

DECLARATION OF CONDOMINIUM
OF
PALM BEACH TRACE, A CONDOMINIUM

POVIA-BALLANTINE CORPORATION, a Florida corporation, herein called "Developer" on behalf of itself, its successors, grantees and assigns, to its grantees and assigns and their heirs, successors and assigns hereby makes this Declaration of Condominium:

1. SUBMISSION TO CONDOMINIUM - Initially the lands located in Palm Beach County, Florida, all improvements constructed upon said lands as well as all easements including, but not limited to: utility easements, sewage and drainage easements and ingress and egress serving this Condominium. All of the foregoing is specifically described below and in Exhibit "A" as PALM BEACH TRACE, A CONDOMINIUM "DESCRIPTION-PHASE I" and Exhibit "A1" SITE PLAN, GRAPHICS AND FLOOR PLANS:

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of Country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'45"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line of said Country Club Drive, a distance of 268.04 feet to the Point of Beginning; thence from said Point of Beginning, S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence S62D04'07"W 362.88 feet; thence N25D00'27"W 79.5632 feet; thence N64D59'33"E 134.69 feet; thence N0D46'07"E 272.60 feet to the Southerly Right-of-Way Line of Country Club Drive; thence along an arc to the left, said arc having a radius of 260.00', and a central angle of 30D-47'-11" and a chord bearing of N47D-56'-22" E and lies along the Southerly Right-of-Way Line of Country Club Drive, to the Point of Beginning; containing 1.60 acres, more or less.

2. PALM BEACH TRACE, A CONDOMINIUM - PLAN OF DEVELOPMENT -- Developer proposes to construct a maximum of 248 single-family residential units and associated improvements designated as PALM BEACH TRACE, A CONDOMINIUM. This will be an eight (8) phase condominium per Florida Statute 718.403 and Phases II, III, IV, V, VI, VII and VIII described in Exhibit A2, may be submitted by Amendment to this Declaration to the condominium form of ownership and will thereby become a part of this Condominium. NO TIME SHARE ESTATES WILL BE CREATED WITH RESPECT TO UNITS IN ANY PHASE OF THIS CONDOMINIUM.

3. NAME - ASSOCIATION - The name of the Condominium Association is PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC. This Association is incorporated as a non-profit Florida corporation.

4. DEFINITIONS - The terms used herein shall have the meanings stated in the Condominium Act (Florida Statutes, Chapter 718) and as follows unless the context otherwise requires:

A. DEVELOPER - means POVIA-BALLANTINE CORPORATION, a Florida corporation.

B. INSTITUTIONAL MORTGAGEE - means the owner and holder of a mortgage encumbering a condominium unit, which owner and holder of said mortgage is either a bank, or life insurance company, or a federal or state savings and loan association, or a mortgage or real estate investment trust, or a pension or profit sharing plan, or a credit union, or a Massachusetts business trust, or any agency of the United States government, or an insurance company, mortgage company, or the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, or a lender generally recognized in the community as an institutional lender for the Developer or assignees, nominees, or designees of the Developer.

C. UNIT - A part of the Condominium property which is subject to exclusive ownership.

D. UNIT OWNER - The owner of a Condominium parcel.

E. UNIT NUMBER - The letter, number or combination thereof which is designated upon the surveyor plans, and which is used as the identification of a unit.

F. ASSESSMENT - Means a share of the funds required for the payment of common expenses which from time to time is assessed against the unit owner.

G. ASSOCIATION - The corporation responsible for the operation of the condominium. The Articles of Incorporation for the Association are found in Exhibit D to this Declaration.

H. BOARD OF ADMINISTRATION - Means the Board of Directors responsible for administration of the Association.

I. COMMON ELEMENTS - The portions of the condominium property not included in the units as defined in Florida Statute 718.108, including:

(.1) The land.

(.2) All parts of the improvements which are not included within the units.

(.3) All easements as are reflected in Exhibit A hereto and easements as are contemplated hereunder.

(.4) Installations for the furnishing of services to more than one unit or to the common elements, such as electricity, gas, water and sewer.

(.5) Personal property - tangible personal property may be purchased, sold, leased, replaced and otherwise dealt with by the Association, through its Board of Directors, on behalf of the members of the Association, without the necessity of any joinder by the members.

J. LIMITED COMMON ELEMENTS - Means and includes those portions of the common elements which are reserved for the use of a certain unit or units to the exclusion of other units.

K. COMMON EXPENSES - All expenses and assessments properly incurred by the Association for the condominium.

L. COMMON SURPLUS - Means the excess of all receipts of the Association including but not limited to assessments, rents, profits and revenues on account of the common elements over the amount of the common expenses.

M. PERSON - Means an individual, corporation, trustee or other legal entity capable of holding title to real property.

N. SINGULAR, PLURAL, GENDER - Whenever the context so permits, the use of the plural shall include the singular, the singular the plural, and use of any gender shall be deemed to include all genders.

O. CONDOMINIUM DOCUMENTS - Means the Declaration and its attached Exhibits, which set forth the nature of the property rights in the Condominium and the covenants running with the land which govern these rights. All the condominium documents shall be subject to the provisions of the Declaration.

P. CONDOMINIUM PARCEL - Means a unit together with the undivided share in the common elements which is appurtenant to the unit.

Q. CONDOMINIUM PROPERTY - Means the lands and personal property subject to condominium ownership, whether or not contiguous and all improvements thereon and all easements and rights appurtenant thereto.

R. OPERATION - Means and includes the administration and management of the condominium property.

5. UNITS SHALL BE CONSTITUTED AS FOLLOWS:

A. REAL PROPERTY - Each unit, together with space within it, and together with all appurtenances thereto, for all purposes, constitute a separate parcel of real property, which may be owned in fee simple and which may be conveyed, transferred and encumbered in the same manner as any other parcel of real property, independently of all other parts of the property, subject only to the provisions of this Declaration and applicable laws.

B. BOUNDARIES - Each unit shall be bounded as to both horizontal and vertical boundaries as below defined, whether the same exist now or are created by construction, settlement or movement of the building, or permissible repairs, reconstruction or alterations. Said boundaries are intended to be as follows and shall be determined in the following manner:

(.1) HORIZONTAL BOUNDARIES: The upper and lower boundaries of the units shall be:

(i) UPPER BOUNDARY - The underside of the finished undecorated ceiling of the unit, extended to meet the vertical boundaries.

(ii) LOWER BOUNDARY - The upperside of the finished undecorated surface of the floor of the unit, extended to meet the vertical boundaries.

(.2) VERTICAL BOUNDARIES - The vertical boundaries shall be the interior undecorated surfaces of the perimeter walls of the unit as shown on the surveyor's plans and the interior surfaces of the unit's windows and doors that abut the exterior of the buildings or common areas.

C. EXCLUSIVE USE - Each unit owner shall have the exclusive use of his unit.

D. APPURTENANCES - The ownership of each unit shall include, and there shall pass as appurtenances thereto whether or not separately described, all of the right, title and interest of a unit owner in the condominium property which shall include but not be limited to:

(.1) COMMON ELEMENTS - an undivided share of the common elements as defined in Florida Statute 718.108.

(.2) LIMITED COMMON ELEMENTS - The exclusive use (or use in common with one or more other designated units) of the following limited common elements that may exist:

(i) The front open porch appurtenant to the unit.

(ii) The parking space or spaces, if assigned, to the unit by the Developer or the Association.

(.3) ASSOCIATION MEMBERSHIP and an undivided share in the common surplus and property, real and personal, held by the Association.

E. EASEMENT TO AIR SPACE - An exclusive easement for the use of the air space occupied by the unit as it exists at any particular time and as the unit may be lawfully altered or reconstructed from time to time, which easement shall be

terminated automatically in any air space which is vacated from time to time.

F. EASEMENTS - The following non-exclusive easements from the Developer to each unit owner, to the Association and its employees, agents and hired contractors, to utility companies (public or private), units owners' families in residence, guests, invitees and to governmental and emergency services are hereby granted and created.

(.1) INGRESS AND EGRESS - Easements over the common elements for ingress and egress.

(.2) MAINTENANCE, REPAIR AND REPLACEMENT - Easements through the units and common elements for maintenance, repair and replacements. Such access is to be only during reasonable hours except that access may be had at any time in case of emergency.

(.3) UTILITIES - Easements through the common elements and units for conduits, ducts, plumbing, wiring and other facilities for the furnishing of services to other units and the common elements.

(.4) Emergency, regulatory, law enforcement and other public services in the lawful performance of their duties upon the condominium property.

G. MAINTENANCE - The responsibility for the maintenance of a unit shall be as follows:

(.1) BY THE ASSOCIATION - The Association shall maintain, repair, and replace at the Association's expense:

(i) Such portions of the unit as contribute to the support of the building including, but not limited to the perimeter walls, columns, and roofs. Also, wiring, piping, ductwork and other mechanical or electrical or other installations or equipment serving the common areas or other units.

(ii) Provided that if the maintenance, repair and replacement of any of the above shall be made necessary because of the negligence, act or omission of a unit owner, his family, lessees, invitees and guests, in that event, the work shall be done by the Association at the expense of the unit owner; and the cost shall be secured as an assessment.

(iii) All incidental damage caused to a unit by work done or ordered by the Association shall be promptly repaired by and at the expense of the Association.

(.2) BY THE UNIT OWNER - The responsibility of the unit owner shall be as follows:

(i) To maintain, repair and replace at his expense, all portions of the unit except the portions to be maintained, repaired and replaced by the Association. The unit owner's responsibility specifically includes windows, window and balcony glass, if any, doors, screens and associated hardware, appliances, fixtures, switches, fan motors, compressors, wiring and piping and ductwork serving only the particular unit which are limited common elements and are a part of the unit.

(ii) Not to paint or otherwise decorate or change the appearance of any portion of the building not within the interior walls of the unit or which is visible from the exterior, unless the written consent of the Association is obtained in advance.

H. ALTERATION AND IMPROVEMENT - No owner shall make any alterations in the portions of the improvements which are to be maintained by the Association or remove any portion thereof or make any additions thereto, or do any work which would jeopardize the safety or soundness of the building, or impair the easements

I. COMMON ELEMENTS:

(.1) The common elements shall be owned by the unit owners in such undivided shares as are set forth in Exhibit B.

(.2) No action for partition of the common elements shall lie.

(.3) The maintenance and operation of the common elements shall be the responsibility of the Association which shall not, however, prohibit management contracts.

(.4) Each unit owner and the Association shall be entitled to use the common elements in accordance with the purposes for which they are intended, but no such use shall hinder or encroach upon the lawful rights of owners of the other units.

(.5) Enlargement or material alteration of or substantial additions to the common elements may be effectuated only by amendment to the Declaration.

6. FISCAL MANAGEMENT - The fiscal management of the condominium including budget, fiscal year, assessments, lien for and collection of assessments, and accounts shall be as set forth in the By-Laws which are Exhibit E to this Declaration.

7. ASSOCIATION - The administration of the condominium by the Board of Directors and its powers and duties shall be as set forth in the By-Laws.

8. INSURANCE - The insurance which shall be carried upon the property shall be governed by the following provisions:

A. AUTHORITY TO PURCHASE - Except Builders Risk and other required insurance furnished by Developer during construction, all insurance policies (except as hereinafter allowed) shall be purchased by the Association, for itself and as agent for the owners and their mortgagees as their interests may appear.

B. UNIT OWNERS - Each unit owner may obtain insurance at his own expense, affording coverage upon his personal property and for his personal liability, any desired coverage on the wall, floor and ceiling coverings within the unit, for owner or mortgagee title insurance, and as may be required by law.

C. COVERAGE -

(.1) CASUALTY - The buildings and all other insurable improvements upon the land and all personal property owned by the Association (but excluding personal property), additions and/or alterations installed by the owners) shall be insured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation and foundations) as determined by the insurance company affording such coverage. Such coverage shall afford protection against:

(i) LOSS OR DAMAGE BY FIRE, WINDSTORM and other hazards covered by the standard extended coverage endorsement;

(ii) SUCH OTHER RISKS as from time to time customarily shall be covered with respect to buildings similar in construction, location and use as the buildings, including but not limited to flood insurance, vandalism and malicious mischief, if available.

(.2) PUBLIC LIABILITY AND PROPERTY DAMAGE in such amounts and in such forms as shall be required by the Association, including but not limited to, legal liability, hired automobile, non-owned automobile, and off-premises employee coverages.

(.3) WORKER'S COMPENSATION AND UNEMPLOYMENT COMPENSATION to meet the requirement of law.

D. PREMIUMS - Premiums upon insurance policies purchased by the Association shall be paid by the Association and charged as common expenses.

E. ALL INSURANCE POLICIES PURCHASED by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their respective interests may appear and shall provide that all proceeds payable as a result of casualty losses shall be paid to any bank in Florida with trust powers as may be approved by the Association. Such bank is herein referred to as the Insurance Trustee. The Insurance Trustee shall not be liable for payment of premiums nor for the renewal of the policies, nor for the failure to collect any insurance proceeds. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold and disburse them as provided in Paragraph 9, next following.

9. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE: If any part of the common elements or units shall be damaged or destroyed by casualty, the same shall be repaired or replaced unless such damage rendered seventy-five percent (75%) or more of the units untenable, and seventy-five percent (75%) of the owners at a meeting called and held within sixty (60) days of the casualty or thirty (30) days after the insurance claim is adjusted (whichever comes first), vote against such repair or replacement, in which event the proceeds shall be distributed to the unit owners and their mortgagees, as their interests may appear, and the

condominium shall be terminated as provided in Paragraph 14 following.

(.1) ANY SUCH RECONSTRUCTION OR REPAIR shall be substantially in accordance with the original plans and specifications.

(.2) CERTIFICATE - The Insurance Trustee may rely upon a Certificate of the Association certifying as to whether or not the damaged property is to be reconstructed or repaired. The Association, upon request of the Insurance Trustee, shall deliver such certificates as soon as practical.

(.3) ESTIMATE OF COSTS - Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property insofar as reasonably possible in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

(.4) ASSESSMENTS - If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association (including the aforesaid fees and premium, if any) assessments shall be made against the unit owners who own the damaged property in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, such funds are insufficient, special assessment shall be made against the unit owners who own the damaged property in sufficient amounts to provide funds for the payment of such costs.

