

60.00

SECOND AMENDED MASTER

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

SUNSET BEACH AT BLUEWATER BAY

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This Second Amended Declaration of Covenants, Conditions and Restrictions is made as of the 1st day of July, 2001, by Sunset Beach Homeowners' Association at Bluewater Bay Inc., a Florida nonprofit corporation, wherein is contained the Master Declaration of Covenants, Conditions, and Restrictions originally adopted by Sunset Beach Development Company at Bluewater Bay, Ltd., hereinafter referred to as "Declarant" and recorded at Official Records Book 1596, Pages 1129 through 1143, as duly amended and recorded at Official Records Book 2187, Pages 2258 through 2312, as duly amended again by the requisite affirmative consent of the members in the manner provided for in Article VIII, Section 2 hereof.

WITNESSETH:

Declarant was the owner of the real property described in Exhibit "A" [the "Property" or "Sunset Beach at Bluewater Bay"]. This Declaration sets forth a general plan of improvement for the benefit of all owners of residential property within Sunset Beach at Bluewater Bay and constitutes the terms and conditions applicable to Sunset Beach Homeowners Association at Bluewater Bay [Association]. Declarant sought by the adoption and recordation of the original "MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SUNSET BEACH AT BLUEWATER BAY" to provide a flexible and reasonable procedure for the overall management of the private roads and other common areas within the property; to regulate the interrelationship of the various Sunset Beach at Bluewater Bay residential units and subdivisions; and to establish a method for the administration, maintenance, preservation, use and enjoyment of such common property as is now or may hereafter be the responsibility of or be owned by the Association.

Each parcel of property and each Residential Unit is subject to this Amended Master Declaration and will automatically become a member of Sunset Beach Homeowners Association at Bluewater Bay.

NOW, THEREFORE, the Association hereby declares that all of the Property described in Exhibit "A" shall continue to be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of and which shall run with the property submitted to this Amended Declaration. The terms of this Amended Declaration shall be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors, successors-in-title and assigns, and shall inure to the benefit of each owner thereof.

**FILE # 1857146 RCD: Aug 03 2001 @ 07:46AM
Newman C. Brackin, Clerk, Okaloosa Cnty Fl**

*Return to:
P.O. Box 1145
Neville FL 32588*

**ARTICLE I
DEFINITIONS**

Section 1. "Area of Common Responsibility" shall mean and refer to those areas, if any, which by agreement with any lot owner(s), or with any residential association or condominium association, or with any owner within Sunset Beach at Bluewater Bay, become the responsibility of the Association.

Unless the documents creating any parcel within Sunset Beach exempt the property of that parcel from this paragraph, all property outside individual buildings or units which is not common area is also area of common responsibility. Expense for maintenance and replacement within area of common responsibility is to be divided equally among owners of Residential Units within the parcels.

Section 2. "Association" shall mean and refer to Sunset Beach Homeowners' Association at Bluewater Bay Inc., a Florida nonprofit corporation, its successors and assigns. This Association is a Sub-Master Association of the Southwind Property Owners Association.

Section 3. "Board of Directors" or "Board" shall be the governing body of the Association which shall be comprised of up to seven members who shall be elected at large from the membership of the Association.

Section 4. "Common Area" shall mean all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners. Common roads owned by the Association shall include all area within the designated right of way. Common Area expense is to be divided equally between the Residential Parcels within the property.

Section 5. "Common Expense" shall mean and include the actual and estimated expenses of operating the Association, and its Common Areas and Areas of Common Responsibility, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Declaration, the By-Laws, and the Articles of Incorporation. Common Expenses shall include both General Expenses, for use throughout the parcel, and Parcel Expenses, which shall be for use within Parcels.

Section 6. "Declarant" is Sunset Beach Development Company at Bluewater Bay Ltd., and any successor or assign. A successor by foreclosure or deed in lieu of foreclosure will have all rights of Declarant, and may have greater rights than the developer, as otherwise set forth herein.

Section 7. "General Assessment" is the assessment of a portion of Common Expenses of this association and its common area. General Assessments shall be charged to every Residential Unit in the property on an equal basis. For purposes of a general assessment, "Common Area" is to be distinguished from an Area of Common Responsibility, which may be assessed directly against the parcel.

