

PROSPECTUS

FOR

BAILEY BY THE SEA CONDOMINIUM

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

THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS, AND SALES MATERIALS.

ORAL PRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS (OFFERING CIRCULAR) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

Summary

PURCHASERS OF UNITS IN THE CONDOMINIUM WILL RECEIVE A FEE SIMPLE INTEREST THEREIN PLUS AN UNDIVIDED INTEREST IN THE COMMON ELEMENTS APPURTENANT THERETO.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE CONDOMINIUM ASSOCIATION.

THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE

THERE IS TO BE A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH SOUTHERN STATES MANAGEMENT GROUP, INC.

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

THE SALE, LEASE OR TRANSFER OF UNITS IS RESTRICTED OR CONTROLLED.

THE BUDGET CONTAINED IN THIS OFFERING CIRCULAR HAS BEEN PREPARED IN ACCORDANCE WITH THE CONDOMINIUM ACT AND IS A GOOD FAITH ESTIMATE ONLY AND REPRESENTS AN APPROXIMATION OF FUTURE EXPENSES BASED ON FACTS AND CIRCUMSTANCES EXISTING AT THE TIME OF ITS PREPARATION. ACTUAL COSTS OF SUCH ITEMS MAY EXCEED THE ESTIMATED COSTS. SUCH CHANGES IN COST DO NOT CONSTITUTE MATERIAL ADVERSE CHANGES IN THE OFFERING.

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Frequently Asked Questions and Answers Sheet
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Alternative Media Disclosure Form
Sales Brochure
Milestone Inspection Statement
Turnover Inspection Report Statement

This Prospectus is submitted by KKONG 307-12-27 LLC – 2344-2376-OCEAN SHORE BLVD-SERIES 1, A WYOMING SERIES AND CLOSE LLC, hereinafter called “Developer” in accordance with the disclosure requirements contained in Chapter 718, Florida Statutes, in effect as of the date hereof, generally referred to as the “Condominium Act.”

I. Description of Condominium:

- A. The name by which this condominium is to be identified is BAILEY BY THE SEA, A CONDOMINIUM (“Condominium”). The current address of the location of this condominium is 2360 Ocean Shore Blvd., Ormond Beach, Florida 32176.
- B. The Condominium is a residential condominium and has been or shall be created pursuant to the terms, conditions and restrictions of the Declaration of Condominium attached hereto as Exhibit 1 and as may be amended from time to time (“Declaration”). The Condominium will consist of five (5) four-story Buildings, containing a total of thirty-two (32) Units, with Building One containing seven (7) Units, Building Two containing eight (8) Units, Building Three containing six (6) Units, Building Four containing five (5) Units, and Building Five containing six (6) Units. For a description of Units by Unit Type, refer to Exhibit A to the Declaration. The number of bedrooms and bathrooms in each Unit in the Condominium is set forth below:

Unit Type	Number of Bedrooms	Number of Bathrooms	Number of Units Per Type
C-1, Building One	2	4	1
C-1, Building Five	2	4	1
C-2, Building Two	2	4	1
C-2, Building Five	2	4	1
C-3, Building One	3	5	1
C-3, Building Three	3	5	1
C-3, Building Four	3	5	1
C-4, Building Three	3	5	1
C-4, Building Four	3	5	1
RU, Building One	3	5	6
RU, Building Three	3	5	4
RU, Building Four	3	5	3
SUR, Building Two	2	4	3
SUL, Building Two	2	4	3
LU, Building Five	3	5	4

- C. The legal description, plot plan, survey and condominium drawings and floor plans are located in Exhibit A to the Declaration.
- D. Subject to unforeseen delays beyond the control of Developer, the estimated latest date of completion of constructing, finishing and equipping the units of the Condominium is December 31, 2026. The estimated date of completion for the units is Developer's present estimate only and is neither a representation nor a warranty that construction of the Unit will be completed by that date and the actual completion date may be substantially different. Construction of the Unit is subject to and may be extended by Developer due to delays, including, but not limited to, delays caused by work stoppages, the unavailability of labor or material, the unavailability of mortgage financing, acts of governmental authorities and courts of law, acts of God, flood, hurricane, and other matters. That date is given as an estimate only, and, except only as may be provided in the Purchase Agreement to the contrary, Developer shall not be liable for any damages resulting from its substantial completion of the Condominium either before or after that date. Developer shall only be bound by any completion obligations set forth in the applicable Purchase Agreements signed by the Developer.
- E. The maximum number of condominium units that will use facilities in common with the Condominium are 32 Units.

