cost of repairs of damage caused by their Renters and Unaccompanied Guests to the Resort, and (b) current credit-card information that will be used to cover all such charges.

(e) Designated Assistance Individual: The Owner must have on-file with the Association or its designee or assignee, the person's name, phone number, and address of the designated contact individual that will provide continuous twenty-four (24) hour seven (7) days a week phone answering to assist the Renter of the Residential Dwelling Unit in case there are any issues or questions regarding his/her stay.

(f) Renter and Guest Pre-Arrival Notification and Information: Prior to the commencement of any Renter's or Unaccompanied Guest's stay, Owner shall provide the Association the name, address, cell phone number and email information for the Renter or Unaccompanied Guest, the number and names of each person that will occupy the Residential

Dwelling Unit, the license number of each vehicle that will be parked on the Property or Resort shared parking facilities, and the arrival and departure dates and times.

(g) Non-Designated Rental Program Validation of Notice Letter: Any Owners who personally rent their Residential Dwelling Unit to a Renter for short term rental use (and therefore not through the Designated Rental Program pursuant to Section 8.11.20(c)) shall require each such Renter, prior to and also by verification on arrival, to review and sign a validation of notice letter, in the form acceptable to the Club Owner, the Association, and the Developer or its designee or assignee, acknowledging: (a) that the Renter did not reserve or rent through the Designated Rental Program, (b) that the Designated Rental Program has no responsibility to provide service to the Residential Dwelling Unit, (c) that the Designated Rental Program cannot confirm that the OS&E (i.e., operating supplies & equipment) or FF&E (i.e., furniture, fixtures & equipment) meet the Resort standards, (d) that the Designated Rental Program has no discretion to authorize an extension of a stay, nor to answer questions or resolve any dispute related to the rental charges, and (e) the Designated Rental Program shall not provide any housekeeping or resolve or provide any response to service issues.

(h) Renter and Guest Notice: If not on file with the Association within one (1) day prior to the Renter or Unaccompanied Guest arriving at the Resort and entering the Residential Dwelling Unit, the Owner shall be responsible for providing and filing with the Association a letter, in a form acceptable to the Association, signed by the responsible Renter or Unaccompanied Guest with said letter providing that the Owner has disclosed in writing to the Renter or Unaccompanied Guest the minimum Resort required information: (a) the contact information for the "Designated Assistance Individual", "Arrival Assistant", "Housekeeping and Engineering" contact persons, (b) that the Renter/Unaccompanied Guest has received and read the statement of the fees and charges for use of the Resort and Club amenities and understands the use privilege of the Resort and Club amenities and that the use and access to the Resort and Club amenities requires the issuance of a Resort/Club card by the Association, (c) explain all taxes and fees that will be applied to the Renters or Unaccompanied Guests, and (d) that the Renter or Unaccompanied Guest has received, read, understands, and agrees to the rules, regulations, and restrictions for the Resort and the Club, and Renter or Unaccompanied Guest shall certify that they will comply with said rules, regulations, and restrictions, including, but limited to the liabilities for all damages, life safety, and proper conduct and dress.

(i) Arrival Assistant: The Owner must have on-file with the Association or its designee or assignee, the name, phone number, and address of the designated person to be at the Property or any Residential Dwelling Unit that will be present in-person to (a) greet the Renter or Unaccompanied Guest on arrival and verify their identification against the "Pre-Arrival Notification and Information", credit card, number of persons using the Residential Dwelling Unit, (b) direct the Renter or Unaccompanied Guest as to the rules, regulations, and restrictions of the Resort and Club, (c) explain the Resort and Club facilities and amenities, (d) show and explain the location of the fire extinguisher(s) and other safety equipment, and Florida's Coastal Management Program beach safety flag placard as required to be in every rental, (e) deliver each person's specific Resort/Club card, and (f) deliver the Resort parking pass and instruct them on the location within the shared parking facilities to park their vehicle.

(j) Housekeeping/Engineering: The Owner must keep on-file with the Association or its designee or assignee, the name, phone number, and address of the designated housekeeping person, and engineer(s)/service company(ies) that are licensed, bonded, background checked, properly insured and available, shall provide a twenty-four (24) hour seven (7) days a week with response service time of 30-minutes or less to be physically at the Property or any Residential Dwelling Unit and begin to address the reported problem or issue (such as water leaks, clogged plumbing, faulty appliance or equipment, etc.), and manage the resolution of the problem, issue, or questions.

(k) Certificate of Insurance: Owner shall provide and keep current with the Association or its designee or assignee evidence of homeowner's insurance and any other requested coverage adequate and proper insurance with the Resort, Developer, and Club named as additionally insured as appropriate.

(l) Intellectual Property: No lease or rental of any kind may be procured (or will be allowed if procured) through a means that uses intellectual property, copyrights, trademarks, logos, etc. of the Resort, Resort management, or the Developer or its designee or assignee without prior written approval by the Resort management or the Developer.

(m) Delinquent Payments: No lease or rental of a Residential Dwelling Unit of any kind may be procured (or will be allowed if procured) if at commencement, such Residential Dwelling Unit's Annual Assessments, Area Assessments, Specific Assessments, Club fees or dues, or other Resort fees are delinquent.

(n) Licenses and Taxes Current: Owner shall demonstrate and provide evidence that any licenses required for the operation of short term rentals have been obtained (and is in good standing) and, if required, that all requirements for operation of the Residential Dwelling Unit as public lodging have been met and maintained (door signage, safety equipment, notices, etc.).

(o) Tourist and Other Taxes: Owner shall provide evidence that all sales, tourist taxes, and bed taxes have been paid and are current.

Section 8.12. **EXCLUSIVE SERVICES.** Unless otherwise prohibited by federal or Florida law or agreed to by Developer in writing, Developer or its designee or assignee shall have the exclusive right to provide or otherwise, communication and internet, television, landscaping, and confirm Owners' compliance with the minimum Resort use standards by requirements set forth in Section 8.11.20 hereof for rental of Residential Dwelling Units. Further, unless otherwise prohibited by federal or Florida law or agreed to by the Club Owner in writing, the Club Owner shall have the exclusive right to provide or otherwise manage food and beverage concessions throughout the Resort and in the Club, and to select the Designated Rental Program pursuant to Section 8.11.20(c). No amendment to this Section, and no amendment in derogation hereof to any other provisions of this Declaration, may be made without the written approval of Club Owner (unless the amendment is effected by the Developer alone pursuant to the rights reserved hereunder, in which event, the approval of the Club Owner shall not be required.

Section 8.13 **Remedies for Violations.** If any Owner or other person shall violate or attempt to violate any of the covenants or restrictions herein set forth, it shall be lawful for the Association, the Developer, the Club Owner, or any Owner (i) to prosecute proceedings at law for the recovery of damages against those so violating or attempting to violate any such covenant; or (ii) to maintain any proceeding against those so violating or attempting to violate any such covenant for the purpose of preventing or enjoining all or any such violations, including mandatory injunctions requiring compliance with the provisions of this Declaration. In the event litigation shall be brought by any party to enforce any provisions of this Declaration, the prevailing party in such proceedings shall be entitled to recover from the non-prevailing party or parties, reasonable attorneys fees for pre-trial preparation, trial, and appellate proceedings. The remedies in this section shall be construed as cumulative of all other remedies now or hereafter provided or made available elsewhere in this Declaration, or by law.

Section 8.14 **Fines.** In addition to all other remedies, and to the maximum extent allowed by law, the Association may impose a fine or fines against an Owner for failure of an Owner or his guests or invitees to comply with any covenant, restriction, rule or regulation enforceable by the Association, provided the following procedures are adhered to:

8.14.1 **Notice:** The Association shall notify the Owner of the alleged infraction or infractions. Included in the notice shall be the date and time of a special meeting of the Enforcement Committee (as defined below) at which time the Owner shall present reasons why a fine should not be imposed. At least fourteen (14) days' prior notice of such meeting shall be given.

8.14.2 **Enforcement Committee:** The Board of Directors shall appoint an Enforcement Committee to perform the functions given it under this Section. The Enforcement Committee shall consist of at least three (3) Members who are not officers, directors or employees of the Association or the spouse, parent, child, brother or sister of such an officer, director or employee. The Enforcement Committee may impose fines only upon a majority vote thereof.

8.14.3 **Hearing:** The alleged non-compliance shall be presented to the Enforcement Committee at a meeting at which it shall hear reasons why a fine should not be imposed. A written decision of the Enforcement Committee shall be submitted to the Owner by not later than twenty-one (21) days after the meeting.

8.14.4 **Amounts:** The Enforcement Committee (if its findings are made against the Owner) may impose special assessments in the form of fines against the Lot or Building Site owned by the Owner. A fine not to exceed the maximum amount allowed by law may be imposed for each violation. A fine may be imposed on the basis of each day of a continuing violation with a single notice and opportunity for hearing, however, no such fine shall exceed the maximum aggregate amount allowed by law for a continuing violation.

8.14.5 **Payment of Fines:** Fines shall be paid not later than fourteen (14) days after notice of the imposition or assessment of the penalties.

8.14.6 Collection of Fines: Fines shall be treated as an assessment subject to the provisions for the collection of assessments as set forth elsewhere in this Declaration.

8.14.7 Application of Proceeds: All monies received from fines shall be allocated as directed by the Board of Directors.

8.14.8 Non-exclusive Remedy: The imposition of fines authorized by this Section shall not be construed to be an exclusive remedy and shall exist in addition to all other rights and remedies to which the Association may be otherwise legally entitled; provided, however, any fine paid by an offending Owner shall be deducted from or offset against any damages which the Association may otherwise be entitled to recover by law from such Owner.