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Section 8. "Easements" are the areas surrounding Individual single-family homes and each condominium building which are bounded by lot lines. The owner or owners within those lot lines shall have the exclusive use and access over those areas defined by such lot lines, subject to this Declaration, Condominium or Townhome documents, if applicable, and other rights of use by utility easements and access agreements. In addition, maintenance and other personnel authorized by the Board shall have the right, as specifically authorized by the Board, to enter onto to fulfill a duty given the Association by these Declarations or by various other documents creating the owners' estate in the subject property.

Section 9. "Member" shall mean and refer to a person or entity entitled to membership in the Association as provided herein.

Section 10. "Mortgage" shall include a deed of trust as well as a mortgage.

Section 11. "Mortgagee" shall include a beneficiary or holder of a deed of trust as well as a mortgagee. The term shall also refer to the successor in interest to any mortgagee, unless the context requires otherwise.

Section 12. "Mortgagor" shall include the trustor of a deed of trust as well as a mortgagor.

Section 13. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of any Residential Unit which is part of the Property but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

Section 14. "Parcel" shall mean and refer to separately designated portions of the Property intended to be developed as residential areas comprised of various types of housing. As originally planned there were 4 parcels; a single-family parcel, a parcel of coach homes (low density multi-family), a parcel of low-rise condominium development, and a parcel of lower-density single family estate lots. As finally developed, the 4 parcels were (1) single-family homes know as Manor Homes in Phase I and Phase II; (2) single-family homes on larger lots in Estate Lots and Estate II Lots; (3) two Coach Homes; and (4) single-family patio-style homes in Fairway Villas.

Section 15. "Person" means a natural person, a corporation, a partnership, trustee, or other legal entity.

Section 16. "Property" shall mean and refer to the real property described in Exhibit "A" attached hereto and shall further refer to such additional property as may be added to this Declaration by the Association or by the Declarant, or to the property which remains after the property is removed from these covenants.

Section 17. "The Parcel Assessment" as included in the original documents was to be used for the purpose of promoting the recreation, health, safety, welfare, common benefit

and enjoyment of the Owners of the Residential Units within a parcel and for maintaining the Areas of Common Responsibility within a given Parcel, all as may be specifically authorized from time to time by the Board of Directors of this Association.

As finally developed, there is no Parcel Assessment.

Section 18. "Residential Association" shall mean any parcel, lot owner, homeowner, condominium, cooperative, or other such association created on Property subject to this Declaration containing Residential Units.

Section 19. "Residential Unit" shall mean any portion of the Property intended for any type of independent ownership for use as a residence by a single household and shall, unless otherwise specified, include within its meaning (in way of illustration, but not limitation) condominium units, coach-home or zero lot line homesites or single family homesites or homes, as such units may be developed within the property.

For the purpose of this Declaration, a newly constructed Residential Unit (including a homesite) shall come into existence for the purposes hereof upon the issuance of a Certificate of Occupancy after final inspection by Okaloosa County, Florida.

ARTICLE II PROPERTY RIGHTS

Section 1. "Rights of Residential Unit Owner". Every owner shall have a right and easement of ingress, egress and access over, upon and across the Common Area of Sunset Beach at Bluewater Bay and such other property rights as may be specifically granted to an Owner hereafter. All rights and easements shall be subject to any restrictions or limitations contained in any Deed or amendment to this Declaration conveying the Common Area to the Sunset Beach Association at Bluewater Bay, or subjecting it to this Declaration. Any Owner may delegate his or her right of ingress, egress, access or enjoyment to the members of his or her family, tenants, and social invitees subject to such reasonable regulations as may be adopted by the Board.

Section 2. "Rights of Developer". The Developer shall have a right of access and enjoyment in and to the Common Area. Ownership of the beach house and recreational complex at Sunset Beach was conveyed by the Developer to the Association on July 17, 1997, and they are now a part of the Association's Common Areas to be administered, maintained, and managed for the benefit of the members, or to be disposed of by the Association in the manner provided in this Second Amended Declaration.