(.5) CONSTRUCTION FUNDS - The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the Insurance Trustee and funds collected by the Association from assessments against unit owners, shall be disbursed in payment of such costs in the following manner:

(i) UNIT OWNER - The portion of insurance proceeds representing damage for which the responsibility of

reconstruction and repair lies with the unit owner to such contractors, suppliers and personnel as do the work or supply the materials or services required for such reconstruction or repair, in such amounts and at such times as the unit owner may direct, or if there is a mortgagee endorsement, then to such payees as the unit owner and the first mortgagee jointly direct. Nothing contained herein, however, shall be construed as to limit or modify the responsibility of the unit owner to make such reconstruction or repair.

(ii) ASSOCIATION - Said Insurance Trustee shall make such payments upon the written request of the Association, and by the architect or general contractor in charge of the work, who shall be selected by the Association, setting forth that the sum then requested either has been paid by the Association or is justly due to contractors, subcontractors, materialmen, architects, or other persons who have rendered services or furnished materials in connection with the work, giving a brief description of the services and materials and several amounts so paid, or now due and that the cost as estimated by the person signing such certificate does not exceed the remainder of the construction funds after the payment of the sum so disbursed.

(iii) SURPLUS - It shall be presumed that the first monies disbursed in payment of costs of reconstruction and repair shall be from insurance proceeds; and, if there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed jointly to the beneficial owners of the funds, who are the unit owners and their mortgagees.

(.6) INSURANCE ADJUSTMENTS - Each unit owner shall be deemed to have delegated to the Board of Directors, his right to adjust with insurance companies, all losses under policies purchased by the Association, except in any case where the responsibility of reconstruction and repair lies with the unit owner, subject to the rights of mortgagees of such unit owners.

10. USE RESTRICTIONS - The use of the property of the condominium shall be in accordance with the Rules and Regulations attached as Exhibit C and the following provisions:

A. LAWFUL USE - All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair upon condominium property shall be the same as the responsibility for the repair and maintenance of the property concerned as expressed earlier in this Declaration.

B. INTERPRETATION - In interpreting deeds, mortgages and plans, the existing physical boundaries of the unit shall be conclusively presumed to be its boundaries regardless of settling or lateral movement of the buildings and regardless of minor variances between boundaries shown on the plans or in the deed and those of the buildings.

C. REGULATIONS - Reasonable regulations concerning the use of the condominium property may be made and amended from time to time by a majority vote of the Association. Copies of such regulations and amendments thereto shall be posted conspicuously and shall be furnished by the Association to all unit owners. No regulation may discriminate against any group or class of users. No new or amended rule or regulation may be enforced prior to approval by the owners.

11 CONVEYANCE, DISPOSITION, FINANCING - In order to assure a community of congenial residents and thus protect the value of the units, the conveyance, disposal and financing of the units by any owner other than the Developer shall be subject to the following provisions:

A. All leases must specifically be made subject to the condominium documents. No lease may be made for a period of less than four (4) weeks. Only entire units may be leased.

B. LIENS -

(.1) PROTECTION OF PROPERTY - All liens against a unit owner than for permitted mortgages, taxes or special assessments, will be satisfied or otherwise removed within thirty

(30) days from the date the lien attaches. All taxes and special assessments upon a unit shall be paid before becoming delinquent.

(.2) NOTICE OF LIEN - An owner shall give notice to the Association of every lien upon his unit other than for permitted mortgages, taxes and special assessments within seven (7) business days after the attaching of the lien.

(.3) NOTICE OF SUIT - An owner shall give notice to the Association of every suit or other proceeding which may affect the title to his unit, such notice to be given within seven (7) business days after the owner receives knowledge thereof.

(.4) FAILURE TO COMPLY with this section concerning liens will not affect the validity of any judicial sale.

C. JUDICIAL SALE - No judicial sale of a unit nor any interest therein shall be valid unless the sale is a public sale with open bidding.

D. UNAUTHORIZED TRANSACTIONS - Any transaction which is not authorized pursuant to the terms of this Declaration shall be void unless subsequently approved by the Association.

12. COMPLIANCE AND DEFAULT - Each owner of the Association shall be governed by and shall comply with the terms of the condominium documents as they may be amended from time to time.

A. Failure to comply shall be grounds for relief, which relief may include but shall not be limited to an action to recover sums due for damages or injunctive relief or both, and which actions may be maintained by the Association or by an aggrieved owner.

B. In any such proceeding, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorney fees as may be awarded by the Court.

C. In the event that the grievance is that of an owner or owners against the Board of Directors or a member thereof, prior to the institution of litigation, written notice in detail of the grievance shall be given the Directors and they shall be allowed a period of twenty (20) days in which to cure or correct.

D. NO WAIVER OF RIGHTS - The failure of the Association or any owner to enforce any covenant, restriction or other

provision of the condominium documents shall not constitute a waiver of the right to do so thereafter as to later infractions.

13. AMENDMENTS - Amendments to any of the condominium documents shall be in accordance with the following:

A. An amendment may be proposed either by the Board of Directors or by any owner and may be considered at any meeting of the owners, regular or special, of which due notice has been given according to the By-Laws, which notice includes notice of the substance of the proposed amendment. Passage shall be evidenced by a certificate executed with the formalities of a deed signed by the President or Vice-President and Secretary of the Association that it has been enacted by the affirmative vote of the required percentage of unit owners (which vote may be evidenced by written approval of owners not present and the separate written joinder of mortgagees where required). An amendment shall include the recording data indentifying the Declaration and shall become effective when recorded according to law.

(.1) Provided, however, that no amendment shall be made or valid which shall, in any manner, impair the security of any institutional mortgagee having a mortgage or other lien against any condominium unit.

(.2) While the Developer holds units for sale in the ordinary course of business, any action by the Association that would be detrimental to the sales of units by the Developer may not be taken without approval, in writing, by the Developer.

B. CORRECTORY AMENDMENT - Whenever it shall appear that there is a defect, error or omission in any of the condominium documents, amendment of which will not materially or adversely affect the property rights of unit owners, a fifty-one percent (51%) vote of the owners shall be the required percentage, or the procedure set forth in Florida Statute 718.110(5) may be used.

C. REGULAR AMENDMENTS - An amendment which does not change the configuration or size of any condominium unit in any material fashion, materially alter or modify the appurtenances to such unit, change the proportion or percentage by which the owner of the parcel shares the common expenses and owns the common

surplus or materially or adversely affects the property rights of owners may be enacted by a sixty-six and two-thirds percent (66-2/3%) vote.

D. EXTRAORDINARY AMENDMENTS - An amendment which will have the effect of doing any of the things mentioned in "C" above shall require the affirmative vote of all the record owners of the affected units and all record owners of liens thereon and the affirmative vote of the owners of all other units. This section shall be deemed to include enlargement of, material alteration of or substantial additions to the common elements only if the same will have a material adverse effect on the owners' property rights, which shall otherwise be treated as regular amendments. Any vote changing the percentage of ownership of the common elements or sharing the common expenses shall be conducted by secret ballot.

14. TERMINATION - The condominium shall be terminated if at all, in the following manner:

A. By the agreement of eighty percent (80%) of the owners which agreement shall be evidenced by an instrument or instruments executed in the manner required for conveyance of land. The termination shall become effective when such agreement has been recorded according to law. Provided, however, that no action for termination of the condominium shall be effective without the consent of all institutional mortgagees.

B. SHARES OF UNIT OWNERS AFTER TERMINATION - After termination of the condominium, the owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the unit or units formerly owned by such owners shall have mortgages and liens upon the respective undivided shares of the owners. Such undivided shares of the owners shall be as set forth in Exhibit B. All funds held by the Association except for the reasonably necessary expenses of winding up shall be disbursed to the unit owners in the shares set forth in Exhibit B. The costs incurred by the Association in connection with a termination shall be a common expense.

C. FOLLOWING TERMINATION - The property may be partitioned and sold upon the application of any owner. Provided, however, that if the Board of Directors following a termination, by unanimous vote, determines to accept an offer for the sale of the property as a whole, each owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such forms as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties hereto.

D. THE MEMBERS OF THE LAST BOARD OF DIRECTORS shall continue to have such powers as in the Declaration are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

15. PROVISIONS PERTAINING TO THE DEVELOPER

A. So long as the Developer holds more than one unit for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the Developer:

(.1) Assessment of the Developer as a unit owner for capital improvements.

(.2) Any action by the Association that would be detrimental to the sale of units or the completion of the project by the Developer including such use of unsold units and common areas as may facilitate completion and/or sale, maintenance of a sales office, showing the property and display of signs.

B. Developer may create a managing entity at some time in the future and if such a managing entity is created it will enter into a contract with the Condominium Association.

16. MORTGAGEE PROVISIONS

A. The Association shall maintain a list of mortgagees of record and record owners of liens on the condominium real property.

B. The list of mortgagees or lien holders shall be a part of the records of the Association and shall be open to inspection by all unit owners.

C. The Association shall notify the mortgagee or lien holder of any unpaid assessments due from the unit owner on any condominium unit.

D. When the mortgagee of a first mortgage of record, or other purchaser, of a condominium unit obtains title to the condominium parcel by a purchase at the public sale resulting from the first mortgagee's foreclosure judgment in a foreclosure suit in which the association has been properly named as a defendent junior lienholder, or, if the Declaration so provides, as a result of a deed given in lieu of foreclosure, such acquirer of title and his successors and assigns shall not be liable for the share of common expenses or assessments attributable to the condominium parcel or chargeable to the former unit owner of the parcel which became due prior to the acquisition of title as a result of the foreclosure, unless the share is secured by a claim of lien for assessments that is recorded prior to the recording of the foreclosed mortgage. The unpaid share of common expenses or assessments are common expenses collectible from all of the unit owners, including such acquirer and his successors and assigns.

E. In lieu of foreclosing its lien or in the event of a foreclosure by a mortgagee or deed in lieu of foreclosure to a mortgagee, the Association may bring suit against the defaulting unit owner to recover a money judgment for any sums, charges or assessments required to be paid to the Association by the unit owner without waiving its lien securing payment. The defaulting unit owner shall be required to pay all costs of collection including the Association attorney's fees.

F. The Association is obligated to send the mortgagee, if any, a copy of the default notice prior to instituting any action.

G. No amendment to this Declaration shall be effective to change or alter the rights or reservations as hereinafter reserved by the Developer. Moreover, no amendment to this Declaration shall be effective to change or lessen the rights of any institutional mortgagee. Institutional mortgagee shall have

the meaning as defined in SECTION 4. Definitions, of this Declaration.

H. The liens herein referred to as maintenance assessments or special assessments to particular units shall be specifically subordinate to the claim of any institutional mortgagee.

I. Where the mortgagee of a first mortgage of record obtains title to a unit by foreclosure or by deed in lieu of foreclosure, such mortgagee and its successors and assigns shall not be liable for such unit's assessments or share of the common expenses which became due prior to acquisition of title unless such share is secured by a claim of lien for assessments recorded prior to the recordation of the subject mortgage.

J. The mortgagee may occupy, lease, sell or otherwise dispose of such unit without the approval of the Association.

17. AMENDMENT OF AND ADDITION TO CONDOMINIUM DECLARATION BY DEVELOPER - Pursuant to law and the provisions of Florida Statute 718.110, the Developer has a right to amend this Condominium Declaration as follows:

A. The Developer, so long as it owns more than one unit, reserves the right at any time to amend the Declaration, as may be required by any lending institution or public body, or in such manner as the Developer may determine to be necessary to carry out the purposes of the development provided that such amendment shall not increase the proportion of common expenses borne by all the owners. Such amendments shall comply in all respects with Florida Statute 718.403 so as to afford unit owners proper consent to any proposed amendment.

B. Any mortgagee of record or record owner of a lien on condominium real property shall be required to join in this amendment by the Developer.

18. ENFORCEMENT OF ASSESSMENT LIENS - Liens for assessments may be foreclosed by suit brought in the name of the Association in like manner as a foreclosure of mortgage on real property. During his occupancy, in the discretion of the court, the foreclosed owner shall be required to pay a reasonable rental and

the Association shall be entitled to the appointment of a receiver to collect the same, and the Association shall have all the powers provided in Florida Statute 718.116, including specifically interest at the prime rate plus two percent (2%) per annum on unpaid assessments and reasonable attorney's fees incident to the collection of such assessment or enforcement of such lien, with or without suit.

19. MEMBERS - The qualification of members, the manner of their admission and voting by members shall be as follows:

A. ALL OWNERS OF UNITS in the Condominium shall be members of the Association, and no other persons or entities shall be entitled to membership.

B. MEMBERSHIP IN THE ASSOCIATION shall be established by the recording in the Public Records of PALM BEACH COUNTY, FLORIDA, a deed or other instrument establishing a change of record title to a unit in the Condominium and delivery to the Association of a copy of such instrument, the new owner thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

20. INDEMNIFICATION - Every Director of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved by reason of his being or having been a Director of the Association, or any settlement thereof, whether or not he is a Director at the time such expenses are incurred, except in cases wherein the Director is adjudged guilty of nonfeasance, misfeasance in the performance of his duties, or shall have breached his fiduciary duty to the Association shall not be liable for payment of a voluntary settlement unless it is first approved by the Board of Directors.

21. APPORTIONMENT OF COMMON EXPENSES AND COMMON SURPLUS AND OWNERSHIP OF COMMON ELEMENTS - The manner in which the apportionment of common expenses and common surplus and the ownership of common elements has been determined is by utilizing a fraction, the numerator of which is one (1) and the denominator of

which is the number of all units submitted to condominium ownership. Exhibit B to this Declaration sets forth the fraction of ownership of common elements and the apportionment of common expenses and common surplus as each phase is submitted to condominium ownership.

22. SEVERABILITY - If any provision of this Declaration or the Exhibits thereto, as now constituted or as later amended, or any section, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder and of the application of any such provision, section, sentence, clause, phrase or word in other circumstances shall not be affected thereby.

23. VOTING - Each unit shall have one full vote in all matters.

24. PHASING - The Condominium will be developed in eight (8) phases. The legal descriptions of these parcels are contained in Exhibit "A" and Exhibit "A2" to this Declaration.