Section 8.15 Association's Performance of Owner's Duties. If an Owner of any Lot or Building Site shall fail to comply with any of its obligations under this Declaration and such failure continues for ten (10) days after written notice of such failure from the Association, the Association, after approval of a majority of the Board, shall have the right, through its agents, employees or contractors, to enter upon said Lot or Building Site and to perform such acts and pay such amounts necessary to fulfill such obligations and bring the Lot or Building Site and Owner into compliance with this Declaration and all costs and expenses incurred in connection therewith shall be a Specific Assessment against such Lot or Building Site.

ARTICLE IX

SUB ASSOCIATIONS

Section 9.1 Reservation to Create. The Developer hereby reserves the right to create separate homeowners and condominium associations to provide governance to separate portions of the Property.

Section 9.2 Governance. If the Developer shall elect to create a sub-association it shall be accomplished by separate declaration of covenants and restrictions, with the association being created by separate articles of incorporation as a not-for-profit Florida corporation. Membership required in any subassociation shall not absolve the Owner from the requirements of membership in the Association.

Section 9.3 Assessments. Subassociations shall have the power to assess Owners who are members of such subassociation.

ARTICLE X

ARCHITECTURAL CONTROL

Section 10.1 Architectural Review and Approval. No clearing, landscaping, improvement or structure of any kind, including without limitation, any building, fence, wall, screen enclosure, dock, sewer, drain, disposal system, landscape device or object, driveway or other improvement shall be commenced, erected, placed or maintained upon any Lot or Building Site, or upon the Common Area, nor shall any addition, change or alteration therein or thereof

be made, unless and until the plans, specifications and location of the same have been submitted to, and approved in writing by the Developer or the Developer's designee, which designee may be the ARB. All plans and specifications shall be evaluated as to visual and acoustical privacy and as to the harmony of external design and location in relation to surrounding structures, topography, existing trees and other natural vegetation, and as to specific conformance with the ARC which may be imposed from time to time by the Developer. It shall be the burden of each Owner to supply two (2) sets of completed plans and specifications to the Developer and no plan or specification shall be deemed approved unless a written approval is granted by the Developer to the Owner submitting same. The Developer shall approve or disapprove plans and specifications properly submitted within thirty (30) days of each submission. Any change or modification to an approved plan shall not be deemed approved unless a written approval is granted by the Developer to the Owner submitting same.

Section 10.2 **Architectural Review Board.**

10.2.1 The Developer may choose to enforce certain of its rights hereunder through an ARB.

10.2.2 If the Developer chooses to create an ARB, it shall have three (3) members, each initially selected by the Developer for staggered three (3) year terms. A vote of two (2) members of the ARB shall be binding on the ARB.

10.2.3 Meetings may be held from time to time after reasonable notice to the other members and may be held telephonically. Members may give a voting proxy to another person, subject to the approval of the Developer. The Developer shall have the right to replace a member of the ARB at any time.

10.2.4 The ARB may exercise such rights as are delegated to it hereunder, and such rights of the Developer as the Developer assigns to the ARB in writing.

10.2.5 The ARB shall not be an entity of the Association until the earlier of (i) 120 days after the Developer shall no longer own any Lot or Building Site or (ii) the Developer transfers control of the ARB to the Association in writing. Upon such event, the ARB shall become a board of the Association, and the Association may replace members of the ARB as their terms expire in accordance with procedures adopted by the Association. At that time, the rules described in in Article X hereof shall be replaced by such rules as may be adopted by the Association.

Section 10.3 **Review Procedures.** The Developer shall have, without limitation, the following rights with respect to architectural review and approval conducted in accordance with this Article X:

10.3.1 To promulgate, amend, eliminate or replace the ARC applicable to architectural review to be conducted by the Developer which shall be applicable to all or any portions of PCB Resort Cottages. Any amendment of the ARC shall not be inconsistent with the provisions of this Declaration. Notice of any amendment to the ARC, which shall include a

verbatim copy of such amendment, shall be delivered to each Member of the Association within fifteen (15) days after approval thereof. The delivery to each Member of the Association of notice and a copy of any amendment to the ARC shall not, however, constitute a condition precedent to the effectiveness or validity of such amendment. It shall not be necessary for the ARC, or any amendment thereto, to be recorded.

10.3.2 To require submission of two (2) complete sets of all plans and specifications for any improvement or structure of any kind requiring review and approval pursuant to this Article X. The Developer may also require submission of samples of building materials proposed for use on any Lot or Building Site, and such additional information as reasonably may be necessary for the Developer to completely evaluate the proposed structure or improvement in accordance with this Declaration and applicable ARC.

10.3.3 To approve or disapprove in accordance with the provisions of this Article X, any improvements or structures of any kind, or any change or modification thereto, the construction, erection, performance or placement of which is proposed upon any Lot or building site, and to approve or disapprove any exterior additions, changes, modifications or alterations therein or thereon.

10.3.4 To adopt a schedule of reasonable fees for processing requests for architectural approval of proposed improvements. Such fees, if any, shall be payable to the Association, in cash, at the time that plans and specifications are submitted to the Developer.

10.3.5 To require each Owner to deposit a reasonable sum with the ARB to secure such Owner's compliance with the terms of this Declaration and all plans and specifications approved in accordance with this Article X.

10.3.6 To assign to the ARB or the Association, all or any portion of Developer's rights of architectural review as reserved by this Article X.

10.3.7 To require Owners to contract only with approved builders or contractors for construction of improvements on Lots or Building Sites.

10.3.8 To commence construction of improvements on Lots or Building Sites within the time period subsequent to closing of the sale of the Lot or Building Site which shall be specified in the ARC.

Section 10.4 **Assignment**. The Developer reserves the right to assign its reserved rights under this Article X to the Association or the ARB, who upon such assignment shall automatically assume such of the Developer's obligations under this Article X as the Developer may indicate.

Section 10.5 **Limited Liability**. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Developer as contemplated by this Article X, the Developer, the ARB and the Association shall not be liable to any Owner or to any other person on account of any claim, liability, damage or expense

suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way related to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld by the Developer, the ARB or the Association.

ARTICLE XI **PANAMA CITY BEACH RESORT CLUB**

Section 11.1 **Mandatory Membership.** Each Owner, including all successors-in-title and assigns, shall be required to acquire a Club Membership in accordance with the Club Membership Documents and must maintain the Club Membership in good standing in accordance with the Club Membership Documents, as long as the Owner owns any Lot or Building Site within the Resort. Club Membership is subject to the terms and conditions in the Club Membership Documents, as they may be amended from time to time, and operating days and hours established by Club Owner in its sole and absolute discretion.

ACQUISITION OF A CLUB MEMBERSHIP IS MANDATORY FOR OWNERS. OWNERSHIP DOES NOT GIVE ANY VESTED RIGHT OR EASEMENT, PRESCRIPTIVE OR OTHERWISE, TO USE THE CLUB FACILITIES WITHOUT ACQUISITION AND MAINTENANCE OF A CLUB MEMBERSHIP, OR TO RETAIN A CLUB MEMBERSHIP IN THE CLUB WITHOUT PAYMENT OF MEMBERSHIP DUES AND DOES NOT GRANT ANY OWNERSHIP OR MEMBERSHIP INTEREST IN CLUB OWNER, CLUB FACILITIES OR THE CLUB PROPERTY. CLUB MEMBERSHIP DOES NOT GRANT ANY VOTING RIGHTS IN THE CLUB OR CLUB OWNER.

An Owner shall complete, execute and submit to Club Owner before or at closing of the acquisition of a Lot or Building Site a Membership Agreement in such form or forms as Club Owner shall reasonably require for the Owner to acquire a Club Membership ("Membership Agreement") and shall pay the required Joining Fee for the Club Membership to the Club Owner. Although each Owner is required to acquire a Club Membership and commence payment of Club Dues upon acceptance of title to a Lot or Building Site, Club Membership privileges shall be conditioned and subject to the Owner's execution and delivery to Club Owner of the Membership Agreement. The Membership Agreement may provide for payment of the Joining Fee in installments, in which case the Owner shall be obligated to pay the balance of the Joining Fee in accordance with the Membership Agreement and shall execute such documents as Club Owner may require acknowledging and evidencing such obligation. Any unpaid Joining Fee shall be subject to the lien created pursuant to Article XI, Section 11.16 of this Declaration.

Section 11.2 **Membership Admission.** Acquisition of a Club Membership by an Owner is not subject to any application and approval process, but subject to the Membership Agreement.

Section 11.2.1 **Exemption.** The mandatory Club membership requirements set forth herein shall not be applicable to the Developer or Developer owned Lots or Building Sites.

Section 11.3 **Term and Covenant Running with Land.** THE TERMS OF THIS DECLARATION SHALL BE COVENANTS RUNNING WITH THE PROPERTY, IN

PERPETUITY AND BE BINDING ON EACH OWNER, AND HIS, HER OR ITS SUCCESSORS IN TITLE AND ASSIGNS. EVERY PORTION OF THE PROPERTY SHALL BE BURDENED WITH THE COVENANTS SET FORTH IN THIS DECLARATION.

Section 11.4 **Membership Impact on the Property.** By acceptance of title to a Lot or Building Site, each Owner acknowledges that mandatory Club Membership positively impacts the viability of the recreational facilities and the membership club in the Resort and therefore renders ownership of the Property and any part thereof more valuable and desirable than it would be otherwise. All Owners and Club Owner agree that the provisions and enforceability of this Declaration are mutually beneficial. Each Owner acknowledges that Club Owner is initially investing substantial sums of money and time in developing the Club Facilities on the basis that eventually the Club may generate a substantial profit to Club Owner. Each Owner agrees that Club Owner would not have made such a substantial investment of money without the anticipation of such profit and such profit shall not, if ever generated, affect the enforceability of this Declaration.