II. Nature of Condominium:

PURCHASERS OF UNITS IN THE CONDOMINIUM WILL RECEIVE A FEE SIMPLE INTEREST THEREIN PLUS AN UNDIVIDED INTEREST IN THE COMMON ELEMENTS APPURTENANT THERETO.

III. Recreational & Commonly Used Facilities:

- A. Recreational and Certain Other Commonly Used Facilities Intended to be Constructed Within the Common Elements of the Condominium. The following recreational and commonly used facilities are intended to be constructed and will be used exclusively by unit owners in the condominium as part of the common elements of the Condominium:
 - 1. Poolside Restrooms. A building, approximately 372 square feet in size, will be located on the ground level, approximately next to the swimming pool and adjacent to Buildings Two and Five as more particularly shown on that plot plan attached as Exhibit A to the Declaration. The building will consist of single-person his and her restrooms.
 - 2. Swimming Pool. A swimming pool will be located on the ground level, adjacent to Buildings Two and Five as more particularly shown on that plot plan attached as Exhibit A to the Declaration. The approximate dimensions of the pool is 19' x 40'. The approximate depth runs from 3' to 4'9". The pool will be heated.

3. Garbage/Dumpster Area. A garbage/dumpster enclosure area approximately 200 square feet in size, will be located on the ground level, between Buildings 2 and 5 as shown on that plot plan attached as Exhibit A to the Declaration.
4. Parking Area. A minimum of two parking spaces, including one handicapped parking space, which will be for parking by visitors as well as residents using the pool or accessing the mail kiosk, will be located approximately next to the Garbage/Dumpster area between Buildings 2 and 5, as shown on that plot plan attached as Exhibit A to the Declaration.
5. Beach Access/Dune Walkover. Pedestrian beach access will be provided for the exclusive use of Unit Owners, the approximate intended location of which is within that portion of the Condominium Property labeled as the Beach Common Area on Exhibit A to the Declaration. Such Beach Common Area portion of the Condominium Property shall be for the exclusive use of Unit Owners, subject to such rights, if any, of the public to use such area or any portion thereof for beach access as provided under Florida law from time to time or as a public beach or recreation area any part thereof lying between the body of water abutting the Condominium Property and the natural line of vegetation, bluff, extreme high water line, or other apparent boundary lines separating the publicly used area from the upland private area or any other line which has been or which hereafter may be legally established as relating to such public use. The Developer intends to construct a dune walkover structure within the Beach Common Area which is intended to be completed and available for use by Unit Owners no later than December 31, 2026. However, at this time the exact location and specifications of the dune walkover structure has not yet been permitted by the relevant municipalities or approved by the Florida Department of Environmental Protection. Therefore, such dune walkover may not be in the exact location shown on Exhibit A to the Declaration.
6. Gated Access. The Condominium will have gated access.
7. Personal Property. A fixed barbeque will be provided near the pool area. No other items of personal property are committed to by the Developer.

See Exhibit A to the Declaration for drawings of all common facilities.

Each room or other facility will be available for use by the unit owners on the estimated last date of completion set forth in Paragraph I(D) above.

- B. Recreational or Other Facilities to be Used by Unit Owners That Will Not be Owned by the Unit Owners or the Association. There are no recreational or commonly used facilities that are intended to be used by Unit Owners that will not be owned by the Unit Owners or the Association.
- C. Additional Facilities. The Developer has no intention of providing additional facilities not described above.