A. Initially the condominium will consist of Phase I. Phases II, III, IV, V, VI, VII and VIII may be submitted to the condominium form of ownership by an amendment to this Declaration in accordance with Florida Statute 718.403(6). The legal descriptions for all eight (8) phases are found in Exhibit "A" and Exhibit "A2" hereto. There will be a maximum of 248 units in the four phases.

B. Phase I will consist of 16 units in two (2) two story buildings. Phases II, III, IV, V, VI and VII will each consist of 16 units in two (2) two story buildings, if constructed,, and Phase VIII will be divided into sub-phases and will consist of 136 units in seventeen (68) - 2 story buildings, if constructed.

There will be one (1) unit type as follows:

Type A - 2 bedroom/2 bathrooms and a Florida Room consisting of approximately 1,200 square feet of living space. Each unit will also have a laundry/storage room.

C. The membership vote and ownership in the Association attributable to each unit in each phase and the results if any phase or phases are not developed are as follows:

(.1) Each unit will have one full vote. There will thus be 16 votes in Phase I; 32 votes if Phase II is added; 48 votes if Phase III is added; 64 votes if Phase IV is added; 80 votes if Phase V is added; 96 votes if Phase VI is added; 112 votes if Phase VII is added and 248 votes if Phase VIII is added.

(.2) The ownership in the Association shall be as set forth in Exhibit B. If any phase is not added, the fraction of ownership will remain at the level that already exists.

D. The Developer states that the time periods within which each phase must be completed are as follows:

Phase I	-	August 1990	-	16 units
Phase II	-	July 1991	-	16 units
Phase III	-	September 1991	-	16 units
Phase IV	-	November 1992	-	16 units
Phase V	-	January 1992	-	16 units
Phase VI	-	March 1992	-	16 units
Phase VII	-	May 1992	-	16 units
Phase VIII	-	September 1996	-	136 units

NOTE: Developer has every expectation that the phases will be completed sooner than shown above, but as the Condominium Act, Florida Statute 718.403(4)(b)3 requires that a legal deadline be set forth in the Declaration, ample time is being given to cover any eventuality.

E. Pursuant to Florida Statute 718.403(6) amendments to the Declaration adding phases do not require the consent of any unit owners other than the Developer nor of any other person. However, the Developer shall notify owners of existing units of commencement of, or the decision not to add Phase II, Phase III, or Phase IV, Phase V, Phase VI, Phase VII or Phase VIII. Notice shall be by certified mail addressed to each owner at the address of his unit or at his last known address.

25. RECREATIONAL FACILITIES: It is contemplated that the recreational facilities outlined in this paragraph will be completed at the time Phase I is completed.

A. A 20' x 40' swimming pool, which has an approximate depth of 3 feet at the shallow end and 5 feet at the deepest point. The swimming pool is not heated and has an approximate capacity of 15 persons. The swimming pool is surrounded by a 10 foot sun deck, which has an approximate capacity of 18 people at any one time.

Restrooms will be located in the pool area as effected on the site plan.

Revised Page 21

26. It is contemplated that the following recreational facilities will be constructed in Phase VIII, and will be completed by September 1996.

B. A 20' x 40' swimming pool, which has an approximate depth of 3 feet at the shallow end and 5 feet at the deepest point. The swimming pool is not heated and has an approximate capacity of 15 persons. The swimming pool is surrounded by a 10 foot sun deck, which has an approximate capacity of 18 people at any one time.

A recreation building consisting of approximately 2,000 square feet and containing mens and womens restrooms.

The cost of managing, maintaining and operating the recreational facilities exclusively a part of PALM BEACH TRACE, A CONDOMINIUM, shall be that of the Association if all phases are added, or by the Association and other legal entities in their respective percentages arrived at by dividing the number of units in the Association or each such entity into the total number of units in the project, to wit: 248.

27. FNMA/FHA/VA APPROVAL - As long as there remains uncompleted facilities, unclosed units and any mortgage encumbering any unit insured by the Federal Housing Administration or guaranteed by the Veterans Administration, or where the Federal National Mortgage Association is a mortgagee or first mortgage holder, the following actions will require the prior approval of the respective authority: annexation of additional properties other than the property described in Exhibit A and Exhibit A2 of this Declaration, otherwise such approval will not be required.

28. ARBITRATION - If a dispute arises, it shall be resolved by arbitration in accordance with the then existing rules of the American Arbitration Association and a judgment of specific performance upon the arbitrator's award may be entered in any court of jurisdiction. The arbitration expense shall be shared equally by the owner and the Association.

THIS DECLARATION OF CONDOMINIUM and attachments hereto are made and entered into this 6th day of July, 1990.

Witnesses:

POVIA-BALLANTINE CORPORATION
a Florida Corporation

By: [Signature]
Title: President

STATE OF FLORIDA

COUNTY OF LEE

I HEREBY CERTIFY that on this 6th day of July, 1990, before me personally appeared LAWRENCE PERIA as PRESIDENT of POVIA-BALLANTINE CORPORATION, a Florida corporation, to me known to be the person described in and who executed the foregoing Declaration of Condominium of PALM BEACH TRACE, A CONDOMINIUM, and severally acknowledged the execution thereof to be his free act and deed as such officer, for the uses and purposes therein mentioned; and that he affixed thereto the official seal of said corporation, and the said instrument is the act and deed of said corporation.

WITNESS my hand and official seal at Fort Myers, in the County and State named above, on the day and year last above written.


Notary Public

My Commission Expires:

NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXPIRES MAY 24, 1994
BONDED THRU GENERAL INS. UND.

PALM BEACH TRACE

LEGAL DESCRIPTION - PHASE 1

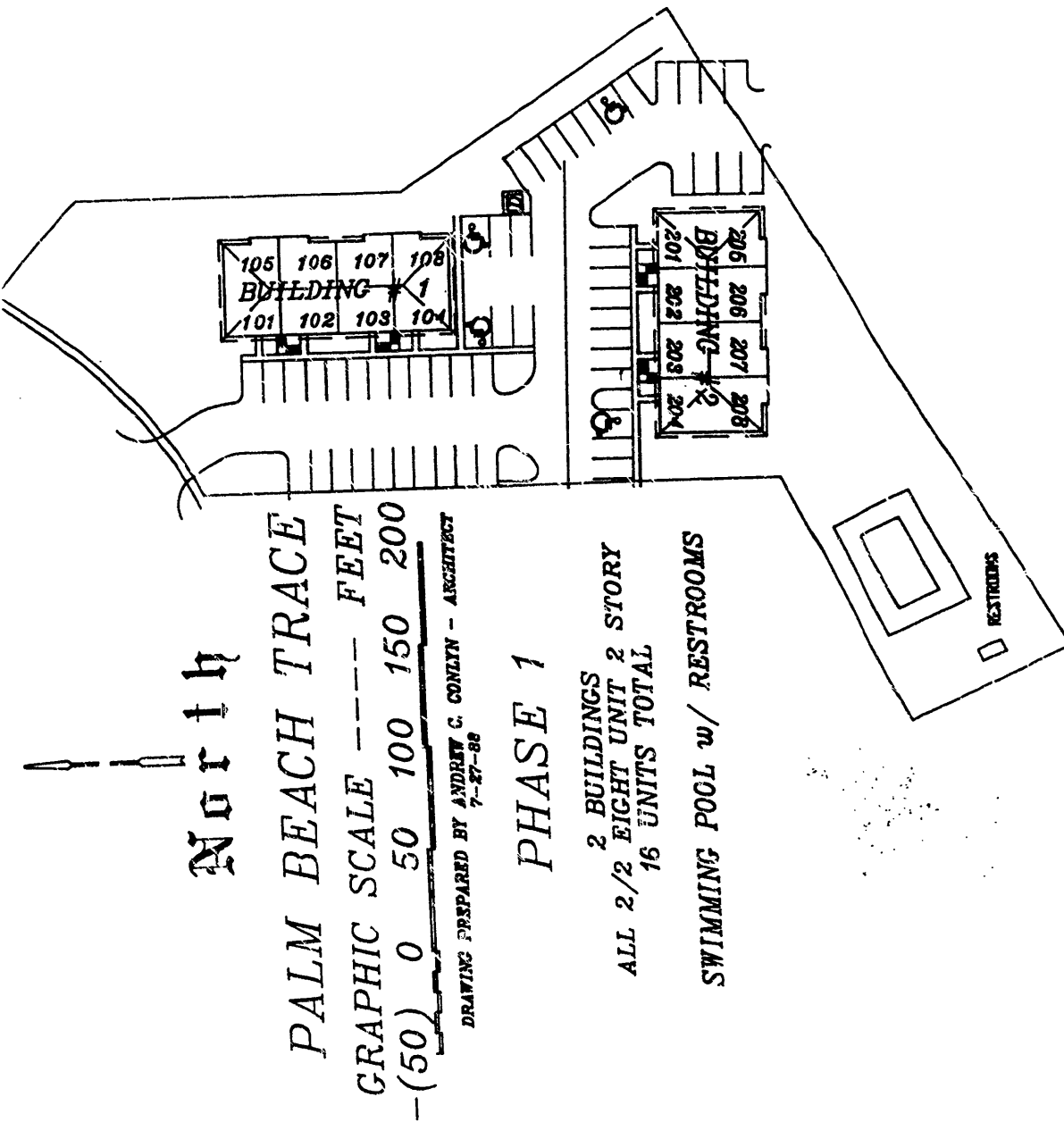
A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line of said Country Club Drive, a distance of 268.04 feet to the Point of Beginning; thence from said Point of Beginning, S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence S62D04'07"W 362.88 feet; thence N25D00'27"W 79.5632 feet; thence N64D59'33"E 134.69 feet; thence N0D46'07"E 272.60 feet to the Southerly Right-of-Way Line of Country Club Drive; thence along an arc to the left, said arc having a radius of 260.00', and a central angle of 30D-47'-11" and a chord bearing of N47D-56'-22" E and lies along the Southerly Right-of-Way Line of Country Club Drive, to the Point of Beginning; containing 1.60 acres, more or less.

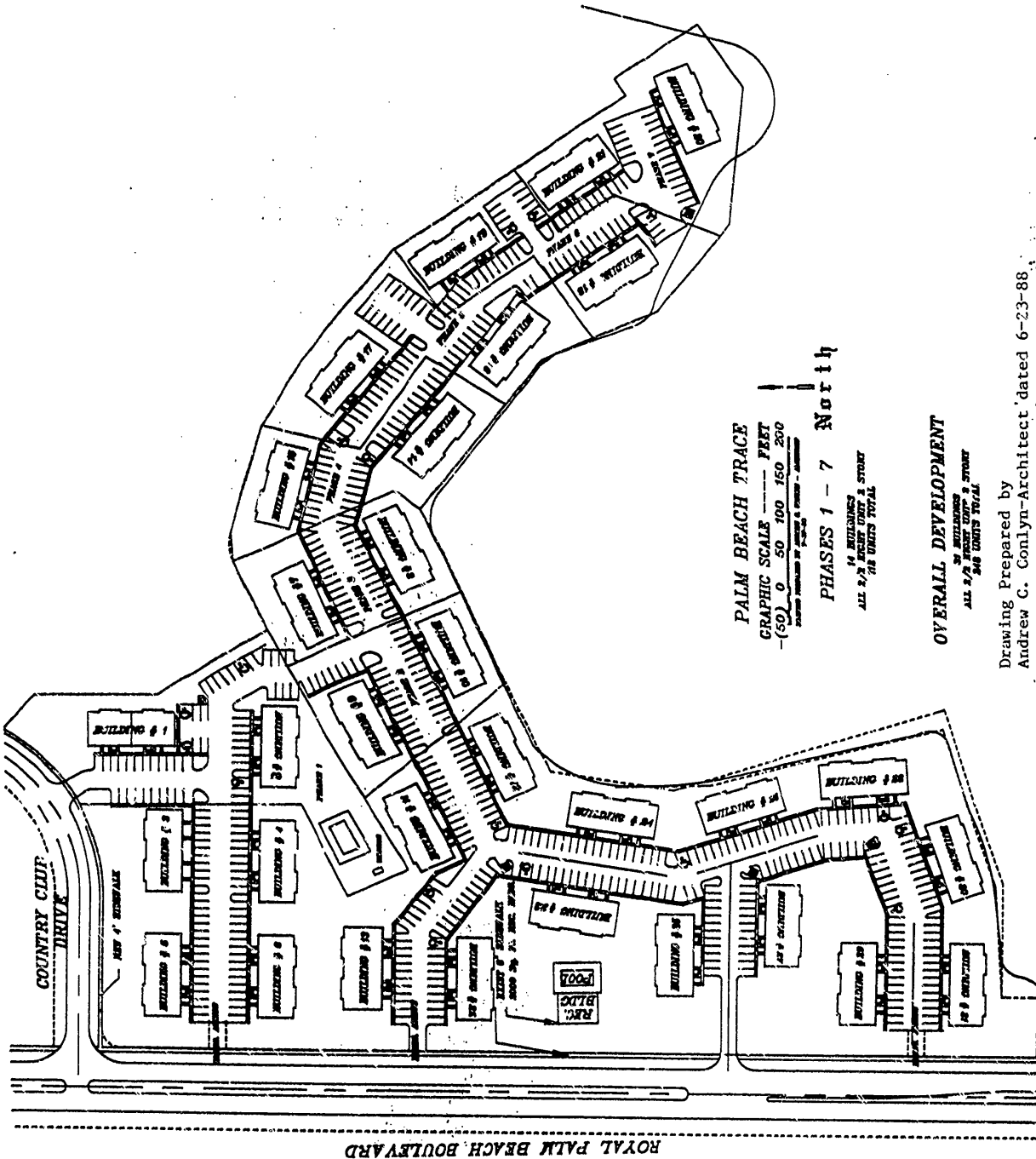
**RECORDER'S MEMO: Legibility
of Writing, Typing or Printing
unsatisfactory in this document
when received.**

EXHIBIT "A"

EXHIBIT "A1"



RECORDER'S MEMO: Legibility
of Writing, Typing or Printing
unsatisfactory in this document
when received.