Section 11.5 **Club and Resort Relationship.** Each Owner, by acceptance of title to a Lot or Building Site, acknowledges and agrees that there were significant other housing opportunities available to each Owner in the general location of the Property. The property acquired by each Owner and the right to utilize the Club Facilities pursuant to the Club Membership Documents were material in each Owner's decision to purchase property in the Resort and were, for the purposes of this Declaration, a "single product." Each Owner understands that the Club is an integral part of the Resort.

Section 11.6 **Disclosure.** By acceptance of title, each Owner acknowledges that full disclosure of the nature of the Club and obligations associated therewith was made to such Owner prior to such Owner executing a contract to purchase property within the Resort and each Owner has consulted, or was afforded the opportunity to, consult with an attorney.

Section 11.7 **Club Membership Documents.** Club Owner may adopt the Club Membership Documents and such other written and unwritten rules, policies and procedures ("Club Policies") from time to time, and may modify, supplement, terminate or replace such Club Membership Documents and Club Policies. Each Owner and his or her Immediate Family members, guests, and Renters shall be bound by the Club Membership Documents and Club Policies as they may be amended from time to time. All Club Member rights and privileges under this Declaration shall be subject to the Club Membership Documents and Club Policies, provided that in the event of conflict between this Declaration and the Club Membership Documents or Club Policies, the Club Membership Documents shall govern. The Club Membership Documents and Club Policies may not be recorded; therefore, each Owner agrees to obtain a copy of unrecorded Club Membership Documents from Club Owner and become familiar with them.

Section 11.8 **Club Facilities and Ownership.**

Section 11.8.1 **Club Facilities.** Club Owner intends to operate the Club Facilities, which will be and shall remain the property of Club Owner, subject only to the provisions of this Declaration. The current Club Facilities are set forth in the Club Membership Documents.

Section 11.8.2 Management of the Club Facilities. Club Owner will manage the Club Facilities as modified from time to time at its sole cost and expense. Club Owner shall be the sole and absolute judge as to the plans, size, design, location, completion, schedule, materials, equipment, and contents of the Club Facilities. Club Owner shall have the exclusive and unequivocal right to:

(a) develop, construct and reconstruct, in whole or in part, the Club Facilities and related improvements within the Property, and make any additions, deletions, alterations, improvements, or changes thereto;

(b) without the payment of rent, maintain leasing and/or sales offices (for sales and resales of Lots or Building Sites), general offices, and construction operations on the Club Property including, without limitation, displays, counters, meeting rooms, and facilities for the sales and re-sales of Lots or Building Sites;

(c) place, erect, and/or construct portable, temporary, or accessory buildings or structures (including trailers) upon the Club Property for sales, construction storage, or other purposes;

(d) temporarily deposit, dump or accumulate materials, trash, refuse and rubbish on the Club Property in connection with the development or construction of any of the Club Facilities or any improvements located within the Property;

(e) post, display, inscribe or affix to the exterior of the Club Facilities and the Club Property, signs and other materials used in developing, constructing, selling, or promoting the sale of portions of the Property including, without limitation, the sale of Lots and Building Sites;

(f) conduct whatever commercial activities within the Club Property deemed necessary, profitable and/or appropriate by Club Owner;

(g) develop, operate and maintain the Club Property as deemed necessary, in its sole and absolute discretion; and

(h) all activities which, in the sole opinion of Club Owner, are necessary for the development, operation, and marketing of the Club and Club Facilities or any lands or improvements therein.

Section 11.9 Changes. Club Owner reserves the absolute right in Club Owner's sole and absolute discretion without the joinder of any party whomsoever, to, from time to time, alter, change, add, remove, or modify the Club Facilities.

Section 11.10 Transfer of Club. Club Owner may sell, encumber or convey the Club, the Club Property, or the Club Facilities to any person or entity in its sole and absolute discretion at any time, subject to this Declaration. Club Owner may lease or enter into a lease, license,

franchise, use or access agreements for any portion of the Club Facilities to or with any person or entity in its sole and absolute discretion at any time, subject to this Declaration.

Section 11.11 **Control.** The Club shall be under the complete supervision and control of Club Owner until Club Owner, in its sole and absolute discretion, delegates all or part of the right and duty to operate, manage and maintain the Club to a third party as manager or operator of the Club Facilities ("Club Manager"), if ever, as hereinafter provided, or leases all or part of the Club Facilities to a third party, if ever.

Section 11.12 **Use of Club Facilities.**

Section 11.12.1 **Rights of Club Members.** Each Club Member and such Club Member's Immediate Family members and guests shall have the non-exclusive license and privileges to use the Club Facilities in accordance with and subject to this Declaration and the Club Membership Documents. Use of Club Facilities by Club Members and their Immediate Family members, Renters, and guests shall be subject to such reservation policies and procedures as established by Club Owner in its sole and absolute discretion.

Section 11.12.2 **Rights of Outside Members.** The Club Owner may issue Club Memberships to persons who do not own property in the Resort ("Outside Members") in accordance with the Club Membership Documents. Outside Members, if any, shall have such rights, privileges and obligations relating to the use of the Club Facilities as established by Club Owner from time to time. Club Owner shall establish the Club Dues and fees to be paid by Outside Members, if any.

Section 11.12.3 **Use by Persons Other than Owners.** Club Owner has the right at any and all times, and from time to time, to make certain or all Club Facilities available to individuals, persons, firms, corporations or other legal entities other than Club Members as it deems appropriate. Club Owner shall establish the fees to be paid, if any, by any person using the Club Facilities who is not a Club Member. The granting of such rights shall not invalidate this Declaration, reduce or abate any Owner's obligations to pay Club Dues pursuant to this Declaration, or give any Owner the right to avoid any of the provisions of this Declaration. The Club Owner may enter into arrangements with one or more qualifying and permitted rental management companies pursuant to the Designated Rental Program described in Section 8.11.20(c) herein, permitting the rental management companies to make arrangements for Renter use of the Club on behalf of the Owners who engage them. The Club Owner may deny access to and use of the Club and Club Facilities to any Renter who is renting a Residential Dwelling Unit other than through the Designated Rental Program.

Section 11.12.4 **Promotional Access and Use of Club Facilities.** Club Owner, the Developer, and their affiliates, shall have the right to schedule and hold marketing, promotional and other events using the Club Facilities.

Section 11.13 **Club Dues.** In consideration of the construction and providing for use of the Club Facilities by the Owners, each Owner by acceptance of title to a Lot or Building Site shall be deemed to have specifically covenanted and agreed to timely pay all Club Dues to Club Owner. The obligation to pay Club Dues shall commence as to each Owner on the day of the conveyance of title to an Owner. Notwithstanding the foregoing, no Owner shall be obligated to pay Club Dues until the first day of the calendar month in which any portion of the Club Facilities can be used by Owners. Club Owner shall collect Club Dues and applicable sales tax on a monthly, quarterly or annual basis in accordance with the Club Membership Documents and may require in accordance with the Club Membership Documents, in Club Owner's sole and absolute discretion, Owners or any Owner to provide a credit or debit card to Club Owner to which Club Owner may charge such Owner's Club Dues and Individual Purchase Charges. The amount of Club Dues shall be established by Club Owner in its sole and absolute discretion on an annual basis.

Section 11.14. **Multiple Lots or Building Sites.** If an Owner owns more than one Lot or Building Site within the Resort, Club Dues are payable for each and every Lot or Building Site owned by such Owner, and such Owner shall not be entitled to any additional privileges or the privilege to designate users other than Owner by virtue of ownership of more than one Lot or Building Site.

Section 11.15. **Individual Purchase Charges.** Club Owner shall have the right to establish from time to time, by resolution, rule or regulation, or by delegation to Club Manager, service and/or use fees and charges for use of particular Club Facilities or Club services by individual Club Members or their Immediate Family members or guests, including but not limited to guest fees, pricing for food and beverage and merchandise sold to individual Club Members and their Immediate Family members and guests ("Individual Purchase Charges"). Individual Purchase Charges shall be payable at such time or time(s) as determined by Club Owner or Club Manager. All of such Individual Purchase Charges shall be the sole property of Club Owner and shall not offset or reduce the Club Dues payable by Owners.

Section 11.16 **Claim of Lien.** EACH OWNER, BY ACCEPTANCE TITLE, SHALL BE DEEMED TO HAVE COVENANTED AND AGREED THAT ALL AMOUNTS PAYABLE UNDER THIS DECLARATION INCLUDING, WITHOUT LIMITATION, JOINING FEES, CLUB DUES, AND INDIVIDUAL PURCHASE CHARGES, TOGETHER WITH INTEREST, LATE FEES, COSTS AND REASONABLE ATTORNEYS' AND PARAPROFESSIONAL FEES, PRE-TRIAL AND AT ALL LEVELS OF PROCEEDINGS, INCLUDING APPEALS, COLLECTION AND BANKRUPTCY, SHALL BE A CHARGE AND CONTINUING FIRST LIEN IN FAVOR OF CLUB OWNER ENCUMBERING, PROPERTY AND ALL PERSONAL PROPERTY LOCATED THEREON OWNED BY THE OWNER. THE LIEN IS EFFECTIVE FROM AND AFTER RECORDING A CLAIM OF LIEN IN THE PUBLIC RECORDS OF BAY COUNTY STATING THE DESCRIPTION OF THE PROPERTY, NAME OF THE OWNER, AND THE AMOUNTS DUE AS OF THAT DATE, BUT SHALL RELATE BACK TO THE DATE THIS DECLARATION IS RECORDED. THE CLAIM OF LIEN SHALL ALSO COVER ANY ADDITIONAL AMOUNTS WHICH ACCRUE THEREAFTER UNTIL SATISFIED. ALL UNPAID JOINING FEES, CLUB DUES, AND INDIVIDUAL PURCHASE CHARGES, TOGETHER WITH INTEREST, LATE FEES,