- D. Recreational And Other Facilities That Will be Used in Common with Other Condominiums, Community Associations, or Planned Developments. There are no recreational or other facilities that are intended to be used in common with other condominiums, community associations or planned developments which require the payment of the maintenance and expenses of such facilities, directly or indirectly, by the Unit Owners.
- E. Recreation Lease or Associated Club Membership. There are no recreational facilities or other facilities intended to be offered by the Developer and available to, or to be used by, Unit Owners that are to be leased or have club membership associated.
- F. Expansion of Recreational Facilities.

RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE CONDOMINIUM ASSOCIATION.

See Section 7.3 of the Declaration or further details.

With respect to the Condominium Property, the Developer reserves the right at any time to provide or expand any of the recreational facilities located on the Condominium Property as the Developer deems appropriate. The consent of the Unit Owners or the Association shall not be required for any such construction or expansion or modification. If a determination is made by the Developer to construct additional facilities and/or to expand or modify existing facilities, the cost of such construction or expansion or modification shall be borne exclusively by the Developer. The Developer is not obligated, however, to so expand the facilities or provide additional facilities.

IV. Leasing of Developer-Owned Units:

A. **THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE**

See Section 13 of the Declaration for further details.

- B. The Developer's plan does not initially include a program of leasing units rather than selling units or leasing units and selling them subject to such leases. In the event, however, the Developer shall be unable or unwilling to sell any of the Units it owns at prices and upon terms satisfactory to the Developer, it may elect to lease all or some of the unsold units while awaiting more favorable market conditions. In the event the Developer subsequently decides to engage in a program of leasing Units, the Developer will not do so until the Developer has filed an amendment to this Prospectus with the Division pursuant to Rule 61B-17.006, Fla. Admin. Code, disclosing the Developer's leasing program in accordance with Rule 61B-18.008, Fla. Admin. Code and has delivered a copy of the amendment to the Association and to every Unit Owner.

No Unit will be sold subject to any existing lease unless full disclosure of this fact is made to the purchaser in accordance with the Florida Condominium Act and the Rules and Regulations of the Division. In the event that a previously occupied unit is sold, this fact will be conspicuously disclosed to the purchaser in the sale and purchase agreement in accordance with the Condominium Act and the Rules and Regulations of the Division.

V. Management of the Condominium:

- A. **THERE IS TO BE A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH SOUTHERN STATES MANAGEMENT GROUP, INC.**
- B. A copy of the contract for management of the condominium property is located as Exhibit 2 to this Prospectus.
- C. Each purchaser of a Unit in Condominium, automatically becomes a member of the Bailey By The Sea Condominium Association, Inc., a Florida not for profit corporation, which corporation will provide for the management of the Condominium and maintenance and operation of the Condominium Property and other property that will serve the Unit Owners of the Condominium Property through a management contract with Southern States Management Group, Inc. ("Management Contract").
- D. The initial term of the Management Contract is for a period of thirty-six (36) months beginning on the first day of the month following the sale of the first Unit in the Condominium and shall be automatically renewed at the expiration of the initial term without necessity of action or notice by either party for consecutive one (1) year terms. The Management Contract may be cancelled by either the Association or the Management Company, as hereinafter defined, for any reason, at any time, through 90 days prior notice, in writing, to the other, following the conclusion of the initial thirty-six month period ending. The names of the contracting parties are the Association and Southern States Management Group, Inc. ("Management Company"). The Management Company is not an affiliate of the Developer. Under the Management Contract, the Association pays all actual costs of operating and maintaining the Condominium Property and the Management Company is to be paid a management fee and other compensation by the Association, as more particularly set forth in the Management Contract. The management fee is set forth in paragraph 4 of the "Pricing, Terms and Conditions" Section of the Management Contract. The management fee for the first year shall be One Thousand Five Hundred and 00/100 Dollars (\$1,500) per month (\$18,000 per year), plus reimbursement of costs. Thereafter the management fee for each year shall be increased in each subsequent year by 2.5% percent over the prior year, or such other increase as budgeted. The applicable fees under the Management

Contract are part of the Common Expenses of the Condominium that are included in the Assessments payable by Unit Owners.