PALM BEACH TRACE
GRAPHIC SCALE — FEET
(50) 0 50 100 150 200
DISTANCE MEASURED IN FEET & INCHES — INCHES

PHASES 1 - 7 North
14 BUILDINGS
ALL 2 1/2 STORY UNIT 2 STORY
728 UNITS TOTAL

OVERALL DEVELOPMENT
20 BUILDINGS
ALL 2 1/2 STORY UNIT 2 STORY
248 UNITS TOTAL

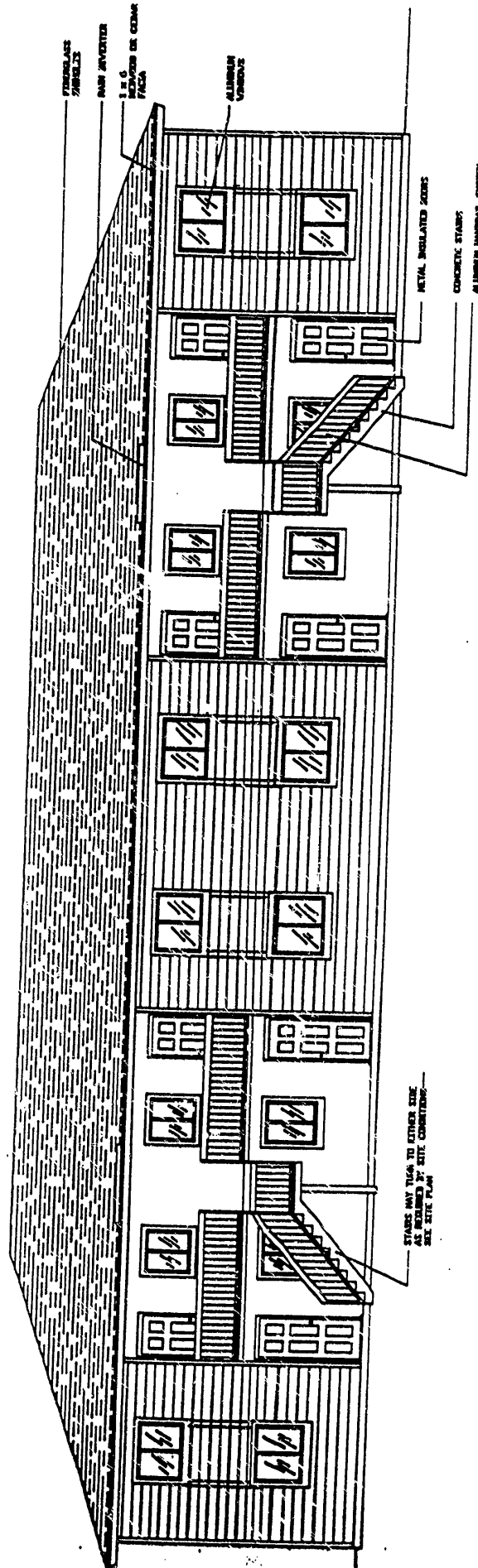
Drawing Prepared by
Andrew C. Conlyn-Architect dated 6-23-88

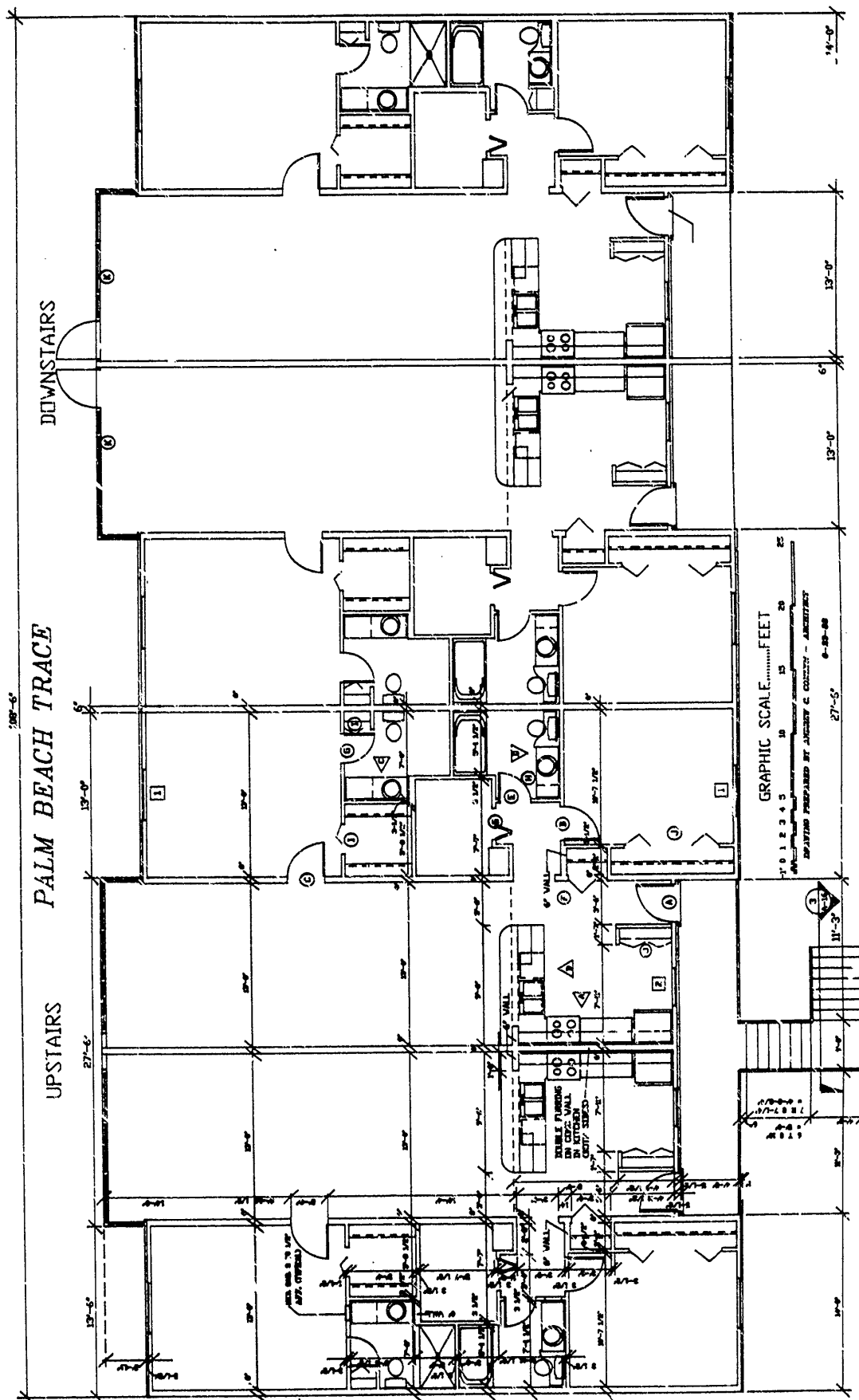
RECORDER'S MEMO: Legibility
of Writing, Typing or Printing
unsatisfactory in this document
when received.

PALM BEACH TRACE

2 BEDROOM FRONT ELEVATION

DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT



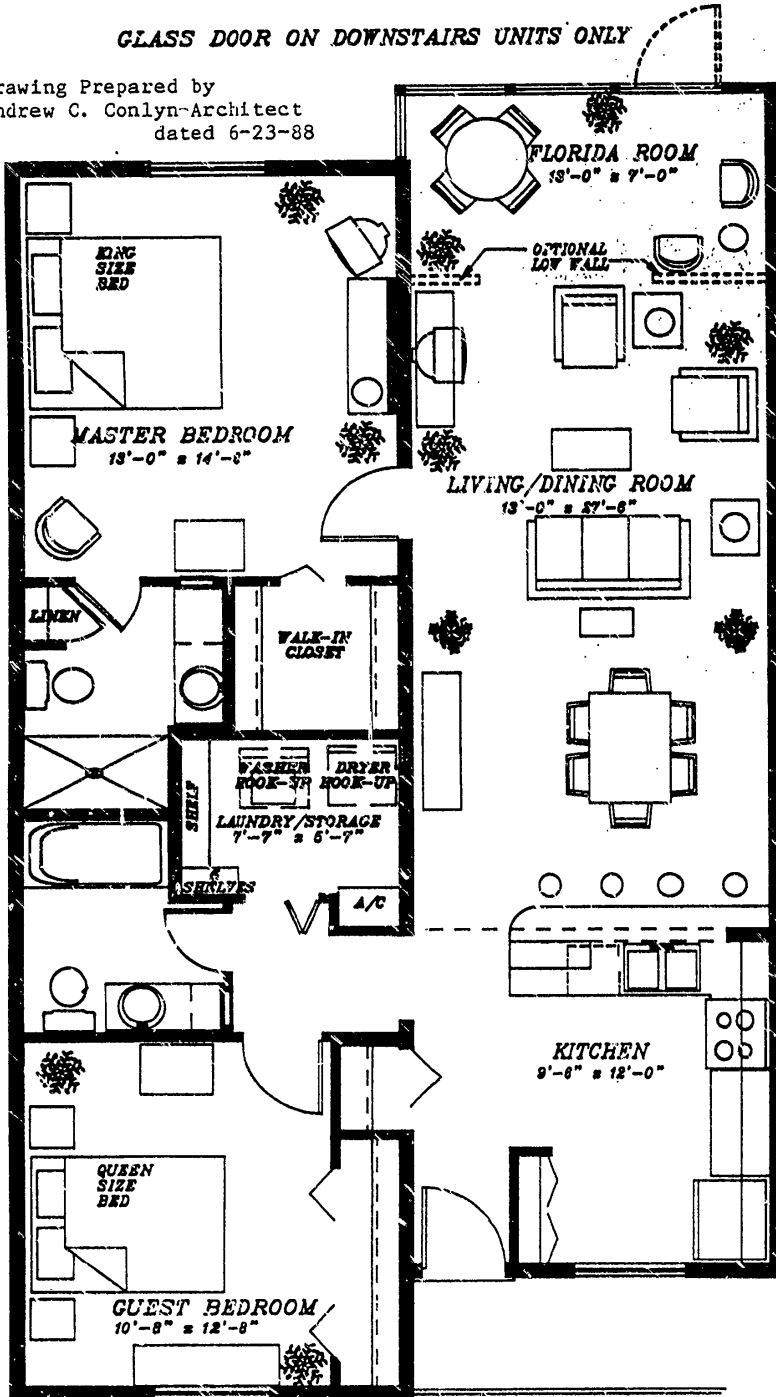


PALM BEACH TRACE

RIGHT-HAND UNITS SHOWN, LEFT-HAND UNITS OPPOSITE
ALL DIMENSIONS ARE APPROXIMATE

GLASS DOOR ON DOWNSTAIRS UNITS ONLY

Drawing Prepared by
Andrew C. Conlyn-Architect
dated 6-23-88



LEGAL DESCRIPTION - PHASE 2

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of Country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence S 62D4'7"W 55.12 feet to the Point of Beginning. Thence from said Point of Beginning, S24D21'28"W 235.78 feet; thence S65D38'32"W 134.31 feet; thence N40D25'25"W 232.45 feet; thence N62D4'7"W 199.02 Feet to the Point of Beginning, containing 0.88 acres, more or less.

EXHIBIT "A2"

PALM BEACH TRACE

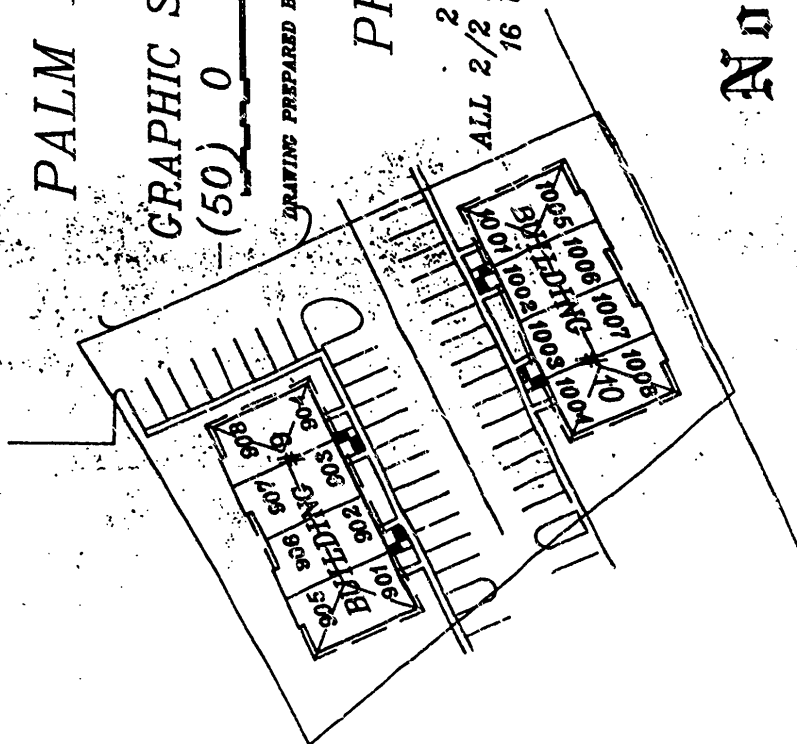
GRAPHIC SCALE ----- FEET
 (50) 0 50 100 150 200

DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT
 7-27-88

PHASE 2

2 BUILDINGS
 ALL 2 1/2 EIGHT UNIT 2 STORY
 16 UNITS TOTAL

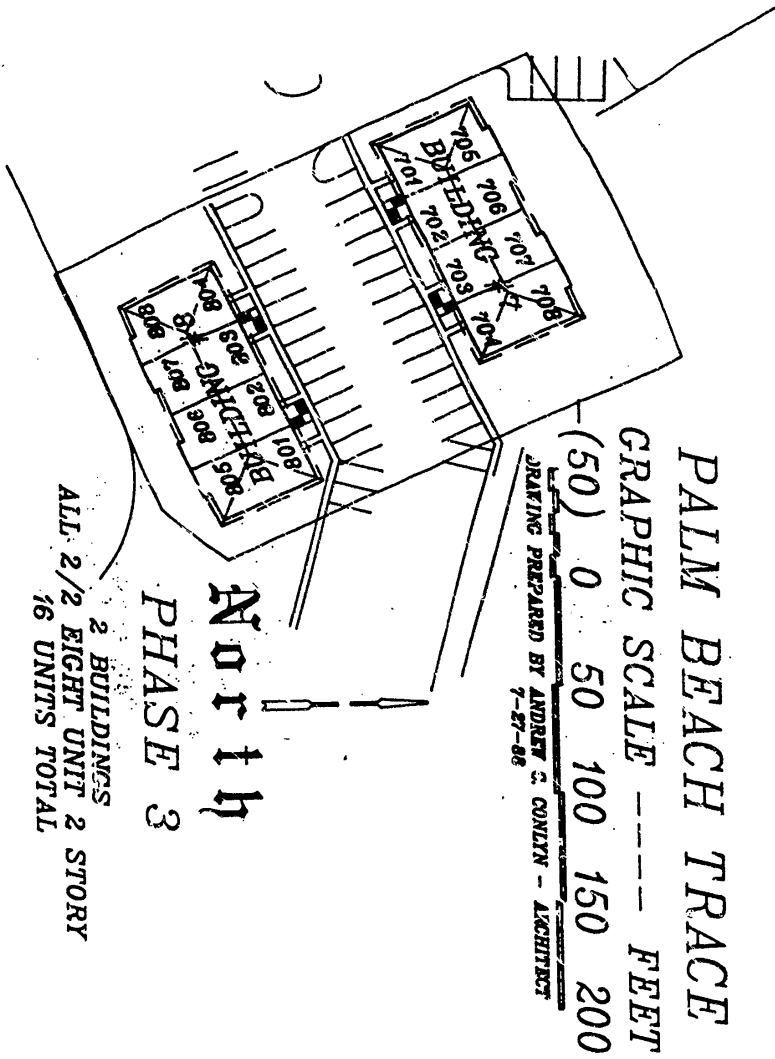
North



LEGAL DESCRIPTION - PHASE 3

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of country Club Drive (as now laid out and in use) both as shown on plat of "HawthornII" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet to the Point of Beginning; thence from said Point of Beginning, N67D22'31"E 100.00 feet; thence S24D21'28"E 219.40 feet; thence S39D25'55"W 38.01 feet; thence S65D38'32"W 94.89 feet; thence N24D21'28"W 235.78 feet; thence N62D04'07"E 55.19 feet to the Point of Beginning, containing 0.84 acres, more or less.

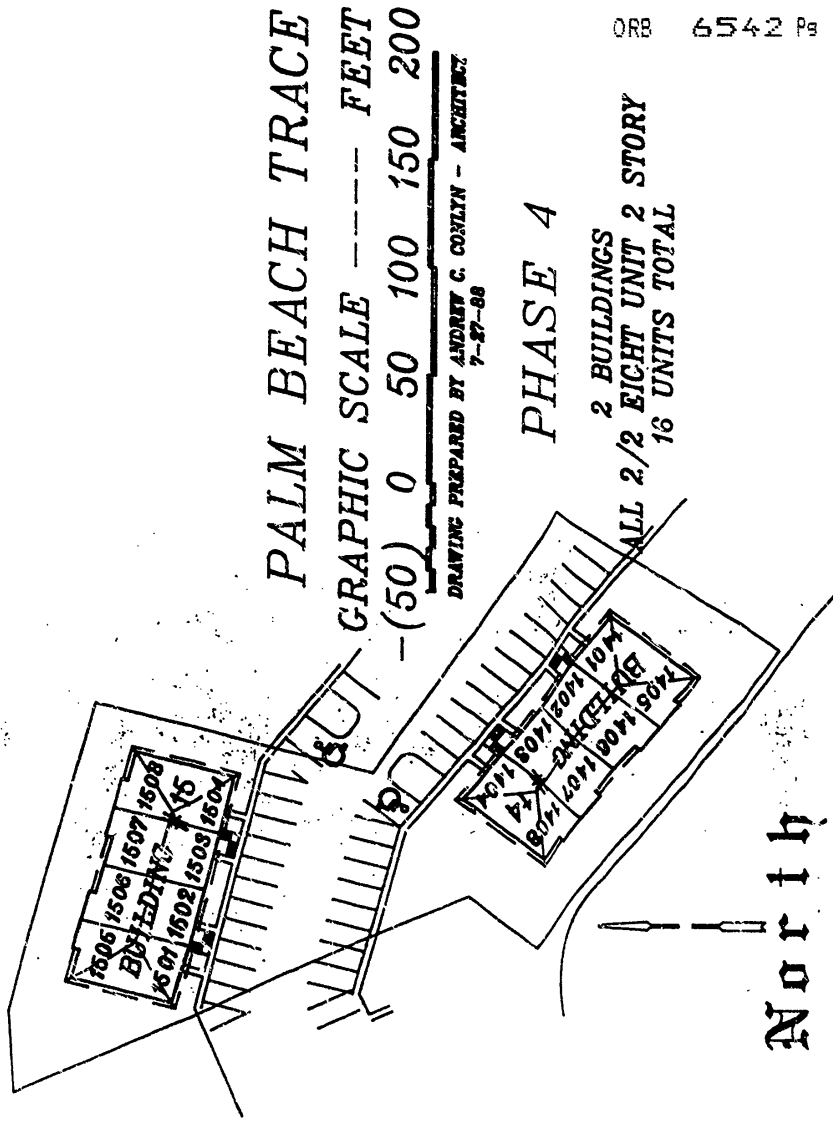


LEGAL DESCRIPTION - PHASE 4

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'45"W, a distance of 39.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence N67D22'31"E 100.00 feet to the point of beginning. Thence from said Point of Beginning N86D06'16"E 37.8895 feet; thence S75D09'57"E 147.57 feet; thence S14D50'3"W 127.56 feet; thence S14D50'3" W 127.56 feet; thence S56D32'2"E 145.12 feet; thence S32D18'41"W 119.2622 feet; thence N51D34'09"W 117.1411 feet; thence N39D25'55"E 38.01 feet; thence N24D21'28"W 219.40 feet to the Point of Beginning; containing 0.89 acres, more or less.

RECORDER'S MEMO: Legibility of Writing, Typing or Printing unsatisfactory in this document when received.



PALM BEACH TRACE
GRAPHIC SCALE ----- FEET
-(50) 0 50 100 150 200

DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT
7-87-88

PHASE 4

2 BUILDINGS
ALL 2 1/2 EIGHT UNIT 2 STORY
16 UNITS TOTAL

North

LEGAL DESCRIPTION - PHASE 5

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence N67D22'31"E 100.00 feet; thence N86D06'16"E 37.8895 feet; thence S75D09'57"E 147.57 feet to the Point of Beginning. Thence from said Point of Beginning S58D44'54"E 98.06 feet; thence S51D46'36"E 187.10 feet; thence S55D47'35"W 107.1245 feet; thence S34D12'25"E 138.4794 feet; thence S55D47'35"W 131.5013 feet; thence N23D43'57"W 71.151 feet; thence N51D34'09"W 74.0815 feet; thence N32D18'41"E 119.2622 feet; thence N56D32'02"W 145.12 feet; thence N14D50'3"E 127.56 feet to the Point of Beginning; containing 1.14 acres, more or less.

**RECORDER'S MEMO: Legibility
of Writing, Typing or Printing
unsatisfactory in this document
when received.**

PALM BEACH TRACE

GRAPHIC SCALE ----- FEET
 -(50) 0 50 100 150 200

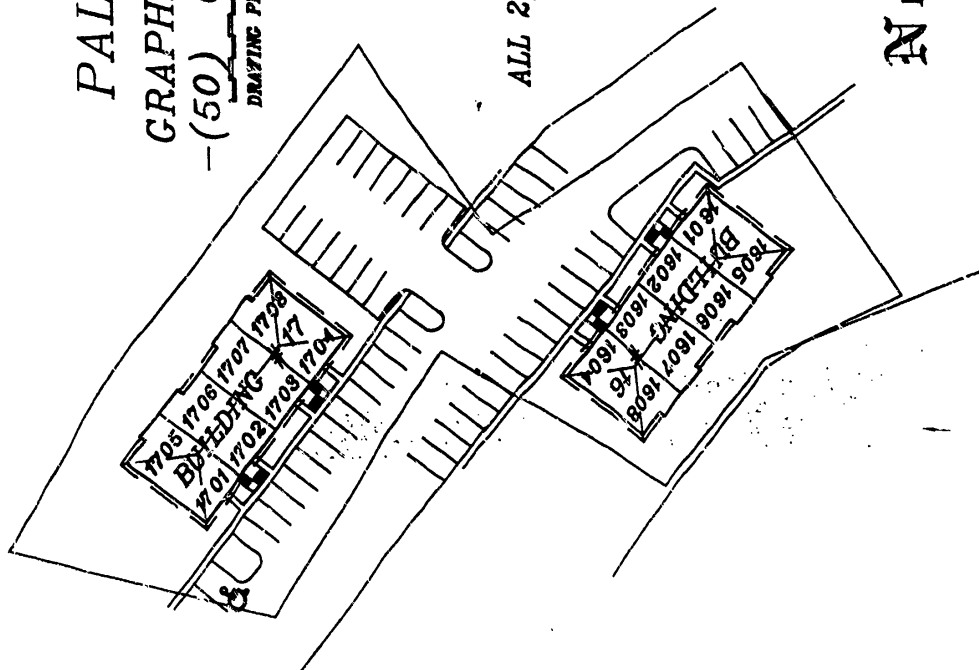
DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT
 7-27-88

PHASE 5

2 BUILDINGS
 ALL 2 1/2 EIGHT UNIT 2 STORY
 16 UNITS TOTAL

ORB 6542 Ps 161

North

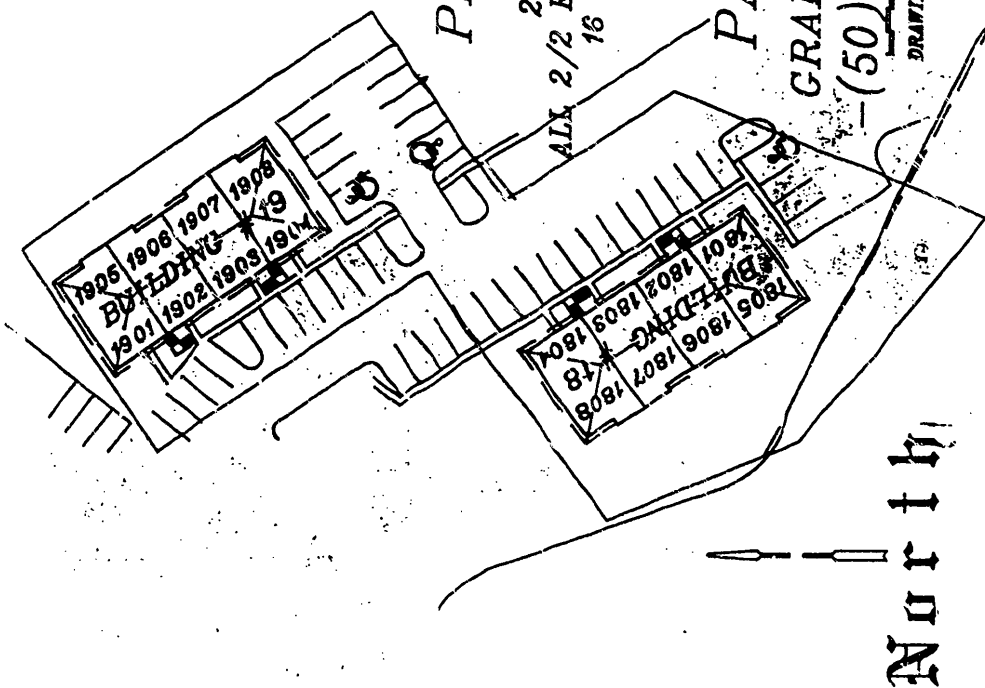


LEGAL DESCRIPTION - PHASE 6

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of Country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly

and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence N67D22'31"E 100.00 feet; thence N86D06'16"E 37.8895 feet; thence S75D09'57"E 52.1232; thence S75D09'57"E 35.4468 feet; thence S58D44'54"E 98.0600 feet; thence S51D46'36"E 187.10 feet to the Point of Beginning. Thence, from said Point of Beginning S34D12'25"E 183.2115 feet; thence S55D47'35"W 99.1039 feet; thence S34D12'25"E 84.097 feet; thence S23D11'37"W 139.5017 feet; thence N51D54'18"W 124.3632 feet; thence N23D43'57"W 86.9590 feet; thence N55D47'35"E 131.5013 feet; thence N34D12'25"W 138.4794 feet; thence N55D47'35"E 107.1245 feet to the Point of Beginning; containing 1.00 acres, more or less.



PHASE 6

2 BUILDINGS
ALL 2 1/2 EIGHT UNIT 2 STORY
16 UNITS TOTAL

PALM BEACH TRACE

GRAPHIC SCALE ----- FEET
--(50) 0 50 100 150 200

DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT
7-27-88

North

LEGAL DESCRIPTION - PHASE 7

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida, also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of country Club Drive (as now laid out and in use) both as shown on plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 through 35 of the Public Records of said Palm Beach County, Florida; thence S88D23'14"E along the said centerline of Country Club Drive, a distance of 78.00 feet; thence S01D36'46"W, a distance of 30.00 feet to the Southerly Right-of-Way Line of said Country Club Drive, thence S88D23'14"E along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 59D04'00"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line; thence S48D28'47"E 58.88 feet; thence S0D46'07"W 153.07 feet; thence S32D30'01"E 156.49 feet; thence N67D22'31"E 100.00 feet; thence N86D06'16"E 37.8895 feet; thence S75D09'57"E 52.1232; thence S75D09'57"E 95.4468 feet; thence S58D44'54"E 98.0600 feet; thence S51D46'36"E 187.10 feet; thence S34D12'25"E 183.2112 feet to the Point of Beginning. Thence from said Point of Beginning S34D12'25"E 170.2785 feet; thence N55D47'35"E 26.49 feet; thence S34D29'40"E 122.91 feet; thence S55D30'20"W 100.00 feet; thence N84D14'21"W 179.61 feet; thence N51D54'18"W 20.0068 feet; thence N23D11'37"E 139.5017 feet; thence N34D12'25"W 84.0970 feet; thence N55D47'35"E 99.1039 feet to the Point of Beginning; containing 1.01 acres, more or less.