COSTS AND REASONABLE ATTORNEYS' AND PARAPROFESSIONAL FEES, PRE-TRIAL AND AT ALL LEVELS OF PROCEEDINGS, INCLUDING APPEALS, COLLECTIONS AND BANKRUPTCY, AND OTHER COSTS AND EXPENSES PROVIDED FOR HEREIN, SHALL BE THE PERSONAL OBLIGATION IN FAVOR OF CLUB OWNER OF THE PERSON WHO WAS THE OWNER OF THE PROPERTY AT THE TIME WHEN THE CHARGE OR FEE BECAME DUE, AS WELL AS THE OWNER'S HEIRS, DEVISEES, PERSONAL REPRESENTATIVES, SUCCESSORS OR ASSIGNS. THE LIEN IN FAVOR OF CLUB OWNER PURSUANT TO THIS SECTION SHALL BE SUPERIOR TO ALL OTHER LIENS RECORDED AFTER THE NOTICE OF LIEN, EXCEPT: (I) ALL TAX LIENS; (II) THE LIEN OR CHARGE OF ANY FIRST MORTGAGE HOLDER; (III) A LIEN OF THE ASSOCIATION; AND (IV) THOSE DEEMED BY FLORIDA LAW TO BE SUPERIOR. CLUB OWNER OR CLUB MANAGER MAY SUE FOR UNPAID JOINING FEES, CLUB DUES, AND INDIVIDUAL PURCHASE CHARGES AND OTHER AMOUNT AUTHORIZED HEREUNDER WITHOUT FORECLOSING OR WAIVING THE LIEN SECURING THE SAME, OR MAY FORECLOSE THE LIEN IN A MANNER SIMILAR TO FORECLOSURE OF A MORTGAGE LIEN, OR BOTH. CLUB OWNER OR CLUB MANAGER SHALL HAVE THE POWER TO BID FOR ANY INTEREST IN THE FORECLOSED PROPERTY AT SUCH FORECLOSURE SALE AND TO ACQUIRE, HOLD, LEASE, MORTGAGE, AND CONVEY SUCH PROPERTY.

Section 11.17 **Subordination of the Lien to Mortgages.** THE LIEN FOR JOINING FEES, CLUB DUES, AND INDIVIDUAL PURCHASE CHARGES AND RELATED FEES AND EXPENSES SHALL BE SUBORDINATE TO A BONA FIDE FIRST MORTGAGE HELD BY A MORTGAGEE ON ANY PROPERTY, IF THE MORTGAGE IS RECORDED IN THE PUBLIC RECORDS OF BAY COUNTY PRIOR TO THE CLAIM OF LIEN. THE CLUB CLAIM OF LIEN SHALL NOT BE AFFECTED BY ANY SALE OR TRANSFER OF A PROPERTY, EXCEPT IN THE EVENT OF A SALE OR TRANSFER OF A PROPERTY PURSUANT TO A FORECLOSURE (OR DEED IN LIEU OF FORECLOSURE) OF A BONA FIDE FIRST MORTGAGE HELD BY A MORTGAGEE, IN WHICH EVENT, THE ACQUIRER OF TITLE, ITS SUCCESSORS AND ASSIGNS, SHALL NOT BE LIABLE FOR SUCH SUMS SECURED BY A CLAIM OF LIEN ENCUMBERING THE PROPERTY OR CHARGEABLE TO THE FORMER OWNER OF THE PROPERTY WHICH BECAME DUE PRIOR TO SUCH SALE OR TRANSFER, NOTWITHSTANDING ANY CONTRARY PROVISION HEREIN. ANY MORTGAGEE WHEN IN POSSESSION OF A PROPERTY OR ANY RECEIVER, AND IN THE EVENT OF A FORECLOSURE, ANY PURCHASER AT A FORECLOSURE SALE, AND ANY MORTGAGEE ACQUIRING A DEED IN LIEU OF FORECLOSURE, AND ALL PERSONS CLAIMING BY, THROUGH OR UNDER SUCH PURCHASER OR MORTGAGEE, SHALL HOLD TITLE TO THE PROPERTY SUBJECT TO THE LIABILITY AND LIEN FOR THE JOINING FEE FOR THE CLUB MEMBERSHIP, CLUB DUES COMING DUE AFTER SUCH FORECLOSURE (OR CONVEYANCE IN LIEU OF FORECLOSURE) OR INDIVIDUAL PURCHASE CHARGES INCURRED AFTER SUCH FORECLOSURE (OR CONVEYANCE IN LIEU OF FORECLOSURE). NOTHING HEREIN CONTAINED SHALL BE CONSTRUED AS RELEASING THE PARTY LIABLE FOR ANY DELINQUENT JOINING FEES, CLUB DUES, OR INDIVIDUAL PURCHASE CHARGES FROM THE PAYMENT THEREOF, OR THE ENFORCEMENT OF COLLECTION BY MEANS OTHER THAN FORECLOSURE.

Section 11.18 **Nonpayment.** IF ANY JOINING FEES, CLUB DUES OR OTHER AMOUNTS ARE NOT PAID BY AN OWNER WHEN DUE PURSUANT TO THE CLUB MEMBERSHIP DOCUMENTS, CLUB OWNER SHALL HAVE ALL OF THE REMEDIES PROVIDED HEREIN AND IN THE CLUB MEMBERSHIP DOCUMENTS AND ANY OTHERS PROVIDED BY LAW AND SUCH REMEDIES SHALL BE COLLECTIVE. THE BRINGING OF AN ACTION OR EXERCISE OF REMEDY SHALL NOT CONSTITUTE AN ELECTION TO EXCLUDE THE BRINGING OF ANY OTHER ACTION OR EXERCISE OF REMEDY.

Section 11.19 **Non-Use.** NO OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR FEES AND CHARGES PROVIDED FOR HEREIN BY NON-USE OF, ILLNESS OR DISABILITY THAT PREVENTS OR LIMITS THE USE OF, OR THE WAIVER OF THE RIGHT TO USE, THE CLUB OR CLUB FACILITIES OR NON-USE OR ABANDONMENT OF THE PROPERTY.

Section 11.20 **Basis for Suspension.** THE CLUB MEMBERSHIP RIGHTS AND PRIVILEGES OF A CLUB MEMBER MAY BE SUSPENDED BY CLUB OWNER PURSUANT TO THE MEMBER DISCIPLINARY PROVISIONS OF THE CLUB MEMBERSHIP DOCUMENTS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, CLUB OWNER MAY SUSPEND THE CLUB MEMBERSHIP RIGHTS AND PRIVILEGES OF A CLUB MEMBER IF THE CLUB MEMBER FAILS TO PAY ANY AMOUNT OWED BY THE CLUB MEMBER TO CLUB OWNER IN ACCORDANCE WITH THE CLUB MEMBERSHIP DOCUMENTS.

Section 11.21 **No Club Dues Abatement.** NO CLUB MEMBER WHOSE CLUB MEMBERSHIP PRIVILEGES HAVE BEEN FULLY OR PARTIALLY RESTRICTED OR SUSPENDED SHALL, ON ACCOUNT OF ANY SUCH RESTRICTION OR SUSPENSION, BE ENTITLED TO ANY REFUND OR ABATEMENT OF CLUB DUES OR ANY OTHER FEES. DURING THE RESTRICTION OR SUSPENSION, CLUB DUES SHALL CONTINUE TO ACCRUE AND BE PAYABLE.

Section 11.22 **Destruction.** IN THE EVENT OF THE DAMAGE TO THE CLUB FACILITIES BY PARTIAL OR TOTAL DESTRUCTION BY FIRE, WINDSTORM, FLOOD OR ANY OTHER CASUALTY, CLUB OWNER MAY ELECT, IN CLUB OWNER'S SOLE AND ABSOLUTE DISCRETION, TO RECONSTRUCT THE CLUB FACILITIES; PROVIDED, HOWEVER, CLUB OWNER SHALL HAVE THE RIGHT TO CHANGE THE CLUB FACILITIES AS PART OF THE RECONSTRUCTION IN ITS SOLE AND ABSOLUTE DISCRETION. THERE SHALL BE NO ABATEMENT IN PAYMENTS OF CLUB DUES DURING CASUALTY OR RECONSTRUCTION UNLESS OTHERWISE PROVIDED BY CLUB OWNER IN ITS SOLE AND ABSOLUTE DISCRETION, NOTWITHSTANDING THAT THE CLUB FACILITIES ARE NOT AVAILABLE FOR USE. IF CLUB OWNER ELECTS NOT TO RECONSTRUCT THE CLUB FACILITIES, CLUB OWNER SHALL TERMINATE THE CLUB BY DOCUMENT RECORDED IN THE PUBLIC RECORDS OF BAY COUNTY.

Section 11.23 **Other Discontinuance of Operations.** IF CLUB OWNER CEASES OPERATIONS OF THE CLUB OR DISCONTINUES USE OF SUBSTANTIALLY ALL OF THE CLUB FACILITIES ON A LONG TERM BASIS FOR REASONS OTHER THAN SET FORTH ABOVE, THE MANDATORY MEMBERSHIP COVENANT SET FORTH IN ARTICLE XI, SECTION 11.1 AND THE OBLIGATION TO CONTINUE TO PAY CLUB DUES SET FORTH IN ARTICLE XI, SECTION 11.13, SHALL BE SUSPENDED DURING ANY SUCH PERIOD OF CLUB OPERATIONS CESSATION OR CLUB FACILITIES USE DISCONTINUATION, BUT SHALL BE REINSTATED AT SUCH TIME AS CLUB OWNER COMMENCES CLUB OPERATIONS AND CLUB FACILITIES USE AGAIN.