- E. The nature of the services provided under the Management Contract are Community Association Management Services. The Management Company's duties are set forth in the Management Contract, including specifically the "Scope of Services" Section of the Management Contract.
- F. The Management Contract, in addition to the means of termination which may be provided in the Management Contract, may be cancelled by Unit Owners pursuant to the Condominium Act, Florida Statutes, 718.303. Section 718.302(1)(a), *Fla. Stat.*, provides in relevant part that:

If . . . the unit owners other than the developer have assumed control of the association, or if unit owners other than the developer own not less than 75 percent of the voting interests in the condominium, the cancellation shall be by concurrence of the owners of not less than 75 percent of the voting interests other than the voting interests owned by the developer. If a grant, reservation, or contract is so canceled and the unit owners other than the developer have not assumed control of the association, the association shall make a new contract or otherwise provide for maintenance, management, or operation in lieu of the canceled obligation, at the direction of the owners of not less than a majority of the voting interests in the condominium other than the voting interests owned by the developer.

- G. Currently, other than the Management Contract attached as Exhibit 2 to this Prospectus, there are no maintenance or service contracts affecting the Condominium having a non-cancellable term in excess of one year. The Association is empowered at any time and from time to time, to enter into management agreements and/or maintenance and/or service contracts for valuable consideration and upon such terms and conditions as the Board shall approve without the consent of Unit Owners. Any maintenance and/or service contracts entered into by the Association may be subject to cancellation by the Association and by Unit Owners directly in accordance with Section 718.302, *Fla. Stat.*

VI. Developer Control:

- A. The initial officers and directors of the Association are or will all be designees of the Developer.
- B. **THE DEVELOPER HAS THE RIGHT TO RETAIN CONTROL OF THE CONDOMINIUM ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD.**

See Section 718.303, *Fla. Stat.*, and Section 5.3 of the Bylaws of the Association, which are attached as Exhibit C to the Declaration, which is attached hereto as Exhibit 1.

- C. Section 718.301(1), *Fla. Stat.* provides that if Unit Owners other than the Developer own 15 percent (15%) or more of the Units in the Condominium that will be operated ultimately by the Association, the Unit Owners other than the Developer are entitled to elect at least one-third (1/3) of the members of the Board. Unit Owners other than the Developer are entitled to elect at least a majority of the members of the Board upon the first to occur of any of the following events:
- (i) Three years after 50 percent (50%) of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
 - (ii) Three months after 90 percent (90%) of the Units that will be operated ultimately by the Association have been conveyed to purchasers;
 - (iii) When all the Units that will be operated ultimately by the Association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the Developer in the ordinary course of business;
 - (iv) 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;
 - (v) When the Developer files a petition seeking protection in bankruptcy;
 - (vi) When a receiver for the Developer is appointed by a circuit court and is not discharged within 30 days after such appointment, unless the court determines within 30 days after appointment of the receiver that transfer of control would be detrimental to the Association or its Members; or
 - (vii) Seven years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e), *Fla. Stat.* or the recording of an instrument that transfers title to a Unit in the Condominium which is not accompanied by a recorded assignment of Developer rights in favor of the grantee of such Unit, whichever occurs first; or, in the case of an association that may ultimately operate more than one condominium, 7 years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e), *Fla. Stat.*, or the recording of an instrument that transfers title to a unit which is not accompanied by a recorded assignment of developer rights in favor of the grantee of such unit, whichever occurs first, for the first condominium it operates; or, in the case of an association operating a phase condominium created pursuant to s. 718.403, 7 years after the date of the recording of the certificate of a surveyor and mapper pursuant to s. 718.104(4)(e), *Fla. Stat.*, or the recording of an instrument that transfers title to a unit which is not accompanied by a recorded assignment

of developer rights in favor of the grantee of such unit, whichever occurs first.