PALM BEACH TRACE

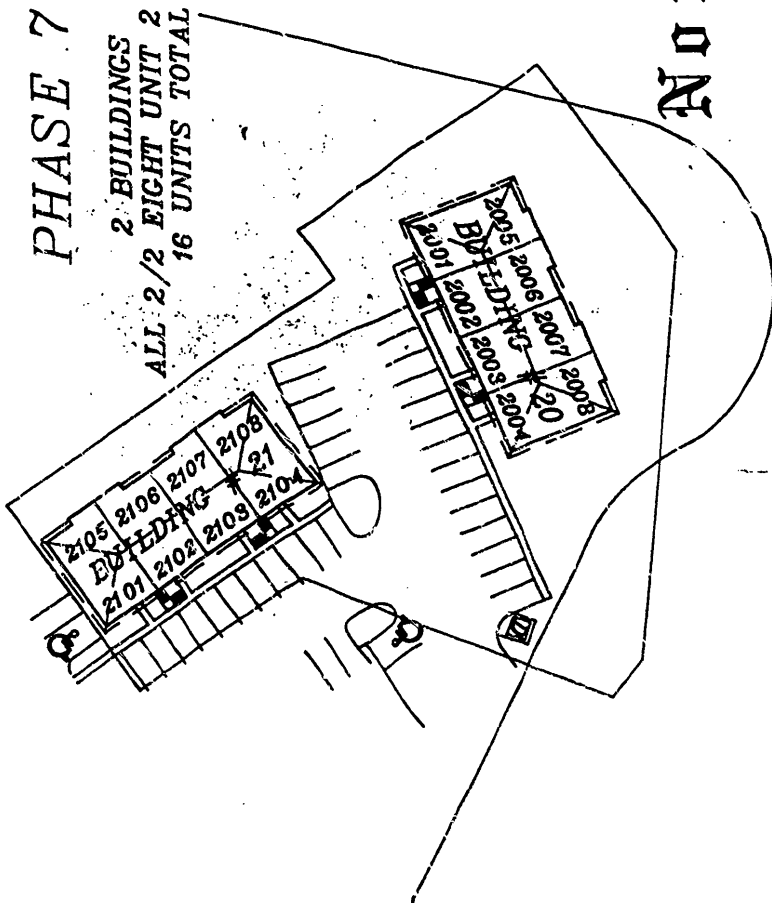
GRAPHIC SCALE ----- FEET

---(50) 0 50 100 150 200

DRAWING PREPARED BY ANDREW C. CONLYN - ARCHITECT
7-27-88

PHASE 7

2 BUILDINGS
ALL 2 1/2 EIGHT UNIT 2 STORY
16 UNITS TOTAL



North

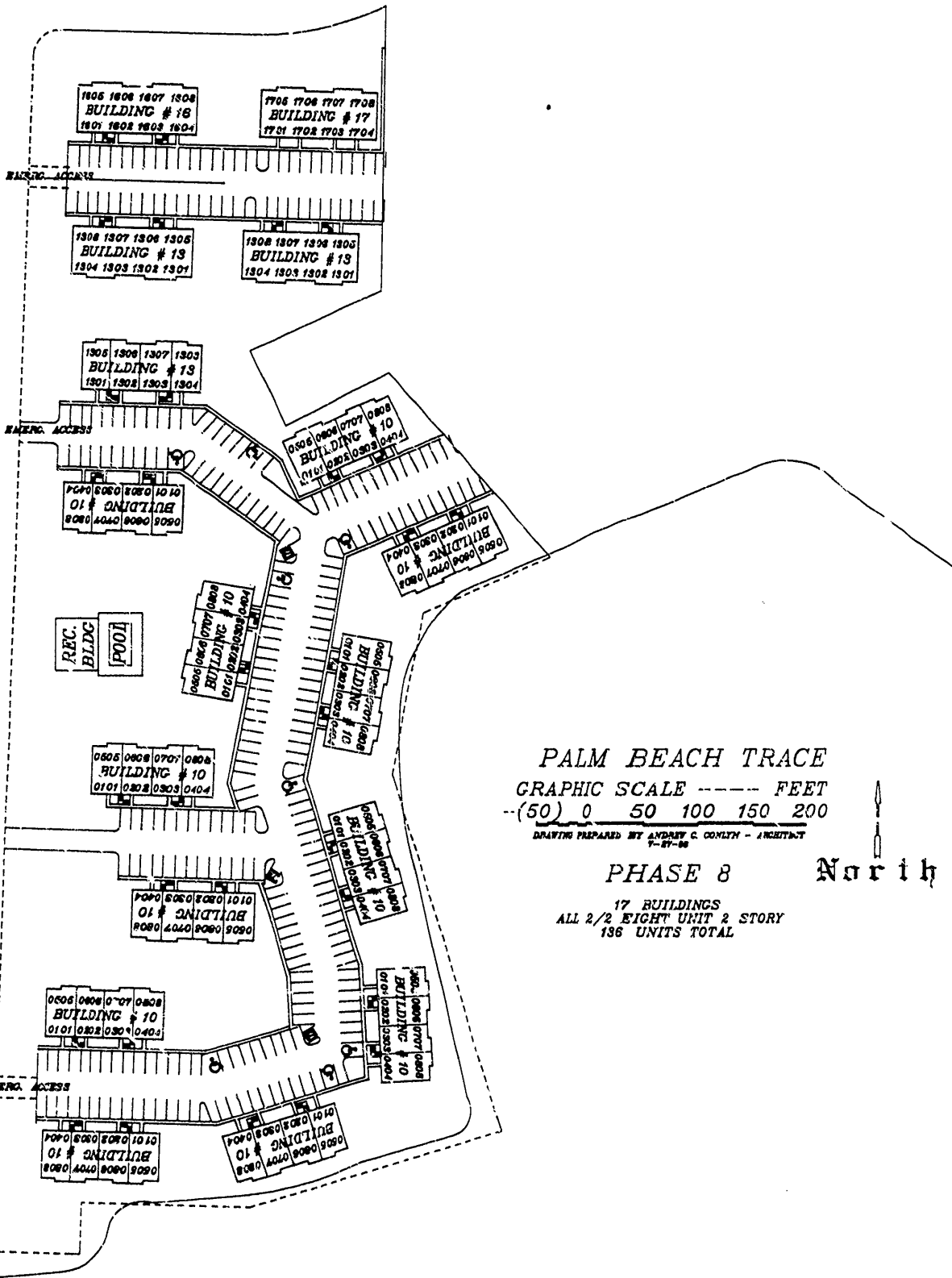
PALM BEACH TRACE - PHASE 8

A parcel of land being in Section 23, Township 43 South, Range 41 East, Palm Beach County, Florida also being a portion of Parcel 209 as shown on the Village of Royal Palm Beach Master Land Use Plan being more particularly described as follows:

Commencing at the intersection of the centerline of Royal Palm Beach Boulevard (as now laid out and in use) and the centerline of Country Club Drive (as now laid out in use) both as shown on Plat of "Hawthorn II" as recorded in Plat Book 31, Pages 26 thru 35 of the Public Records of said Palm Beach County, Florida; thence South 88D-23'-14"-East along the said centerline of Country Club Drive, a distance of 78.00 feet; thence South 1D-36'-46"-West a distance of 30.00 feet to the Southerly Right-of-Way line of said Country Club Drive and the POINT OF BEGINNING of this description; thence South 88-D-23'-14"-East along the said Southerly Right-of-Way Line of Country Club Drive, a distance of 172.43 feet to the beginning of a curve concave to the Northwest having a radius of 260.00 feet and a central angle of 28D-16'-49"; thence Southeasterly and Northeasterly along the arc of said curve and the Southeasterly Right-of-Way line of said Country Club Drive; a distance of 128.33 feet; thence South 48D-28'-47"-East, a distance of 58.88 feet; thence S-OD-46'-07"-West a distance of 272.60 feet; thence S-64D-59'-33"-West a distance of 134.69 feet; thence S-25D-00'-27"-East a distance of 79.56 feet; thence N-62D-04'-07"-East a distance of 108.75 feet; thence S-40D-25'-25"-East a distance of 232.45 feet; thence South 65D-38'-32"-West, a distance of 130.07 feet; thence South 10-D-10'-05"-West, a distance of 155.72 feet; thence South 16D-53'-44"-East, a distance of 354.84 feet; thence South 72D-28'-22"-West, a distance of 245.38 feet; thence North 88-D-22'-09"-West, a distance of 151.23 feet; thence South 01D-36'-33"-West, a distance of 49.63 feet; thence North 88-D-22'-43"-West, a distance of 79.93 feet to a POINT OF INTERSECTION with the Easterly Right-of-Way line of said Royal Palm Beach Boulevard; thence North 01-D-37'-43"-East along the said Easterly Right-of-Way line of Royal Palm Beach Boulevard, a distance of 1,144.49 feet to the beginning of a curve concave to the Southeast having a radius of 25.00 feet and a central angle of 89D-59'-03"; thence Northeasterly and Southeasterly along the arc of said curve, a distance of 39.26 feet to the POINT OF BEGINNING.

Containing 9.54 acres, more or less.

SUBJECT to existing Easements, Rights-of-Way, Restrictions and Reservations of Record.



APPORTIONMENT OF COMMON EXPENSES AND COMMON SURPLUS
AND OWNERSHIP OF COMMON ELEMENTS

Phase I	1/16th
Phase II	1/32th
Phase III	1/48th
Phase IV	1/64th
Phase V	1/80th
Phase VI	1/96th
Phase VII	1/112th
Phase VIII	1/248 th

The manner in which the apportionment of common expenses and common surplus and the ownership of common elements has been determined is by utilizing a fraction, the numerator of which is one (1) and the denominator of which is the number of all units submitted to condominium ownership. If any phase is not submitted to the condominium form of ownership, the fraction of ownership attributable to that phase shall not exist.

Exhibit "B"

PALM BEACH TRACE, A CONDOMINIUMRULES AND REGULATIONS1. AUTHORITY

A. All unit owners in addition to any other obligation, duty, right and limitation imposed upon them by this Declaration, the Articles of Incorporation and the By-Laws of the Association and the Condominium Act shall be subject to and agree to abide by the following restrictive covenants, which shall be applicable to all unit owners, their families, guests, invitees, tenants and lessees.

B. These Rules and Regulations will be reviewed periodically by the Board of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC. and amended as necessary to better serve the membership.

2. ENFORCEMENT

A. Complaints should be reported, in writing, to the Board or to an officer of the Association.

B. Minor infractions will be called to the attention of the person or persons involved by an officer of the Association. Repeated infractions and violations of a more serious nature will be referred to the Board for action.

C. Disagreements concerning complaints will be presented to the Board for adjudicated and appropriate action, with enforcement by civil legal process, if necessary.

3. SINGLE-FAMILY RESIDENCE/CHILDREN

A. No unit shall be used for any purpose other than a single-family residence or dwelling.

B. There are no restrictions with regard to children in residency, except children will conduct themselves in accordance with the rules and regulations under parental or guardian supervision.

C. Any child under the age of fourteen (14) years must be accompanied by an adult while at the pool or Recreation Building.

Exhibit "C"

4. BICYCLES/MOTORCYCLES

A. Bicycles and other similar vehicles may be operated on the premises, but must be kept in assigned areas when not in use. Bicycles may not be kept on entryways.

5. DESTRUCTION OF PROPERTY

A. Owners will be responsible for destruction, damage, or defacement of buildings, facilities, and equipment caused through their own act(s) and/or the acts of their lessees or guests.

B. Unit owners, their families, guests, invitees or lessees shall be liable to the Association for defacing, marring or otherwise causing damage to the common elements or limited common elements where the repair of said damage is the obligation of the Association.

6. SIGNS

A. No unit owner shall cause any signs of any nature whatsoever to be posted or affixed to any of the common elements, limited common elements or in his respective unit, if such sign may be seen from any portion of the common elements; except for name plates which shall be uniform in size and design and approved by the Board of Directors.

7. SAFETY

A. No one shall permit any activity or keep anything in a condominium unit, storage area or the common elements which would be a fire or health hazard or in any way tend to increase insurance rates. This section has particular reference to barbecuing outdoors or on screened porches.

8. EXTERIOR APPEARANCE

To maintain a uniform and pleasing appearance of the exterior of the buildings, the following shall apply:

A. No owner, tenant, or other occupant of a condominium unit may paint or otherwise change the appearance of any exterior wall, door, window, balcony, or any exterior surface.

B. No occupant may place any sunscreen, blind, storm shutter or awning on any exterior opening without first

securing written approval of the Board prior to installation. No occupant may erect any exterior lights or signs; place any signs or symbols in windows; erect or attach any structures or fixtures within the common elements.

C. Occupants are not to erect, construct or maintain any wire devices, antennas or other equipment or structures on the exterior of the buildings or on or in any of the common elements, except with the written consent of the Board of the Association.

D. No clothing, bedding or other similar items shall be dried or aired in any outdoor area or within the unit or any limited common element if same can be seen from the common elements.

E. No draperies, shades, awnings, or the like shall be used except as shall have been installed or approved by the governing board and no signs of any kind shall be placed in or on windows, doors, terraces, facades, or other exterior surfaces of the buildings. All draperies visible from the exterior of the building shall be of white or off-white color or shall have white or off-white linings.

9. INTERIOR APPEARANCE

A. All unit owners shall keep and maintain the interior of their respective units in good condition and repair, including the entire air conditioning system (compressor, ducts, vents, etc.) servicing the respective owner's units, whether inside or outside owners unit and shall promptly pay for all utilities which are separately metered to the unit. The stairs and entryways shall be kept in a clean and sightly manner by the unit owners having the right of exclusive use thereof.

B. No occupant may make any structural additions or alterations (except the erection or removal of non-support carrying interior partitions wholly within the unit) to any unit or to the common elements or any of the foregoing without prior written consent of the Board.

10. SOLICITATION

A. There shall be no solicitation by any person anywhere in the buildings or the common elements for any cause whatsoever unless invited by the unit owner to be solicited, or specifically authorized by the Board.