Section 11.24 **Rights of Access and Parking, if any.** The Club Owner and members of the Club (regardless of whether such persons are Owners hereunder), their guests and invitees and the employees, agents, contractors and designees of the Club Owner shall at all times have a right and a non-exclusive easement of access and use over designated roadways and paths located within the Property reasonably necessary to travel to and from the entrance of the Club, respectively and further over those portions of the Property reasonably necessary for the use, operation, maintenance, repair and replacement of the Club, or any portion thereof. Without limiting the generality of the foregoing, members of the Club and permitted members of the general public shall have the right to use designated pedestrian and golf cart paths, if any, located throughout the Property and to park their vehicles on designated areas within the Property at reasonable times before, during and after various functions held at the Club.

Section 11.25 **Jurisdiction.** The Association shall have no power to promulgate use restrictions or Rules and Regulations affecting activities on or use of the Club.

Section 11.26 **Acknowledgements Regarding Club.** Each Owner, by acceptance of a deed or other acquisition of title to a Lot or Building Site, shall be deemed to have acknowledged and agreed as follows:

Section 11.26.1 Privileges to use the Club shall be subject to the terms and conditions of the Club Membership Documents.

Section 11.26.2 Notwithstanding the fact that portions of the Club may constitute open space or a recreation area for purposes of applicable zoning ordinances and regulations, each Owner releases and discharges forever the Developer, the Club Owner, and its and their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents from: (1) any claim that the Club is, or must be, owned and/or operated by the Association or the Owners, and/or (2) any claim that the Owners are entitled to use the Club by virtue of their ownership without acquiring a membership in the Club, paying the applicable membership contribution and/or membership joining fees and dues, fees and charges established by the Club from time to time, and complying with the terms and conditions of the Membership Plan Documents for the Club. Each Owner and the Association shall jointly and severally indemnify, defend, and hold harmless the Developer, the Club Owner, and its and their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents, against and in respect of, and to reimburse the Developer, the Club Owner, its and their affiliates, successors and assigns and

their respective members, partners, shareholders, officers, directors, employees and agents, on demand, for any and all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries and deficiencies, including, but not limited to, interest, penalties, attorney and paralegal fees and disbursements (even if incident to any appeals), that the Developer, the Club Owner, their affiliates, successors and assigns and their respective members, partners, shareholders, officers, directors, employees and agents, shall incur or suffer, which arise out of, result from or relate to any claim that because the Club (or portions of the Club) is deemed to be open space or a recreation area for purposes of applicable zoning ordinances and regulations, the Club must be owned and/or operated by the Association or the Owners and/or that Owners may use the Club without acquiring a membership in the Club pursuant to the Club's Club Membership Documents and paying the membership contribution or membership joining fees, and dues, fees and charges established by the Club from time to time.

Section 11.26.3 Any entry upon the Club without permission of the Club Owner may be deemed a trespass and each Owner shall refrain from, and shall cause all occupants of such Owner's Lot or Building Site, their guests, tenants and invitees, to refrain from any unauthorized entry upon the Club.

Section 11.26.4 THERE IS A LIEN OR LIEN RIGHT AGAINST EACH LOT OR BUILDING SITE TO SECURE THE PAYMENT OF CLUB CHARGES OR OTHER EXACTIONS COMING DUE IN CONNECTION WITH CLUB MEMBERSHIP AND/OR USE OF CLUB FACILITIES, ALL AS MORE PARTICULARLY DESCRIBED IN ARTICLE XI, SECTION 16 HEREOF, AND THE CLUB MEMBERSHIP DOCUMENTS. THE OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN AS PROVIDED HEREIN.

Section 11.26.5 The Club Owner may, but is not obligated to, assign to the Association the right to collect any or all Club charges on behalf of the Club Owner. In such case, the Association will collect all Club charges for a particular calendar month and remit same to the Club Owner, together with a statement of accounts receivable itemized in reasonable detail and in such format as may be reasonably acceptable to the Club Owner and the Association, setting forth the status of payment of each Club Member, within ten (10) days following the end of the applicable calendar month. The Club Owner shall have the right, at the Club Owner's expense, upon reasonable notice to the Association to audit the Association's books and records relating to the collection of and remittance of the Club charges. The Association shall, on behalf of the Club Owner, take such actions to collect unpaid Club charges as the Association customarily takes with respect to other delinquent charges or other amounts owed to the Association by Owners pursuant to the terms hereof and shall be reimbursed by the Club Owner for all costs incurred by the Association for such action, within thirty (30) days of the Association's written request to the Club Owner for such reimbursement.

Section 11.27 **Limitation on Amendments.** In recognition of the fact that the provisions of this Article XI are for the benefit of the Club, no amendment to this Article, and no amendment in derogation hereof to any other provisions of this Declaration, may be made without the written approval of Club Owner (unless the amendment is effected by the Developer alone pursuant to the rights reserved hereunder, in which event, the approval of the Club Owner

and/or any other Owners, shall not be required). The foregoing shall also apply to any other provisions of this Declaration which are, in the sole discretion of the owner(s) from time to time of the Club Owner for the benefit of the Club.

ARTICLE XII **BRAND MATTERS**

12.1 **Brand Protection.** Unless the context otherwise requires, no Owner shall have the right, license or ability (or otherwise through the purchase or ownership of a Lot or Building Site) to acquire any entitlement to use for any purpose, including in connection with the sale, rental or marketing of his, her or its Lot or Building Site any trade name, trademark or service mark associated with the Resort and/or the Club or the operator(s) thereof (except only to the extent expressly permitted pursuant to an express written agreement with the owner of such intellectual property). Each Owner, by its acceptance of a deed to a Lot or Building Site acknowledges and agrees that the name by which the Resort, Club or any other portion of the Property is referred to may be changed from time to time, and there shall be no reliance that an affiliation with any club brand shall be obtained, or if obtained, shall be maintained for any period of time, it being understood and agreed that there is no assurance that any portion of the Property will be associated with any club brand, or if affiliated, that such affiliation shall be with any particular brand, or if affiliated with a particular brand, that the affiliation will not be changed or withdrawn. Each Owner (including its and their successors and assigns) agrees to indemnify and hold the Developer, its affiliates, the Club Owner and each of their respective partners, members, shareholders, officers, directors, employees, managers, agents, contractors, consultants or attorneys harmless from and against any and all costs, claims (whether rightfully or wrongfully asserted), damages, expenses or liabilities whatsoever (including, without limitation, reasonable attorneys' fees and court costs at all trial and appellate levels), arising out, connected with, or otherwise relating to, the existence or non-existence of any affiliation with a brand, and/or any change in the status of any such affiliation or change in any such affiliation.

Section 12.2 Relationship with Margaritaville.

12.2.1 The use of Margaritaville intellectual property within the Resort along with all logos associated therewith are the proprietary property, trade names and service marks of Margaritaville Enterprises, LLC.

12.2.2 For so long as any portion of the Property is operating under a license agreement with "Margaritaville Resort of Panama City Beach, LLC" (the "Margaritaville Trademark License Agreement"), then except as expressly provided in the Margaritaville Trademark License Agreement, all portions of the Property shall be similarly branded (the "Branded Residences").

12.2.3 **De-Branding.** At the end of the Margaritaville Trademark License Agreement term for any reason, the holder of the license shall have the obligation to, as soon as commercially reasonable thereafter, stop holding the Property out to the public as a "Margaritaville" establishment, and shall commence such de-branding actions as required to

preclude a commercially reasonable likelihood of confusion on the part of the public as to whether the Resort is a "Margaritaville" establishment (the "De-Branding Actions"), including:

- (a) removing all exterior and interior Margaritaville signage relating to the Resort;
- (b) changing any staff uniforms to remove all Margaritaville intellectual property from the Resort; and
- (c) discontinuing the use or display of any Margaritaville intellectual property, including for use in connection with the advertisement and promotion of the Resort and on any internet site.

The foregoing De-Branding Actions provided in this Section 12.2.3 shall not apply to: (i) Residential Dwelling Units sold to third parties; (ii) directional street signs in connection with sold Residential Dwelling Units; (iii) the Association or any subassociation; and (iv) any other use of the Margaritaville intellectual property in connection with a sold Residential Dwelling Unit that would require consent from a third-party owner and/or a homeowners' association to change.

Section 12.3 **Project Standard.** The Property, including without limitation the Lots, Building Sites, Club, and Common Areas, shall at all times be maintained and operated at a physical, operational and service level consistent with the Project Standard, which for as long as the Property shall be operated under the Branded Name, shall be consistent with the standards established by the Brand Owner.

ARTICLE XIII **MORTGAGEES**

Section 13.1 **Rights of Mortgagees.** Any holder of any first mortgage shall have the following rights:

13.1.1 During normal business hours, and upon reasonable notice and in a reasonable manner, to inspect the books, records, and papers of the Association at the location where they are commonly kept;

13.1.2 Upon payment of any reasonable, uniform charge that the Association may impose to defray its costs, to receive copies of the Association's books, records, or papers, certified upon request;

13.1.3 Upon written request to the Secretary of the Association, to receive copies of the annual financial statements of the Association; provided, however, the Association may make a reasonable charge to defray its costs incurred in providing such copies;

13.1.4 To designate a representative to attend all meetings of the membership of the Association, who is entitled to a reasonable opportunity to be heard in connection with any business brought before such meeting but in no event entitled to vote thereon; and

13.1.5 By written notice to the Secretary of the Association, and upon payment to the Association of any reasonable annual fee that the Association from time to time may establish for the purpose of defraying its costs, to receive any notice that is required to be given to the Class A and Class C members of the Association under any provision of this Declaration, or the Articles or Bylaws.