- D. The Developer is entitled to elect at least one (1) member of the Board as long as the Developer holds for sale in the ordinary course of business at least 5 percent (5%), in condominiums with fewer than 500 units, and 2 percent (2%), in condominiums with more than 500 units, of the units in a condominium operated by the Association. After the Developer relinquishes control of the Association, the Developer may exercise the right to vote any Developer-owned Units in the same manner as any other Unit Owner except for purposes of reacquiring control of the Association or selecting the majority members of the Board.
- E. See Section 718.303, *Fla. Stat.*, and Section 5.3 of the Bylaws of the Association, which are attached as Exhibit C to the Declaration, which is attached hereto as Exhibit 1.
- F. The Directors of the Association designated by the Developer will be replaced by Directors elected by Unit Owners other than the Developer in accordance with the applicable provisions of the Condominium Act, Section 718.301, *Fla. Stat.* and Section 5.3 of the Bylaws.

VII. Restrictions Upon Sale, Transfer, Conveyance or Leasing:

A. **THE SALE, LEASE OR TRANSFER OF UNITS IS RESTRICTED OR CONTROLLED.**

The provisions governing such restriction and control are set forth in Section 13 of the Declaration. All Unit Owners taking title to a Unit acknowledge receipt of the Condominium Documents and accept their Unit subject to the terms, conditions, restrictions, obligations and other terms thereof and specifically acknowledge that a valid sale, conveyance or transfer of the respective unit can only be made upon compliance with the conditions for approval and notice set forth in said Section 13.

VIII. Summary of Restrictions on Use:

- A. In addition to the restrictions on the lease and sale of Units contained in Section 13 of the Declaration, restrictions apply to the use of the Units in the Condominium and the Condominium Property, including in particular Sections 7 and 12 of the Declaration attached hereto as Exhibit 1, and a summary of which is as follows:
 - (i) There is no prohibition against children in the Condominium.
 - (ii) Residents may have dogs, cats and/or birds as pets, however, no monkeys, rodents, poultry, swine, livestock, or other exotic animals shall be raised, bred, or kept on any Condominium Parcel or on the Common Elements or

Association Property. See Section 12.4 of the Declaration for additional restrictions on animals.

- (iii) Unit Owner modifications to Units and Limited Common Elements is restricted. See Sections 7 and 12 of the Declaration.
- (iv) In no event shall occupancy of a Unit exceed two (2) persons per bedroom in the Unit, except for temporary occupancy by visiting guests. See Section 12.1 of the Declaration.
- (v) Garage doors shall be required to remain in place at all times, and no construction or conversion shall change the interior or exterior of any garage to interfere with the use of it as a storage place for automobiles and personal items. See Section 12.2 of the Declaration.
- (vi) Automobiles and any other vehicles must be operational. No vehicle repairs (except minor emergencies) shall be made in any portion of the Condominium Property or Association Property except within a closed garage. See Section 12.3 of the Declaration.
- (vii) No wires, masts, towers, antennae, aerial, weathervanes, anemometers, or exposed wiring for any purpose or other equipment or structures may be erected, constructed or maintained on the exterior of any Unit nor in any of the Common Elements except by the Association or except with the prior written consent of the Board, and except as follows: Satellite dishes less than eighteen inches (18”) in diameter shall be permitted within a Unit or on a Limited Common Element appurtenant thereto. Any such satellite dish shall be screened from view from other Units or the Common Elements and shall be installed in the least obtrusive location where the signal may be received. See Section 12.5 of the Declaration.
- (viii) Each Condominium Parcel may be used for single-family residential purposes only. Single family shall mean an individual; or two (2) or more persons related by blood, marriage or adoption, exclusive of household servants, occupying a Unit and living as a single housekeeping Unit; or four (4) or fewer persons not related by blood, marriage or adoption who regularly and customarily reside together as a single housekeeping unit. Under no circumstances may more than one single family reside in a Unit at one time. When used in this Subsection “reside” shall mean occupancy for more than thirty (30) days during any calendar year. Nothing herein shall prevent an Owner from leasing a Unit subject to the conditions and covenants contained in this Declaration, except that the leased Unit shall nonetheless be occupied by a single-family as defined herein. See Section 12.11 of the Declaration.