Section 3. "Use of Common Area by Southwind Owners". Common Areas within Sunset Beach at Bluewater Bay are not Common Areas of Southwind unless the Sunset Beach Association at Bluewater Bay elects to combine the common areas of both. As of the date of adoption of this Second Amended Declaration, the Association has not combined the

Common Areas within Sunset Beach with the Common Areas of Southwind and no action has been taken by the Association to make the Common Areas within Sunset Beach available for use of owners within Southwind.

ARTICLE III MEMBERSHIPS

Section 1. Membership in Sunset Beach Homeowners Association at Bluewater Bay. Each Residential Unit Owner is a member of Sunset Beach Homeowners' Association at Bluewater Bay.

Section 2. Membership. Every person or entity who is the record owner of a fee or undivided fee interest in any Residential Unit that is subject to this Declaration shall be deemed to have a membership in the Association. Membership shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one or more persons, shall have more than one membership per Residential Unit owned. In the event of multiple Owners of a Residential Unit, votes and rights of use and enjoyment shall be provided herein. The rights and privileges of membership, including the right to vote, may be exercised by a member or the member's spouse, but in no event shall more than one vote be cast for each Residential Unit.

Section 3. Voting. The Association shall have one (1) class of membership. Each Residential Unit shall be entitled to one vote.

When more than one person holds an interest in any Residential Unit, the vote for such Residential Unit shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Residential Unit's vote shall be suspended in the event more than one person seeks to exercise it.

Section 4. Board Membership. The Board of Directors shall consist of up to seven members who shall be elected at large from the membership of the Association in the manner provided in the By-Laws and who shall serve for terms of two years.

Section 5. Southwind Membership. Each residential unit owner is a member of the Southwind Property Owners Association. Sunset Beach Homeowners Association at Bluewater Bay is a Sub-Master Association in the sense that the total area under its jurisdiction is a part of that also under the jurisdiction of the Southwind Property Owners Association. By accepting title pursuant to these covenants each owner is deemed to have appointed and given his or their proxy and power to vote regarding all issues to come before Southwind, to a designated representative of the Board of Directors of Sunset Beach at Bluewater Bay, however, the members of Sunset Beach Association may attend the meetings of Southwind Association. The Board will appoint one or more of its members to serve as its representative

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BK 2308 PG 3074

to the Southwind Association, and may remove that person without cause or notice. Sunset Beach Homeowners Association will pay annual dues to the Southwind Association.

ARTICLE IV MAINTENANCE

Section 1. Responsibility. It is anticipated that the single family properties; the coach home properties, and the condominium properties, will be identified as separate parcels. As such, a portion of those parcels will be described as "areas of common responsibility", maintenance of which will be the responsibility of the Master Association. The Master Association will charge the cost of those services directly to the individual parcel. Each owner within each parcel shall have an equal assessment for maintenance of Areas of Common Responsibility. However, each parcel association shall have the option to provide a greater degree of maintenance than that provided by the Master Association. Individual parcel associations may assess themselves to provide additional services for maintenance or other purposes as determined by the Board of each Parcel.

The costs of maintenance of the portion of the Common Area or Areas of Common Responsibility solely within the Boundaries of a specific Parcel shall be assessed only against those members owning Residential Units within a Parcel, said assessment to be made pro-rata based on the total Residential Units within said Parcel (heretofore defined as a Parcel Assessment). Costs of maintaining Common Area or Areas of Common Responsibility not covered by a Parcel Assessment shall be included in the General Assessment.

ARTICLE V RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. Personal Property and Real Property for Common Use. The Association through action of its Board of Directors may acquire, hold, and dispose of tangible and intangible personal property and real property. The Board acting on behalf of the Association may accept any real or personal property, leasehold, or other property interest within Sunset Beach of Bluewater Bay conveyed to it by the Developer.

ARTICLE VI ADDITIONAL RIGHTS OF THE ASSOCIATION AND OWNERSHIP RESTRICTIONS

Section 1. Rules and Regulations. This Association shall have the right to make Rules and Regulations for the use of property or conduct within the Parcel where such use or conduct affect others' use of their property. Reasonable notice must be given to each member prior to the enforcement of such Rules and Regulations.