11. NOISE

A. All occupants of units shall exercise extreme care about making noises or the use of musical instruments, radios, televisions and amplifiers that may tend to disturb other occupants. Designated "quiet" hours are 11:00 P.M. to 9:00 A.M.

12. PETS

A. Unit owners shall be permitted to keep one (1) domestic animal only if such animal does not disturb or annoy other unit owners and weigh less than 25 pounds. Unit owners keeping domestic animals shall abide by municipal sanitary regulations and shall be responsible for any inconvenience or damage caused by such animals. All dogs and cats shall be kept on leashes when not confined to the owner's unit and will be walked only in areas designated from time to time by the Directors for such purposes.

B. If, in the sole judgment of the Board, it is determined that a pet is causing excessive disturbance and annoyance to other occupants, the owner will be asked to dispose of the pet.

C. Lessees or guests of owners will not be permitted to bring pets onto the premises unless approved by the Board of Directors.

D. Pets will not be allowed in the swimming pool area.

13. LEASING/RENTING

A. Unit owners may not rent or lease their unit for less than four (4) weeks to any one tenant, nor rent or lease their unit to more than four (4) adult occupants during any rental period.

B. Copies of all rent and lease agreements must be made available to the Board for its records prior to occupancy by the tenant(s).

C. All lease agreements must be specifically made subject to the Declaration of Condominium.

14. OCCUPANCY

A. No owner, lessee, or other occupant of a condominium unit shall use the unit for other than single family residence purposes, except for model apartments maintained by the Developer in accordance with the Declaration of Condominium.

15. SWIMMING POOL AND RECREATION BUILDING

A. Owners, their families, lessees, and guests using the swimming pool do so at their own risk. The swimming pool is for the occasional use of guests; abuses subject to action by the Board.

B. Persons using the swimming pool are requested to read and obey the posted rules for use of the swimming pool and deck area.

C. Glass containers are prohibited in the swimming pool area.

D. No pets of any kind are permitted in the swimming pool or pool area. Owners will be held responsible for any damages or repairs necessary.

E. Any child under the age of fourteen (14) years must be accompanied by an adult while at the pool or recreation building.

F. The Recreation Building is intended for the use of unit owners and their invitees and lessees. All unit owners, their invitees and lessees agree to abide by all rules and regulations pertaining to the Recreation Building.

16. GARBAGE/REFUSE

All garbage and refuse from the units shall be deposited with care in garbage containers intended for such purpose only at such times and in such manner as the Board will direct. All disposals shall be used in accordance with instructions given to the owners by the Directors. Refuse, newspapers and bagged garbage shall be deposited only in areas provided for such purposes.

17. VISITORS

The unit owners, their guests and invitees agree to use the common elements only in accordance with such reasonable Rules and Regulations as are promulgated from time to time by the Directors of the Association for the use thereof.

18. ACCESS

A. The Association will retain a pass key to the premises. No unit owner shall alter any lock or install a new lock or a knocker on any door without the written consent of the Board. In the event such consent is given, the unit owner shall provide the Association with a key for the use of the Association pursuant to its statutory right to access to the premises.

19. FACILITIES/GENERAL

A. The facilities of the condominium are for the exclusive use of members of the Association, lessees, their house guests, and guests accompanied by a member or lessee. No guest or relative of a member or lessee may use the facilities unless in actual residence or accompanied by a member or lessee.

B. These rules and regulations shall apply equally to owners, their families, guests and lessees.

20. PENALTIES AND FINES

Pursuant to Section 4 of the By-Laws, the Association shall have, through its Board of Directors, the right to assess fines and penalties for the violation of these Rules and Regulations.

21. FOOD AND BEVERAGES

A. Food and beverages may be consumed in the common elements at the personal discretion of the owners.

B. Owners are responsible for leaving the common elements used in a clean condition. Frequent violators may have this privilege revoked by the Board.

C. Outdoor cooking is restricted to areas designated for that purpose and located on the ground level.

D. No glass containers may be used in the common elements.

22. VEHICLE & PARKING

No trucks (except pickups used primarily as personal transportation) or commercial vehicles (except during the period of approved construction), campers, mobile homes, motor homes, boats, house trailers, boat trailers, or trailers of every other description shall be permitted to be parked or to be stored at any

place on the common elements unless approved by the Board of Directors. This prohibition of parking shall not apply to temporary parking of trucks and commercial vehicles, such as for pickup, delivery and other commercial services. Automobiles shall be parked only on the parking spaces established for such purpose. Inoperable vehicles are not permitted to be stored or parked on the common elements. If the vehicle is not removed within 72 hours of notice to owner, said vehicle will be removed at the owner's expense.

**Department of State**

I certify the attached is a true and correct copy of the Articles of Incorporation of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC., a corporation organized under the laws of the State of Florida, filed on July 12, 1990, as shown by the records of this office.

The document number of this corporation is N39092.

Given under my hand and the
Great Seal of the State of Florida,
at Tallahassee, the Capital, this th:
25th day of July, 1990.



Jim Smith
Jim Smith
Secretary of State

ARTICLES OF INCORPORATION
OF
PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC.
(A NON-PROFIT FLORIDA CORPORATION)

ARTICLE I.

The name of this corporation is PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC.

ARTICLE II.

The purpose for which this corporation is organized is to act as the governing association of PALM BEACH TRACE. A CONDOMINIUM, located in Palm Beach County, Florida.

ARTICLE III.

The qualification of members of this corporation shall be ownership of a condominium unit in PALM BEACH TRACE, A CONDOMINIUM and admission shall be automatic upon securing title to said condominium unit.

ARTICLE IV.

This corporation shall exist perpetually.

ARTICLE V.

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

LAWRENCE POVIA	3434 Cleveland Avenue Fort Myers, Florida 33901
RON KAPELA	3434 Cleveland Avenue Fort Myers, Florida 33901
STEPHEN SLOAN	3434 Cleveland Avenue Fort Myers, Florida 33901

ARTICLE VI.

The affairs of this corporation are to be managed initially by a Board of three (3) Directors who will be elected each year at the annual meeting of the Condominium Association as provided for in the By-Laws. At such time as the Developer has relinquished control of the Association as provided by the Condominium Act, the Board may be composed of any odd number of Directors that they decide (as provided for in the By-Laws).

EXHIBIT "D"

ARTICLE VII.

The names of the Officers and Directors who are to serve until the first election or appointment under the Articles of Incorporation are:

RON KAPELA
3434 Cleveland Avenue
Fort Myers, Florida 33901

President

LAWRENCE POVIA
3434 Cleveland Avenue
Fort Myers, Florida 33901

Vice President

STEPHEN SLOAN
3434 Cleveland Avenue
Fort Myers, Florida 33901

Secretary/Treasurer

ARTICLE VIII.

The By-Laws of this corporation are to be made, altered, amended or rescinded by a majority vote of the members and Directors of this corporation.

ARTICLE IX.

Amendments to the Articles of Incorporation may be proposed and adopted at any regular or specially called meeting of the members of this corporation or any annual meeting of this corporation.

ARTICLE X.

Each unit in the condominium shall have one (1) full vote, which vote shall be cast by a designated owner as provided for in the Declaration of Condominium.

ARTICLE XI.

This corporation reserves the right to amend or repeal any provisions contained in these Articles of Incorporation.

ARTICLE XII.

This corporation shall have all the powers permitted by law together with such additional specific powers as are contained in the Declaration and By-Laws.

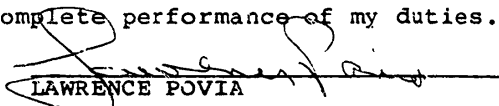
ARTICLE XIII.

No part of the net earnings of this corporation shall inure to the benefit of any member or individual, except through the acquisition, construction, management, maintenance, or care of this corporation's property or through the rebate of the excess membership dues, fees, or assessments.

ARTICLE XIV.

The initial registered office of this corporation shall be located at 3434 Cleveland Avenue, Fort Myers, Florida 33901 and the initial registered agent at that address is LAWRENCE POVIA.

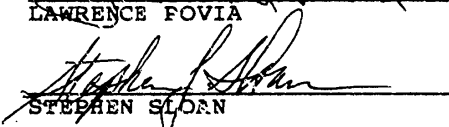
Having been named to accept service of process for the above stated corporation, at the place designated in these Articles of Incorporation, I hereby agree to act in this capacity, and I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties.


LAWRENCE POVIA

IN WITNESS WHEREOF, the undersigned subscribers have executed these Articles of Incorporation this 6th day of July, 1990.


RON KAPELA

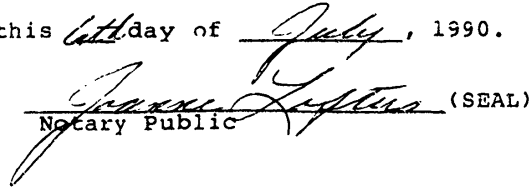

LAWRENCE POVIA


STEPHEN SLOAN

STATE OF FLORIDA
COUNTY OF

BEFORE ME, the undersigned, a Notary Public authorized to take acknowledgments in the State and County aforesaid, personally appeared LAWRENCE POVIA, STEPHEN SLOAN and RON KAPELA, known to me to be the persons who executed the foregoing Articles of Incorporation, and they acknowledged before me that they executed those Articles of Incorporation for the purposes therein expressed.

WITNESS my hand and seal this 6th day of July, 1990.


Notary Public (SEAL)

My Commission Expires:
NOTARY PUBLIC STATE OF FLORIDA
MY COMMISSION EXP. MAY 24, 1994
BONDED THRU GENERAL INS. UND.

BY-LAWS OF
PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC.

1. IDENTITY - These are the By-Laws of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC., a non-profit Florida corporation formed for the purpose of administering PALM BEACH TRACE, A CONDOMINIUM, which is located in Palm Beach County, Florida upon the lands described in the Declaration of Condominium. (The corporation shall hereafter be referred to as the Association).

(.1) OFFICE - The office of the Association shall be at the Condominium.

(.2) FISCAL YEAR - The fiscal year of the Association shall be the calendar year.

(.3) SEAL - The seal of the Association shall bear the name of the Association, the word "Florida", and the year of establishment.

2. MEMBERS' MEETINGS

(.1) ANNUAL MEMBERS' MEETINGS shall be held at the Condominium or at such other convenient location as may be determined by the Board of Directors, at such hour and upon such date each year as may be determined by the Board, for the purpose of electing Directors and of transacting business authorized to be transacted by the members.

(.2) SPECIAL MEMBERS' MEETINGS shall be held whenever called by the President, Vice-President, or by a majority of the Board of Directors, and when called by written notice from ten percent (10%) of the entire membership. As to the meeting required when unit owners other than the Developer are entitled to elect a member or members of the Board of Directors, the meeting may be called and notice given by any unit owner if the Association fails to do so.

(.3) NOTICE OF MEMBERS' MEETINGS - Notice of the annual meeting shall be sent to each unit owner by United States mail at least fourteen (14) days prior to the annual meeting. A post office certificate of mailing shall be obtained and retained as

EXHIBIT "E"

proof of such mailing. Written notice of the meeting shall also be posted in a conspicuous place on the condominium property at least fourteen (14) days prior to the annual meeting.

The Board of Administration shall also mail a meeting notice and copies of the proposed annual budget of common expenses to the unit owners not less than thirty (30) days prior to the meeting at which the budget will be considered.

Notice of a special meeting to elect a Director or Directors from the unit owners other than the Developer is specified in By-Laws 3(.2)(d).

Notice of a special meeting called by the Board at the written request of ten percent (10%) of the owners because of a budget exceeding 115% of that of the preceding year requires not less than ten (10) days' written notice to each unit owner.

Notice of other special meetings not covered above shall be in writing and mailed to each member first class, postage prepaid not less than ten (10) days prior to the meeting. However, unit owners may waive notice of specific meetings and may take action by written agreement without meetings where it is in the best interest of the condominium to do so.

All notice of meetings shall state clearly and particularly the purpose or purposes of the meeting.

(.4) A QUORUM at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. Decisions made by owners of a majority of the units represented at a meeting at which a quorum is present shall be binding and sufficient for all purposes except an amendment to the condominium documents or such other decision as may by law or said documents require a larger percentage in which case the percentage required in the documents or law shall govern.

(.5) EACH UNIT shall have one indivisible vote, and the vote of the owners of a unit owned by more than one person (except husband and wife either of whom may cast the vote) or by a corporation or other entity shall be cast by the person named in a certificate signed by all of the owners of the unit and filed with the Secretary of the Association. The certificate shall be valid

until revoked by a subsequent certificate. If such a certificate is not on file, the vote of such unit shall not be considered in determining the requirement for a quorum nor for any other purpose.

(.6) PROXIES - Votes may be cast in person or by proxy. Proxies shall be in writing, signed and dated and shall be valid only for the particular meeting designated therein and must be filed with the Secretary before or at the appointed time of the meetings. In no event shall a proxy be valid for more than ninety (90) days from the scheduled meeting date.

(.7) APPROVAL OR DISAPPROVAL of a unit owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such owner if in an Association meeting.

(.8) ADJOURNED MEETINGS - If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum is present.

(.9) THE ORDER OF BUSINESS AT ANNUAL MEMBERS' MEETINGS, and, as far as applicable at all other members' meetings, shall be:

- (a) Election of Chairman of the meeting, unless the President or Vice-President of the Association is present then he (or she) shall reside.
- (b) Calling of the roll and certifying of proxies.
- (c) Proof of Notice of meeting or waiver of notice.
- (d) Reading and disposing of any unapproved minutes.
- (e) Reports of Directors.
- (f) Reports of Committees.
- (g) Election of Directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

3. BOARD OF DIRECTORS.

(.1) MEMBERSHIP - The affairs of the Association shall be managed initially by a Board of three (3) Directors selected by the Developer. Boards selected subsequent to the time members other than the Developer are entitled to elect a majority of the Directors shall be composed of any odd number of Directors that the Owners may decide. Other than Directors selected by the Developer, each Director shall be a person entitled to cast a vote in the meetings of the Association. The Developer shall be entitled to select at least one Director, as long as it holds at least five (5%) percent of the units that will ultimately be operated by the Association for sale in the ordinary course of business.