ARTICLE XIV

DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Section 14.1 Resolution of Disputes without Resolution.

14.1.1 The Developer, the Association, its officers, directors, and committee members, and all persons bound by this Declaration (individually a "Bound Party") shall not file any claim in any court with respect to a Claim described in subsection (b) hereof, unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

14.1.2 As used in this Article, the term "Claim" shall refer to any claim, grievance, or dispute arising out of or relating to (i) the interpretation, application, or enforcement of this Declaration, the Articles, the By-Laws, the Rules and Regulations, or the ARC (collectively the "Governing Documents"); or (ii) the rights, obligations, and duties of any Bound Party under the Governing Documents. Unless all parties to the matter otherwise agree to submit the matter to the procedure set forth in Section 14.2, the following shall not be considered "Claims": (v) any suit by the Association to collect assessments or other amounts due from any Owner; (w) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration; (x) any suit between Owners, which does not include the Developer or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents; (y) any suit in which any indispensable party is not a Bound Party; (z) any suit as to which any applicable statute of limitations would expire within 180 days of giving Notice required by Section 14.2.1, unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may be reasonably necessary to comply with this Article.

Section 14.2 Dispute Resolution Procedures.

14.2.1 Notice. The Bound Party asserting a Claim (the "Claimant") against another Bound Party (the "Respondent") shall give written notice to each Respondent and to the Board stating plainly and concisely: (i) the nature of the Claim, including the persons involved and the Respondent's role in the Claim; (ii) the legal basis of the Claim; (iii) the Claimant's proposed resolution or remedy; and (iv) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

14.2.2 Negotiation. If the parties have not resolved the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as the parties may agree upon), the Claimant shall have thirty (30) additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent dispute resolution service in the Bay County, Florida, area. If the Claimant does not submit the Claim within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of such Claim.

14.2.3 If the parties do not settle the Claim within thirty (30) days after submission of the matter to mediation or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date the mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate other proceedings on the Claim, as appropriate. Each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally in all fees charged by the mediator.

14.2.4 Settlement. Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of such agreement, then the other party may file suit or initiate other proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions), all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

Section 14.3 **Initiation of Litigation by the Association**. In addition to compliance with the foregoing alternative dispute resolution procedures, if applicable, the Association shall not initiate any judicial or administrative proceeding unless first approved by a vote of 75% of the votes allocated to the Class A and Class C Members. This Section shall not apply however to (a) actions brought by the Association to enforce the provisions of Articles V, VI, VIII, X, XI and XIV of this Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article V; (c) proceedings involving challenges to ad valorem taxation; (d) actions or proceedings initiated prior to Turn Over; (e) actions or proceedings initiated against a contractor, vendor, or supplier of goods or services arising out of an express contract for services or supplies; or (f) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes and pursuant to the same procedures, necessary to institute proceedings and provided above.

ARTICLE XV
GENERAL PROVISIONS

Section 15.1 **Ground Leased Land.** Where all or any part of a Lot or Building Site has been leased by the Owner of the fee simple title to the site under a ground lease having an original term of not less than ten years, then so long as such ground lease shall remain in effect, all references in these covenants to "Owner" shall be deemed to refer to the lessee under the ground lease, and any lien arising under the provisions of Article V shall attach only to the interest in the Lot or Building Site of the lessee under the ground lease. The Association's reasonable identification of any party deemed to be an "Owner" pursuant to this Section 15.1 shall be dispositive.

Section 15.2 **Severability.** Invalidation of any of the provisions of this Declaration by judgment or court order shall not affect or modify any of the other provisions, which shall remain in full force and effect.

Section 15.3 **Additional Restrictions.** No Owner, without the prior written consent of the Developer, may impose any additional covenants or restrictions on any part of the Property, but the Developer may include in any contract or deed hereafter made and covering all or any part of the Property, any additional covenants or restrictions applicable to the Property so covered which are not inconsistent with and which do not lower standards established by this Declaration.

Section 15.4 **Titles.** The addition of titles to the various sections of this Declaration are for convenience and identification only and the use of such titles shall not be construed to limit, enlarge, change, or otherwise modify any of the provisions hereof, each and all of which shall be construed as if not entitled.

Section 15.5 **Termination or Amendment.** The covenants, restrictions, easements and other matters set forth herein shall run with the title to the Property and be binding upon each Owner, the Developer, the Association and their respective successors and assigns for a period of fifty (50) years, and shall be automatically renewed for successive ten (10) year periods unless terminated as herein provided. The Owners holding three-fourths (3/4) or more of the total votes of the Association may alter, amend or terminate these covenants provided, however, that so long as the Developer owns any land within the Property, no such termination or amendment shall be effective without the written consent and joinder of the Developer. Further, until such time as the Developer shall not own any lands subject to this Declaration, the Developer shall have the unilateral right to amend this Declaration without the consent or joinder of any other party in any manner which does not materially and adversely affect the value of any Lot or other building parcel located within the Property. Any amendment to this Declaration shall be executed by the Association and Developer, if applicable, and shall be recorded in the current public records of Bay County, Florida.

Section 15.6 **Conflict or Ambiguity in Documents.** To the extent of any conflict, ambiguity, or inconsistency between this Declaration, the Articles, or the Bylaws, the terms of this Declaration shall control both the Articles and Bylaws.

Section 15.7 **Usage.** Whenever used, the singular shall include the plural and the singular, and the use of any gender shall include all genders.

Section 15.8 **Effective Date.** This Declaration shall become effective upon its recordation in the public records of Bay County, Florida.

Section 15.9 **Use of the Words "PCB Resort Cottages" and "Margaritaville Beach Village – Panama City Beach, FL."** In addition to the branding restrictions provided in Article 12 herein, no person shall use the words "PCB Resort Cottages" or "Margaritaville Beach Village – Panama City Beach, FL," or any derivative or any logo associated therewith, in any printed or promotional material without the Developer's prior written consent. However, Owners may use the words "PCB Resort Cottages" and "Margaritaville Beach Village – Panama City Beach, FL" in printed or promotional matter where such term is used solely to specify that particular property is located within the community and the Association shall be entitled to use the words "PCB Resort Cottages" in its name.

Section 15.10 **Notice of Sale of Transfer of Title.** Any Owner desiring to sell or otherwise transfer title to his or her Lot or Building Site shall give the Board at least seven (7) days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot or Building Site, including assessment obligations until the date upon which such notice is received by the Board, notwithstanding the transfer of title.

Section 15.11 **Interpretation.** Unless the context expressly requires otherwise: (i) use of the singular includes the plural and vice versa; (ii) the use of one gender includes all genders; (iii) the use of the terms "including" or "include" is without limitation; and (iv) the words "must", "should", and "will" have the same legal effect as the word "shall". This Declaration should be interpreted, construed, applied and enforced in a reasonable, practical manner to effectuate its purpose of protecting and enhancing the value, marketability, and desirability of the Property by providing for a plan for the development, operation and enjoyment of PCB Resort Cottages. The various headings used in this Declaration are for indexing and organizational purposes only and are not to be used to interpret, construe, apply, or enforce any of the terms or provisions of this Declaration.

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed under seal this 9th day of December, 2021.

DEVELOPER

PCB MARG DEVELOPMENT LLC,
a Florida limited liability company

Holly Melzer
Witness #1 Signature

Holly melzer
Witness #1 Printed Name

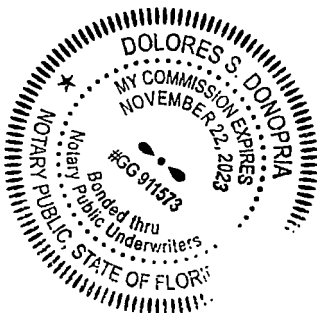
By: Jason Alley
Its: Manager

Dolores Donopria
Witness #2 Signature

DOLORES DONOPRIA
Witness #2 Printed Name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me by means of physical presence, this 9th day of December, 2021, by Jason J. Alley, as Manager of PCB MARG DEVELOPMENT LLC, a Florida limited liability company, on behalf of the limited liability company, who is personally known to me or produced a _____ as identification.



Dolores S. Donopria
Notary Public
My Commission Expires: _____

JOINDER OF CLUB OWNER

PCB Resort Club, LLC, a Florida limited liability company, as owner of the Club Property described herein, joins in the making of the foregoing Declaration of Covenants and Restrictions for PCB Resort Cottages.

CLUB OWNER

PCB Resort Club, LLC a Florida limited liability company

Holly Melzer

Witness #1 Signature

Holly Melzer

Witness #1 Printed Name

Jason J. Alley
By: Jason J. Alley
Its: Manager

Dolores Donopria

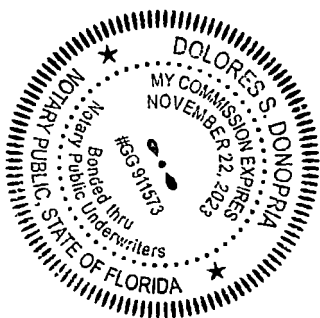
Witness #2 Signature

DOLORES DONOPRIA

Witness #2 Printed Name

STATE OF FLORIDA
COUNTY OF BAY

The foregoing instrument was acknowledged before me by means of physical presence, this ____ day of December, 2021, by Jason J. Alley, as Manager of PCB Resort Club, LLC, a Florida limited liability company, on behalf of the limited liability company, who is personally known to me or produced a _____ as identification.



Dolores S. Donopria
Notary Public
My Commission Expires.