Section 2. Enforcement. This Association shall have the authority to impose monetary fines for violation of its Covenants and Restrictions or its Rules and Regulations, which fines shall constitute a lien on an owner's Residential Unit or Units and this Association may suspend an owner's right to vote or to make use of common areas. Determination of Sanctions shall be as provided in the By-Laws.

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The Board, or any individual required to enforce these Covenants or the Rules and Regulations of the Board through legal action, will be indemnified for costs and legal fees by any owner judicially determined to be in violation of the Covenants or of the Rules and Regulations of the Board. However, no such right of indemnification against fees and costs for enforcement of Covenants or Rules and Regulations shall exist against the Developer. As a condition precedent to any private action to enforce Covenants or Rules and Regulations, the Association must first be requested in writing to take enforcement action. In addition, this association may institute in its By-Laws a mechanism for arbitrating disputes between members. If so, arbitration of the dispute is a mandatory precedent to any litigation to enforce the Covenants or any Rule or Regulation of the Board.

Section 3. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the By-Laws, and every other right or privilege reasonable to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

ARTICLE VII ASSESSMENTS

Section 1. Creation of General Assessment. There are hereby created assessments for Common Expenses as may be from time to time specifically authorized by the Board of Directors. General Assessments shall be allocated equally among all Residential Units within the Association and shall be for expenses determined by the Board to be for the benefit of the Association as a whole. Parcel Assessments shall be levied against Residential Units located in particular Parcels for whose benefit Common Expenses are incurred which benefit less than the Association as a whole, said Parcel Assessments to be allocated equally among all Residential Units within the Parcel unless the Residential Units therein are subject to a Declaration of Condominium or similar Association document which specifies another allocation method. Each Owner by acceptance of his or her deed is deemed to covenant and agree to pay these assessments for each lot or portion of a lot. All such assessments, together with interest at the highest rate allowable under the laws of Florida from time to time relating to usury for residential real estate loans, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Residential Unit against which each assessment is made. A late fee may be charged for each month in which any assessment is more than 20 days late. The amount of the late fee shall be determined by the Board from time to time but shall be uniform when established.

Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Residential Unit at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance, except a first mortgagee who obtains title to a Residential Unit pursuant to the remedies provided in the mortgage shall not be liable for unpaid assessments which accrued prior to such acquisition of title.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual assessment for delinquent payments. Unless the Board otherwise provides, the assessment shall be paid in monthly installments, in advance. At the discretion of the Board of Directors of the Master Association, assessments may be collected by the Master Association or by any Parcel Association and thereupon be paid by such Parcel Associations to the Master Association. Such a system shall prejudice neither the right for direct collection nor the lien rights set out in Section 4 of this Article.

Section 2. Computation of Assessment. The Board shall prepare an annual budget and the following provisions shall apply:

It shall be the duty of the Board at least thirty (30) days prior to the meeting at which the budget shall be presented to the membership to prepare a budget covering the estimated costs of operating the Association during the coming year. The budget shall include such reserve funds as the Board deems appropriate and such General or Parcel operating expenses as are anticipated, each of which shall be separately listed. The Board shall cause a copy of the budget, and the amount of the assessments to be levied against each Residential Unit for the following year, to be delivered to each Owner at least fifteen (15) days prior to the meeting. The budget and the assessments shall become effective unless disapproved at the meeting by a vote of at least 2/3 of the Association membership.

Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason to determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year with each category increased by a maximum of 5%, shall continue for the succeeding year.

Section 3. Special Assessments. In addition to the assessments authorized in Section 1, the Parcel Association may levy a special assessment in any year. So long as the special assessments authorized under this Section 3 do not exceed Two Hundred (\$200.00) Dollars per Residential Unit in any one year, the Board by majority vote may impose the special assessment. If such total be exceeded, any special assessment shall be effective only with the approval of a majority of Owners.

Section 4. Lien for Assessments. All assessments shall constitute a lien on each Residential Unit prior and superior to all other liens except (1) all taxes, bonds, assessments and other levies which, by law, would be superior thereto, and (2) the lien or charge of any first mortgage of record (meaning any recorded mortgage or deed of trust with first priority over other mortgages or deeds of trust) made in good faith and for value.