(.2) DESIGNATION OF DIRECTORS shall be in the following manner:

(a) Members of the Board of Directors except those selected by the Developer shall be elected by a majority of those present and voting at the annual meeting of the members of the Association or at a special meeting called for pursuant to Paragraph 3 (.2)(d) under Florida Statute 718.301.

(b) Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by a majority vote of the remaining Directors.

(c) Any Director except those selected by the Developer, may be removed with or without cause by concurrence of a majority of the members of the Association, either by written agreement or at a special meeting of the members called for that purpose by at least ten percent (10%) of the voting interest, giving notice of the meeting as required for a meeting of the unit owners. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

(d) (i) When unit owners other than the Developer own fifteen percent (15%) or more of the units that will be operated ultimately by the Association, the unit owners other than the Developer shall be entitled to elect not less than one-third of the members of the Board of Directors of the Association.

Unit Owners other than the Developer are entitled to elect not less than a majority of the members of the Board of Directors three (3) years after fifty percent (50%) of the units that will be operated ultimately by the Association have been conveyed to purchasers, or three (3) months after ninety percent (90%) of the units that will be operated ultimately by the Association have been conveyed to purchasers, or when all of the units that will be operated ultimately by the Association have been completed, some of them have been sold, and none of the others are being offered for sale by the Developer in the ordinary course of business; or when some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the Developer in the ordinary course of business, whichever shall first occur. The Developer is entitled to elect at least one member of the Board of Directors as long as the developer holds for sale in the ordinary course of business at least five percent (5%) of the units in the condominium operated by the Association.

(ii) Within sixty (60) days after unit owners other than the Developer are entitled to elect a member or members of the Board of Directors, the Association shall call and give not less than thirty (30) nor more than forty (40) days' notice of a meeting of the unit owners for this purpose.

(iii) Prior to or not more than sixty (60) days after unit owners other than the Developer elect a majority of the members of the Board of Directors of the Association, the Developer shall relinquish control of the Association and shall deliver to the Association all property of the unit owners and of the Association held by or controlled by the Developer, as specified in Florida Statute 718.301.

(.3) THE TERM OF EACH DIRECTOR'S SERVICE shall extend until the next annual meeting of the members and thereafter until his successor is duly elected and qualified or until he is removed in the manner elsewhere provided. Provided however, that in order to provide a continuity of experience, the members at the first annual meeting after the Developer has relinquished control of the Association may vote to give up to one-third of the Board members terms of one year, the second third of the Board members terms of

two years and the remaining Board members terms of three years so that a system of staggered terms will be initiated.

(.4) THE ORGANIZATION MEETING of the newly elected Board of Directors shall be held at such place and time as shall be fixed by the Directors, provided a quorum shall be present.

(.5) REGULAR MEETINGS OF THE BOARD OF DIRECTORS may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but not less than quarterly. Notice of regular meetings shall be given to each Director personally or by mail, telephone or telegraph, at least seven (7) days prior to the day named for such meeting.

(.6) SPECIAL MEETINGS OF THE DIRECTORS MAY BE called by the President and must be called by the Secretary at the written request of one-third of the Directors. Not less than seven (7) days' notice of the meeting shall be given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting, except in an emergency.

(.7) WAIVER OF NOTICE - Any Director may waive notice of a meeting before, at or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

(.8) MEETINGS OF THE BOARD OF DIRECTORS shall be open to all unit owners to attend and listen but not be heard or participate (unless a majority of the Directors consent thereto) and notice of meetings shall be posted conspicuously on the condominium property forty-eight (48) hours in advance for the attention of unit owners except in an emergency.

(.9) A QUORUM AT DIRECTORS' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time until a quorum is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice.

(.10) THE PRESIDING OFFICER at Directors' meeting shall be the President of the Board if such an officer has been elected; and if none, then the Vice-President shall preside. In the absence of the presiding officer, the Directors present shall designate one of their number to preside.

(.11) DIRECTORS SHALL SERVE WITHOUT PAY, but shall be entitled to reimbursement for expenses reasonably incurred.

4. POWERS AND DUTIES OF THE BOARD OF DIRECTORS - All of the powers and duties of the Association existing under the Condominium Act, Declaration of Condominium, and these By-Laws shall be exercised exclusively by the Board of Directors, or its duly authorized agents, contractors, or employees subject only to the approval by unit owners when such is specifically required. Such powers and duties of the Directors shall include but shall not be limited to the following:

(.1) TO MAKE AND COLLECT ASSESSMENTS AGAINST members to defray the costs of the condominium.

(.2) TO USE THE PROCEEDS OF ASSESSMENTS in the exercise of its powers and duties.

(.3) THE MAINTENANCE, REPAIR, REPLACEMENT AND OPERATION of the condominium property.

(.4) THE RECONSTRUCTION OF IMPROVEMENTS AFTER CASUALTY and the further improvement of the property.

(.5) TO APPROVE OR DISAPPROVE PROPOSED TRANSACTIONS in the manner provided by the Condominium Declaration.

(.6) TO ENFORCE by legal means the provisions of applicable laws, the condominium documents the By-Laws of the Association, and the regulations for the use of the property in the condominium and to assess reasonable penalties and fines as against unit owners for violation of the By-Laws and the Rules and Regulations as promulgated by the Board of Directors.

(.7) TO CONTRACT FOR MANAGEMENT of the condominium.

(.8) TO PAY TAXES AND ASSESSMENTS which are liens against any part of the condominium other than individual units and the appurtenances thereto, and to assess the same against the unit subject to such liens.

(.9) TO CARRY INSURANCE for the protection of the unit owners and the Association against casualty and liabilities.

(.10) TO PAY THE COST OF ALL POWER, WATER, SEWER and other utility services rendered to the condominium and not billed to owners of individual units.

(.11) TO EMPLOY PERSONNEL and designate other officers for reasonable compensation and grant them such duties as seems appropriate for proper administration of the purposes of the Association.

(.12) TO BRING SUIT, EXECUTE CONTRACTS, DEEDS, MORTGAGES, LEASES and other instruments by its officers and to own, convey and encumber real and personal property.

5. OFFICERS

(.1) THE EXECUTIVE OFFICERS of the Association shall be the President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected annually by and from the Board of Directors and who may be preemptorily removed by a majority vote of the Directors at any meeting. Any person may hold two or more offices except that the President shall not also be the Secretary or Assistant Secretary.

(.2) THE PRESIDENT shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of President of a corporation.

(.3) THE VICE-PRESIDENT shall in the absence or disability of the President exercise the powers and perform the duties of the President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

(.4) THE SECRETARY shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors and other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform

all other duties incident to the office of Secretary of the Association and as may be required by the Directors or the President. The Assistant Secretary will perform the duties of the Secretary when the Secretary is absent.

(.5) THE TREASURER shall have custody of all property of the Association, including funds, securities and evidences of indebtedness. He shall keep the assessment rolls and accounts of the members; he shall keep the books of the Association in accordance with good accounting practices; and he shall perform all other duties incident to the office of the Treasurer of a corporation.

(.6) THE COMPENSATION of all officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association or preclude the contracting with a Director for the management of the condominium.

6. MINUTES OF ALL MEETINGS OF UNIT OWNERS and of the Board of Directors shall be kept in a businesslike manner and these plus records of all receipts and expenditures and all other records shall be available for inspection by unit owners and Board members at all reasonable times.

7. FISCAL MANAGEMENT shall be in accordance with the following provisions:

(.1) BUDGET -

(a) A proposed annual budget of common expenses shall be prepared by the Board of Directors which shall include all anticipated expenses for operation, maintenance and administration of the condominium including insurance, management fees, if any, and which shall accrue a reserve for deferred replacement maintenance and depreciation, unless waived annually by a majority vote. It will contain a reasonable allowance for contingencies, and provide funds for all unpaid operating expense previously incurred.

(b) A copy of the proposed annual budget shall be mailed to the unit owners not less than thirty (30) days prior to

a meeting of the owners at which the budget will be considered together with a notice of the meeting. Should a quorum fail to be present or represented at the meeting or fail to adopt the budget presented or a revised budget, then and in that event the Directors shall have the authority to adopt a budget.

(c) The first budget shall be made by the Association.

(.2) ASSESSMENTS - The shares of the unit owners of the common expenses shall be made payable quarterly in advance and shall become due on the first day of each quarter. The amounts shall be no less than are required to provide funds in advance for payment of all the anticipated current operating expenses and for all of the unpaid operating expenses previously incurred.

(.3) EMERGENCY ASSESSMENTS - Assessments for the expenses of emergencies which cannot be paid from the contingency account shall be made only by the Board of Directors and the time of payment shall likewise be determined by them.

(.4) ASSESSMENT ROLL - The assessments for common expenses according to the budget shall be set forth upon a roll of the units which shall be available for inspection at all reasonable times by unit owners. Such roll shall indicate for each unit the name and address of the owner, the assessments paid and unpaid. A certificate made by a duly authorized representative of the Directors as to the status of a unit's account may be relied upon for all purposes for any person for whom made other than the unit owner.

(.5) LIABILITY FOR ASSESSMENTS - A unit owner shall be liable for all assessments coming due while he is the owner of a unit, and such owner and his grantees after a voluntary conveyance, shall be jointly and severally liable for all unpaid assessments due and payable up to the time of such voluntary conveyance. Such liability may not be avoided by a waiver of the use or enjoyment of any common elements, or by abandonment of the unit for which the assessments are made, per Florida Statute 718.116.

(.6) LIEN FOR ASSESSMENTS - The unpaid portion of an assessment which is due together with interest thereon and reasonable attorney's fees for collection, shall be secured by a lien upon:

(a) THE UNIT, and all appurtenances thereto when a notice claiming the lien has been recorded by the Association in accordance with the requirement of Florida Statute 718.116. Such lien shall be subordinate to any prior recorded mortgage on the unit.

(b) COLLECTION -

(i) INTEREST - APPLICATION OF PAYMENTS -

Assessments paid on or before fifteen (15) days after the date due shall not bear interest, but all sums not paid on or before fifteen (15) days shall bear interest at the prime rate plus two points per annum from the date due until paid plus a \$50.00 late charge. All payments upon account shall be first applied to interest and the late charge then to the assessment payment first due. All interest and late charge collected shall be credited to the common expense account.

(ii) SUIT - The Association, at its option, may enforce collection of delinquent assessment accounts by suit at law or by foreclosure of the lien securing the assessments, or by any other remedy available under the laws of the State of Florida, and in either event the Association shall be entitled to recover the payments which are delinquent at the time of judgment or decree, together with interest thereon at the prime rate plus two points per annum and late charges, and all costs incident to the collection and the proceedings, including reasonable attorney's fees. Per Florida Statute 718.116(5)(b) the Association must deliver or mail by certified mail to the unit owner a written notice of its intention to foreclose the lien 30 days before commencing foreclosure.

(.7) ACCOUNTS - All sums collected from assessments may be commingled in a single fund, but they shall be held in trust for the unit owners in the respective shares in which they are paid and shall be credited to accounts from which shall be paid

the expenses for which the respective assessments are made. These accounts shall be as follows:

(a) COMMON EXPENSE ACCOUNT - to which shall be credited collections of assessments for all common expenses.

(b) ALTERATION AND IMPROVEMENT ACCOUNT - to which shall be credited all sums collected for alteration and improvement assessments, if any.

(c) CONTINGENCY ACCOUNT - to which shall be credited all sums collected for contingencies and emergencies.

(.8) THE DEPOSITORY of the Association shall be such bank or banks in Florida as shall be designated from time to time by the Directors and in which the monies from such accounts shall be withdrawn only by checks signed by such persons as are authorized by the Directors. Reserve accounts, however, may be placed in money market certificates or daily cash reserve accounts with stock brokers to earn higher interest.

(.9) A FINANCIAL REPORT of the accounts of the Association shall be made annually and a copy of the report shall be furnished to each member within 30 days after its completion and delivery to the Directors, or at the annual meeting.

(.10) FIDELITY BONDS in the amount of \$10,000 for each person shall be required by the Board of Directors from all officers and directors of the Association who control or disburse Association funds. The Association shall bear the cost of bonding, unless otherwise provided by contract between the Association and an independent management company.

8. PARLIAMENTARY RULES - Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Declaration, the By-Laws of the Association or with the Laws of the State of Florida.

9. AMENDMENTS - Amendments to the By-Laws shall be proposed in the following manner:

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

(.2) A RESOLUTION adopting a proposed amendment must receive approval of a majority of the votes of the entire

membership of the Association. Directors and members not present in person or by proxy at the meeting considering the amendment may express their approval in writing.

(.3) INITIATION - An amendment may be proposed by either a majority of the Board of Directors or by ten percent (10%) of the membership of the Association.

(.4) EFFECTIVE DATE - An amendment when adopted shall become effective only after being recorded according to law.

(.5) THESE BY-LAWS shall be deemed amended, if necessary, so as to make the same consistent with the provisions of the Declaration of Condominium, or the Condominium Act.

(.6) PROPOSAL TO AMEND EXISTING BY-LAWS shall contain the full text of the By-Laws to be amended. New words shall be underlined and words to be deleted shall be lined through with hyphens. If the proposed change is so extensive that this procedure would hinder rather than assist understanding, a notation must be inserted immediately preceding the proposed amendment saying "SUBSTANTIAL REWORDING OF BY-LAW. SEE BY-LAW # _____ FOR PRESENT TEXT".

10. WEIGHT OF VOTES cast by members of the Association shall be one vote for each unit.

11. IN THE EVENT THE DIRECTORS DEEM IT NECESSARY TO do so, they and the owners may act by written agreement without meetings, which written agreement may be executed in counterparts.

12. ARBITRATION - If a dispute arises, it may be resolved by arbitration (must be voluntary by both parties) in accordance with the then existing rules of the American Arbitration Association and a judgment of specific performance upon the arbitrator's award may be entered in any court of jurisdiction.

The foregoing was adopted as the By-Laws of PALM BEACH TRACE CONDOMINIUM ASSOCIATION, INC., at the first meeting of the Board of Directors.

RECORD VERIFIED
PALM BEACH COUNTY, FLA
JOHN B. DUNKLE
CLERK CIRCUIT COURT