EXHIBIT "A"**DESCRIPTION OF PCB RESORT COTTAGES PHASE 1**

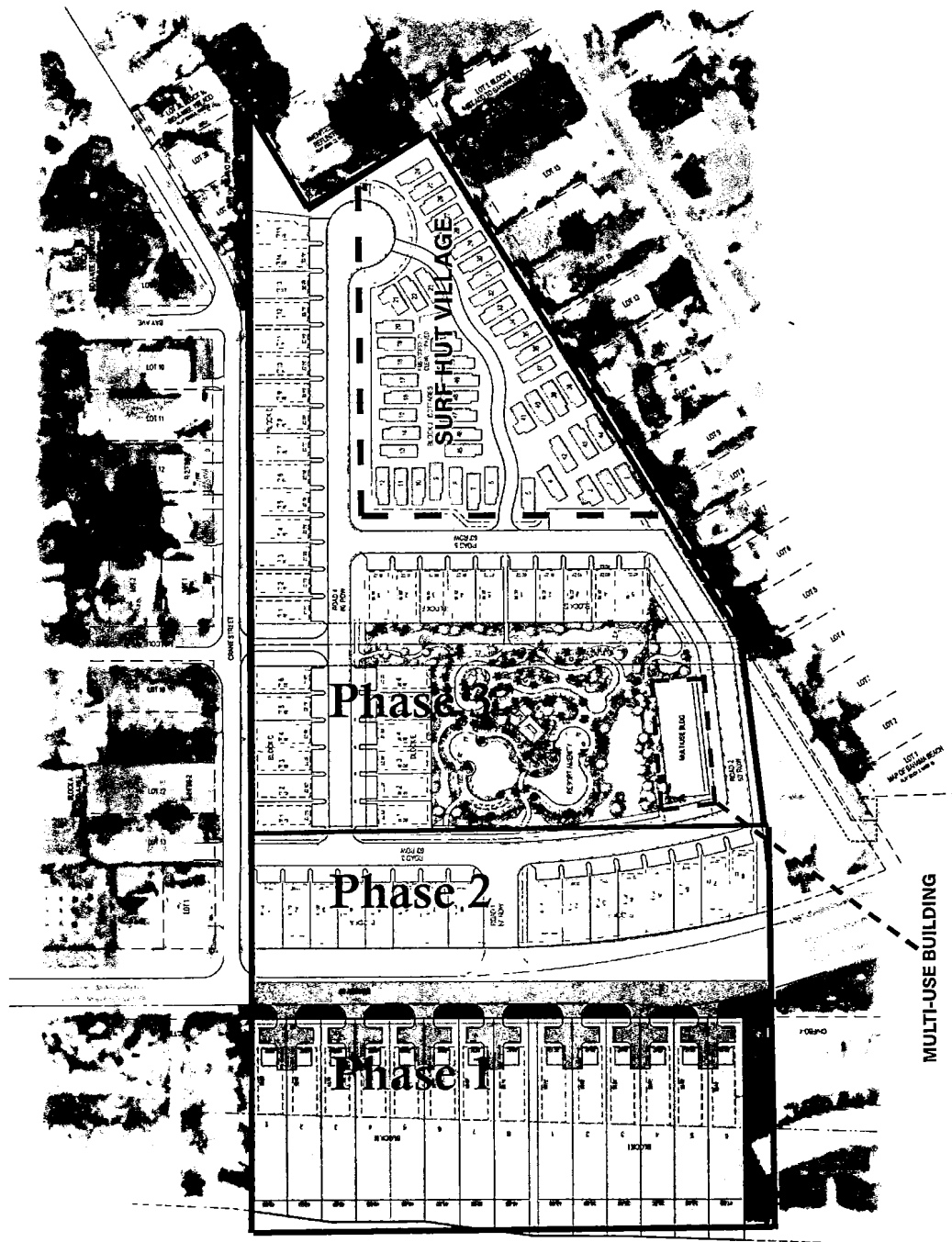
COMMENCE AT THE INTERSECTION OF THE EAST LINE OF SECTION 28, TOWNSHIP 3 SOUTH, RANGE 16 WEST, BAY COUNTY, FLORIDA WITH THE SOUTHERLY RIGHT OF WAY LINE OF U.S. HIGHWAY NO. 98; THENCE N 56°56'00" W ALONG SAID SOUTHERLY RIGHT OF WAY LINE FOR 80.00' TO THE MOST EASTERLY CORNER OF A PARCEL OF LAND DESCRIBED IN BAY COUNTY OFFICIAL RECORDS BOOK 2187, PAGE 1331 FOR THE POINT OF BEGINNING. THENCE CONTINUE N 56°56'00" W ALONG SAID RIGHT OF WAY LINE FOR 570.00' TO THE MOST NORTHERLY CORNER OF A PARCEL OF LAND DESCRIBED IN BAY COUNTY OFFICIAL RECORDS BOOK 457, PAGE 603; THENCE S 33°04'00" W ALONG THE NORTHWESTERLY LINE OF SAID PARCEL DESCRIBED IN OFFICIAL RECORDS BOOK 457, PAGE 603 FOR 226.61' TO THE PANAMA CITY BEACH BAY COUNTY EROSION CONTROL LINE DESCRIBED IN BAY COUNTY OFFICIAL RECORDS BOOK 1793, PAGE 1625; THENCE ALONG SAID EROSION CONTROL LINE AS FOLLOWS: S 48°36'41" E FOR 94.99'; S 57°11'16" E FOR 108.19'; S 48°49'08" E FOR 127.52'; S 56°50'56" E FOR 91.96'; S 54°48'52" E FOR 149.72' TO THE SOUTHEASTERLY LINE OF SAID PARCEL OF LAND DESCRIBED IN BAY COUNTY OFFICIAL RECORDS BOOK 2187, PAGE 1331; THENCE LEAVING SAID EROSION CONTROL LINE, N 33°04'00" E ALONG SAID SOUTHEASTERLY LINE FOR 263.55' TO THE POINT OF BEGINNING, CONTAINING 3.262 ACRES, MORE OR LESS.

DESCRIPTION OF PCB RESORT COTTAGES PHASE 2

COMMENCE AT THE INTERSECTION OF THE EAST LINE OF SECTION 28, TOWNSHIP 3 SOUTH, RANGE 16 WEST, BAY COUNTY, FLORIDA WITH THE SOUTHERLY RIGHT OF WAY LINE OF U.S. NO. HIGHWAY 98; THENCE N 02°01'23" E ALONG SAID EAST LINE OF SECTION 28 FOR 139.46' TO A CURVE CONCAVE TO THE NORTHEAST ON THE NORTHERLY RIGHT OF WAY LINE OF STATE ROAD NO. 392-A HAVING A RADIUS OF 1105.43' FOR THE POINT OF BEGINNING. THENCE NORTHWESTERLY ALONG SAID CURVING RIGHT OF WAY LINE FOR AN ARC DISTANCE OF 280.98'; THE CHORD OF SAID ARC BEARING N 64°24'51" W FOR 280.23' TO ITS INTERSECTION WITH THE NORTHERLY RIGHT OF WAY LINE OF U. S. HIGHWAY NO. 98; THENCE N 56°56'00" W ALONG THE NORTHERLY RIGHT OF WAY LINE OF SAID U.S. HIGHWAY NO. 98 FOR 299.41' TO THE EASTERLY RIGHT OF WAY LINE OF CRANE STREET; THENCE N 32°58'59" E ALONG SAID EASTERLY RIGHT OF WAY LINE FOR 141.00'; THENCE S 56°56'00" E FOR 266.09' TO THE BEGINNING OF A CURVE CONCAVE TO THE NORTHEAST HAVING A RADIUS OF 1065.00'; THENCE SOUTHEASTERLY ALONG SAID CURVE FOR AN ARC DISTANCE OF 325.90', THE CHORD OF SAID ARC BEARING S 65°41'59" E FOR 324.63; THENCE S 26°50'32" W FOR 147.82' TO A CURVE CONCAVE TO THE NORTHEAST ON THE NORTHERLY RIGHT OF WAY LINE OF SAID STATE ROAD NO. 392-A HAVING A RADIUS OF 1105.43; THENCE NORTHWESTERLY ALONG SAID CURVING NORTHERLY RIGHT OF WAY LINE FOR AN ARC DISTANCE OF 26.45', THE CHORD OF SAID ARC BEARING N 72°22'53" W FOR 26.45' TO THE POINT OF BEGINNING, CONTAINING 1.961 ACRES, MORE OR LESS.

EXHIBIT "B"
MASTER SITE PLAN

EXHIBIT "B"
MASTER SITE PLAN



AMENDMENT TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR PCB RESORT COTTAGES

PCB MARG DEVELOPMENT, LLC, a Florida limited liability company (the "Developer"), and the owner of the property encumbered by the Declaration of Covenants and Restrictions for PCB Resort Cottages, recorded at Official Records Book 4500, Page 1167, of the Public Records of Bay County, Florida (the "Declaration"), hereby amends the Declaration as follows:

Additions are indicated by underlined text and deletions are indicated by ~~striketrough~~.

1. Section 2.7 is modified as follows:

Section 2.7 **Assessment Equivalents.** The allocation of Annual and Special Assessments shall be based upon Assessment Equivalents assigned to the Lot or Building Site. Assessment Equivalents are allocated based on the location of the Lot or Building Site within the Resort as indicated by the Plats and in the following equivalents:

Parcel Type	Assessment Equivalent
Lots within Phase 1, Phase 2, and Phase 3, excluding Lots within Surf Hut Village, as depicted on the Master Site Plan attached hereto as Exhibit "B"	1
Lots comprising Surf Hut Village within Phase 3 of the Master Site Plan attached hereto as Exhibit "B"	.5
Building Sites comprising the Multi-Use Building in Phase 3 designated on the Master Site Plan attached hereto as Exhibit "B"	.5

In addition, the Club Owner shall be responsible for five percent (5%) of the total Annual Assessment (the "Club Assessment").