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**ARTICLE VIII
GENERAL PROVISIONS**

Section 1. Term. The covenants and restrictions of this Amended Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association or the Owner of any property subject to this Declaration, their respective legal representatives, heirs, successors and assigns.

Section 2. Amendment. This Amended Declaration may be amended only by the affirmative vote (in person or by proxy) or written consent of Members representing a majority of the total voting power of the Association. Any amendment must be recorded among the land records of Okaloosa County, Florida.

Section 3. Indemnification. The Association shall indemnify every officer and director against any and all expense, including counsel in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake or judgment, negligent or otherwise except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The Association shall as a Common Expense maintain adequate general liability and officers' and directors' liability insurance to fund this obligation.

Section 4. Delegation of Use. Any owner may delegate, in accordance with the By-Laws of the Association, his or her right of enjoyment to the Common Area and facilities to the members of his or her family and social invitees when accompanied by Owner.

Section 5. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of the Second Amended Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty one (21) years after the death of the last survivor of the now living descendants of James Earl Carter former President of the United States.

Section 6. Renting or leasing of Residential Units. Units may be rented or leased subject to the following restrictions:

A. All tenants shall be subject to the terms and conditions of this Second Amended Declaration, the By-Laws, the Articles of Incorporation, and the rules and regulations promulgated thereunder as though such tenant were an Owner.

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B. Each Owner agrees to cause his lessee, occupant, or persons living with such Owner or with his lessee to comply with the Second Amended Declaration, By-Laws, and the rules and regulations promulgated thereunder, and is responsible and liable for all violations and losses caused by such tenants or occupants, notwithstanding the fact that such occupants of the unit are fully liable for any violation of the documents and regulations; failure to comply shall be, at the Board's option, considered a default in the lease.

C. In the event that a lessee, occupant, or person living with the lessee violates a provision of the Second Amended Declaration, By-Laws, or rules and regulations adopted pursuant thereto, the Board shall have the power to bring an action or suit against the lessee to recover sums due for damages or injunctive relief, or for any other remedy available at law or equity, including, but not limited to, all remedies available to a landlord upon the breach or default of the lease agreement by the Lessee.

D. The Board shall also have the power to impose reasonable fines upon the lessee or on the Owner for any violation by the lessee, occupant, or person living with the lessee of any duty imposed under the Second Amended Declaration, By-Laws, or rules and regulations adopted pursuant thereto, and to suspend the right of the lessee, occupant, or person living with the lessee to use the Common Area. The Board shall have authority and standing to enforce any lease restrictions contained in or promulgated in accordance with any recorded instrument creating any residential association with Sunset Beach at Bluewater Bay.

Section 7. Residents' Advisory Committee. There shall be established a "Residents' Advisory Committee" which shall be comprised of from three to five members appointed by the Association's Board of Directors from owners in Sunset Beach at Bluewater Bay who spend a significant portion of each year in actual residence at Sunset Beach at Bluewater Bay. The duties of the Residents' Advisory Committee shall be as specified in this Amended Declaration and as may be further expressed in resolutions adopted by the Association's Board of Directors.

Section 8. Architectural Review Committee. The Board shall appoint an "Architectural Review Committee" which shall be comprised of a total of five members. The costs of operation of the Architectural Review Committee shall be paid by the Association. All new construction in Sunset Beach and any exterior modifications to any existing structures shall be subject to review and approval by the Architectural Review Committee, which approval shall not be unreasonably withheld. Procedures for administration of the duties of the Architectural Review Committee shall be established by resolution adopted by the Board of Directors. Notwithstanding anything to the contrary contained in this Second Amended Declaration of Covenants, Conditions and Restrictions, and notwithstanding any other provision in the Articles of Incorporation or in the By-Laws of the Association, the Developer shall have continuing exclusive control of architectural review and approval with regard to any new construction on those lots which were owned by "IDC" or its successor on July 17, 1997, all located in Phase II of Sunset Beach.