2. Section 5.1 is modified as follows:

Section 5.1 **Creation of the Lien and Personal Obligation of Assessments.** Each Owner of a Lot or Building Site within the Property hereby covenants, and by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance including any purchaser at a judicial sale, shall hereafter be deemed to covenant and agree to pay to the Association any Annual, Area, Specific and Special Assessments established and

levied pursuant to the terms of this Declaration. All such assessments, together with interest thereon from the due date at the highest lawful rate and costs of collection thereof (including reasonable attorneys' fees), shall be a charge and continuing lien upon each Lot and Building Site against which each such assessment is made, and shall also be the personal obligation of the Owner. No Owner may avoid liability for the assessments by waiver of rights to use, or by non-use of, the Common Areas or by abandonment. This section 5.1 shall not apply to the Club Owner and the Association shall have no lien rights over the Club Property.

3. Section 5.2 is modified as follows:

Section 5.2 **Purpose of Annual Assessments.** The Annual Assessments levied by the Association against all Owners and the Club Owner shall be used for the purposes of operational expenses, management and accounting fees, taxes, insurance, utility charges and other expenses relating to the Common Area, to fund the obligations of the Association set forth in Section 4.5 hereof, to provide common services to the Owners and Club Owner, and for all other purposes reasonably contemplated by this Declaration, the Articles, the Bylaws, or any cost sharing or similar agreement to which the Association is or may become a party. Further, such Annual Assessments may be levied to fund reasonable reserves for deferred maintenance of, or non-recurring expenses related to, the Common Area, including the Surface Water or Stormwater Management System. The maintenance responsibilities of the Association payable through assessment of the Owners and Club Owner shall specifically include, but not be limited to, the perpetual maintenance of all or any portion of the Surface Water or Stormwater Management System, including all operation, sampling, testing, monitoring and maintenance requirements. Assessments collected by the Association to fund reserves shall be separately accounted for, it being the requirement of this Declaration that such funds shall be used exclusively for deferred maintenance of, or non-recurring expenses related to, the Common Area.

4. Section 5.3.1 is deleted in its entirety and replaced with the following:

Section 5.3.1 **Club Assessment.** The Club shall be responsible for payment of the Club Assessment, which shall equal five (5%) percent of the total Annual Assessment. This section 5.3.1 cannot be amended, modified, or deleted without the written consent of the Club Owner.

5. Section 5.3.1 is renumbered as 5.3.2 as follows:

Section 5.3.2 Owners of Lots and Building Sites shall pay a pro rata share of Annual and Special Assessments based upon Assessment Equivalents allocated among the Owners. The total amount of each Special Assessment shall be divided by the total Assessment Equivalents attributable to the Property as of the date of authorization of such Special Assessment by the Board of Directors for purposes of determining the portion of the Special Assessment allocable to each Lot or Building Site.

6. Section 5.3.2 is renumbered as 5.3.3 and is further modified as follows:

Section 5.3.2³ The assessment obligations of each Owner other than the Developer shall commence upon the recordation of this Declaration in the current public records of Bay County, Florida. The assessment obligations of the Club Owner shall commence upon the commencement of Club operations. Annual Assessments shall be collectable in advance on a periodic basis established by the Board of Directors from time to time, which periodic basis shall not be less frequent than semi-annually. Special Assessments shall be collectible in advance in the manner established by the Board of Directors at the time such Special Assessments are authorized.

7. Section 5.4 is modified as follows:

Area Assessments. The Board of Directors may establish and levy Area Assessments. The Area Assessments shall be levied against only those portions of the Property that receive the benefit of such services and shall be allocated among only the Owners of those Lots and Building Sites located within such portions of the Property, based upon the allocations established by Section 5.3 hereof. The boundaries of the portions of the Property that are deemed to receive the benefit of the Area Assessments authorized by this Section 5.4 shall be determined by the Board in its sole discretion. This section 5.4 does not apply to the Club Owner and the Club Owner shall not be responsible for any Area Assessments.

8. Section 5.5 is modified as follows:

Section 5.5 **Special Assessments.** In addition to the Area Assessments, the Association may levy in any fiscal year a Special Assessment. Any such Special Assessment shall have the approval of at least two-thirds (2/3) of the votes of each class of Owners who are voting in person or by proxy, at a meeting duly called for that purpose, provided however as follows: (a) no such approval shall be required unless the amount of any such Special Assessment exceeds a sum equal to one half the Annual Assessments payable by such Owners for the year immediately prior to the date of such Special Assessment; (b) Special Assessments for taxes and governmental or quasi-governmental charges or assessments shall not require such approval; and (c) Special Assessment for needed replacements or repairs to capital improvements shall not require such approval. The Special Assessment shall be allocated based upon the allocations established by Section 5.3 hereof. This section 5.5 does not apply to the Club Owner and the Club Owner shall not be responsible for any Special Assessments.

9. Section 5.6 is modified as follows:

Section 5.6 **Specific Assessments.** In addition to Area Assessments and Special Assessments, the Association may levy reasonable fine(s) against the Owner of any Lot(s) or Building Site(s) from time to time for violations of the covenants and restrictions set forth herein or of the Rules and Regulations by the Owner or the Owner's family, tenants, guests or invitees, and may levy an assessment against the Owner of any Lot or Building Site to reimburse itself for any costs and expenses incurred by the Association to fulfill the obligations of the Owner under this Declaration. Such fine(s) shall be imposed in accordance with the procedures set forth

in Section 8.14 hereof. In the event of a violation of the covenants and restrictions of this Declaration or the Rules and Regulations which continues after ten (10) days written notice to the Owner, each day the violation continues may be considered a separate violation for purposes of assessing fines. Any such fine(s) and assessments, together with any other charges or indebtedness of any Owner to the Association may be assessed by the Association as a specific assessment ("Specific Assessment") against such Owner's Lot(s) or Building Site(s). This section 5.6 does not apply to the Club Owner and the Club Owner shall not be responsible for any Specific Assessments.

10. Section 8.11.18 is deleted in its entirety and replaced with the following:

8.11.18 ~~[reserved]. Keyless Entry. There shall be no use of KABA locks or any other type of combination lock or keyless entry, unless approved by the Association and ARB.~~

11. Section 8.12 is deleted in its entirety and replaced with the following:

Section 8.12. **EXCLUSIVE SERVICES.** Unless otherwise prohibited by federal or Florida law or agreed to by Developer in writing, Developer or its designee or assignee shall have the exclusive right to provide or otherwise maintain communication and internet, television, and landscaping, and confirm Owners' compliance with the minimum Resort use standards by requirements set forth in Section 8.11.20 hereof for rental of Residential Dwelling Units. Further, unless otherwise prohibited by federal or Florida law or agreed to by the Club Owner in writing, the Club Owner shall have the exclusive right to provide or otherwise manage food and beverage concessions throughout the Resort and in the Club, and to select the Designated Rental Program pursuant to Section 8.11.20(c). To the fullest extent permitted by law, this section 8.12 shall survive Turnover, and shall continue in effect for so long as the Club Property is owned by someone other than the Association. No amendment to this Section, and no amendment in derogation hereof to any other provisions of this Declaration, may be made without the written approval of Club Owner (unless the amendment is effected by the Developer alone pursuant to the rights reserved hereunder, in which event, the approval of the Club Owner shall not be required).

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed under seal this 23 day of March, 2022.

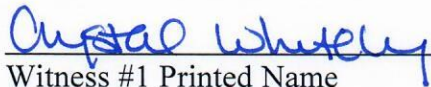
[Signatures to follow]

DEVELOPER

PCB MARG DEVELOPMENT LLC,
a Florida limited liability company



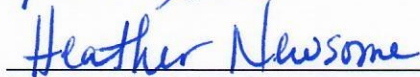
Witness #1 Signature



Witness #1 Printed Name



Witness #2 Signature

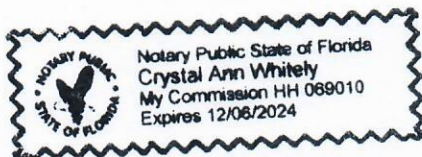



Witness #2 Printed Name

By: Jason Alley
Its: Manager

STATE OF FLORIDA
COUNTY OF Bay

The foregoing instrument was acknowledged before me by means of physical presence, this 23rd day of March, 2022, by Jason J. Alley, as Manager of PCB MARG DEVELOPMENT LLC, a Florida limited liability company, on behalf of the limited liability company, who is personally known to me or produced a FL DL as identification.




Notary Public Crystal Ann Whiteley
My Commission Expires:
12/06/2024

JOINDER OF CLUB OWNER

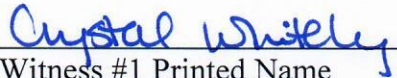
PCB Resort Club, LLC, a Florida limited liability company, as owner of the Club Property, joins in the making of the foregoing First Amendment to the Declaration of Covenants and Restrictions for PCB Resort Cottages on this 23rd day of March, 2022.

CLUB OWNER

PCB Resort Club, LLC a Florida limited liability company



Witness #1 Signature



Witness #1 Printed Name



Witness #2 Signature


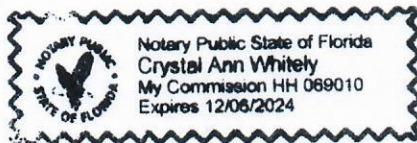


Witness #2 Printed Name

STATE OF FLORIDA

COUNTY OF Bay

The foregoing instrument was acknowledged before me by means of physical presence, this 23rd day of March, 2022, by Jason J. Alley, as Manager of PCB Resort Club, LLC, a Florida limited liability company, on behalf of the limited liability company, who is personally known to me or produced a FL DL as identification.


Notary Public Crystal Ann Whitely
My Commission Expires: 12/06/2024