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Section 9. Square Footage. All single-family lots in Sunset Beach which lots were still owned by the Developer and not under contract for sale as of July 17, 1997, specifically those lots in the "Estate Lots" and the "Manor Homes" parcels, shall have a minimum square footage area for all new construction of 2,100 square feet. This provision shall not apply to the lots known as "Fairway Villas".

Section 10. Lot Maintenance. The owner of each lot in Sunset Beach is responsible from the time of acquisition of ownership of the lot for the cleanliness and maintenance of the lot and for payment on a prompt and regular basis to the Association of all maintenance fees, landscaping fees, and other expenses which the Association is authorized to assess and collect.

Section 11. Dock. No commercial dock shall be constructed at, or adjacent to, the property of Sunset Beach at Bluewater Bay, with the exception that individual owners with waterfront lots may construct such docks adjacent to their respective lots as may be permitted within the parameters of applicable law and governmental regulations.

Section 12. Clubhouse Usage. The clubhouse, swimming pool, recreational complex and beach area, for so long as they remain in ownership by the Association as a part of its "Common Areas", shall be for the sole and exclusive use of members of the Association and their guests. There shall be no commercial use of the swimming pool or clubhouse and there will be no pool passes issued for any persons who are not members of the Association or their guests. If private functions are to be held by members of the Association at the clubhouse, the Clubhouse Committee will monitor such use and will ensure that clean-up and security during and after such functions will be the responsibility of the Association member who used the facility. It is the intent of the Association that the term "commercial", as it is used in this section, shall mean any activity having profit making as one of its motives, but not preventing usage of the facility for functions by civic organizations or private parties sponsored by members upon payment of appropriate fees.

Section 13. Association Manager. The Association's Board of Directors may, from time to time, hire, employ, or otherwise contract the services of an "Association Manager" who will serve at the pleasure, and under the direction, of the Board of Directors. The Board may delegate to the Association Manager any or all of its administrative or ministerial duties to the extent such delegation does not conflict with any provision of this Amended Declaration, of the Articles of Incorporation, of the By-Laws, or with any applicable statute or regulation of any governmental agency having jurisdiction over the Association. The Association Manager must hold all required licensure.

ARTICLE IX RIGHTS OF SUCCESSOR TO DEVELOPER

Any Successor to the Developer acquiring property after foreclosure or after deed in lieu of foreclosure will have access to and use of all common areas upon payment of the Developer's portion of the cost of operating the Common Areas.

**ARTICLE X
RULES OF CONSTRUCTION**

Section 1. Provisions. The provisions of this Amended Declaration and of the Covenants are to be construed liberally, in protection of the highest value of land, and in favor of strict but reasonable limitation or personal conduct. Such restrictions are considered supportive of the over-all best interests and high values of the subdivision.

Section 2. Headings. Headings herein are for reference only. They are intended as a guide to the contents within the section, and are not a complete statement of its contents. To the extent headings are inconsistent with content of any section, or are incomplete, the text of the content of the section will control.

IN WITNESS WHEREOF, the undersigned have executed this Second Amended Declaration on behalf of the Association after having been duly amended in the manner provided therein this 9th day of July, 2001.

SUNSET BEACH HOMEOWNERS ASSOCIATION
AT BLUEWATER BAY, INC.

Linda B. Davis
Witness

By: Harold J. Vucovich
Harold J. Vucovich, President

David C. Howe
Witness

ATTEST Patricia G. Willoz
Patricia G. Willoz, Secretary

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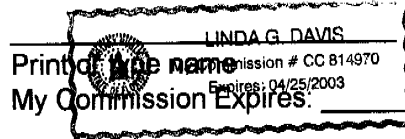
STATE OF FLORIDA

COUNTY OF OKALOOSA

I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments personally appeared Harold J. Vucovich, well known to me to be the President of SUNSET BEACH HOMEOWNERS ASSOCIATION AT BLUEWATER BAY, INC., and Patricia G. Willoz, well known to me to be the Secretary of SUNSET BEACH HOMEOWNERS ASSOCIATION AT BLUEWATER BAY, INC., that they signed the foregoing freely and voluntarily under authority duly vested in them by said corporation.

Witness my hand and official seal in the County and State last aforesaid this 9th day of July, 2001.

Linda G. Davis
Notary Public



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