- (ix) No nuisance shall be permitted to exist upon or within the Condominium Property or any conduct that creates an annoyance or disturbance to be detrimental or bothersome to any other occupants of the Condominium Property or interferes with the peaceful possession and proper use of the Condominium by its residents. See Section 12.12 of the Declaration.
- (x) A Unit Owner shall not do anything within his or her Unit or on the Common Elements which would adversely affect the safety or soundness of the Common Elements or any portion of the Association Property or Condominium Property which is to be maintained by the Association. See Section 12.21 of the Declaration.
- (xi) No use may be made of any Condominium Parcel that violates any federal, state or local laws, zoning, ordinances or regulations.
- (xii) No rubbish, refuse, garbage or trash shall be permitted to accumulate in places other than the receptacles (garbage cans). Garbage or trash containers must be kept in the garage, except that they may be placed out for collection no more than twelve (12) hours before pickup and must be retrieved and put inside the garage within twelve (12) hours of pickup.
- (xiii) No signs, advertising or notices of any kind or type, shall be permitted to be displayed on the exterior of a Unit or on any Limited Common Elements or Common Elements, nor shall the same be permitted or displayed in such a manner as to be visible from the exterior of any Unit. Signs, regardless of size, used by Developer for advertising and marketing during the construction and sale of the Condominium shall be exempt from this restriction. Notwithstanding the foregoing, an Owner shall be permitted to install one (1) sign advertising a Unit for sale or for rent, subject to such restrictions thereon as may be adopted by the Board from time to time.
- (xiv) Residents shall be permitted to display one (1) portable, removable United States flag in a respectful way and, on Armed Forces Day, Memorial Day, Flag Day, Independence Day, Patriot Day, and Veterans Day, may display in a respectful way portable, removable official flags, not larger than four and one-half feet (4 ½') by six feet (6'), that represent the United States Army, Navy, Air Force, Marine Corps, Space Force, or Coast Guard. All other flags, including but not limited to decorative flags, sports team flags, and political flags, shall be expressly prohibited from being displayed at any time.
- (xv) The lease, transfer and occupancy of Units is restricted. Reference should be made to the entirety of this Prospectus and its Exhibits for all relevant restrictions, including specifically all portions of Section 13 of the Declaration, only a brief summary of which is as follows:

- a. Only entire Units with their appurtenant Limited Common Elements may be rented or leased. There shall be no subdivision or subletting of Condominium Parcels. "Rent Sharing" or the renting of rooms is prohibited.
- b. All leases or licenses must be in writing. All leases and licenses shall be for a minimum period of six (6) consecutive months.
- c. All leases, including renewals, and the occupants thereunder require prior approval of the Board of Directors. All proposed adult occupants shall be subject to a background check.
- d. Sale or other title transfer of a Unit, including transfers by devise or inheritance, is subject to approval of the Board. Notwithstanding the foregoing, restrictions on the transfer of Units other than by lease shall not be applicable to Units owned by the Developer.
- e. If the grantee is a corporation, partnership, trust, limited liability company, some other entity, or more than one individual who are not husband and wife, the approval of ownership shall be conditioned upon approval of a primary occupant.

IX. Utilities and Other Services:

- A. Utilities and certain other services are intended to be furnished to the Condominium as follows:
 - (i) Electricity: Florida Power & Light
 - (ii) Water: City of Ormond Beach
 - (iii) Sewage: City of Ormond Beach
 - (iv) Telephone: to be determined – may be provided by a variety of companies.
 - (v) Garbage/Solid Waste Removal: City of Ormond Beach
 - (vi) Storm Water Retention and Drainage: A private/internal stormwater and surface water management system
- B. Each Unit is intended to be separately metered for electric service. It shall be the Unit Owner's obligation to establish a service account with the applicable utility provider, and thereafter the utility provider will send separate bills directly for such service. Electric service to the Common Elements shall be billed directly to the Association (as to the Common Elements) and shall be paid for through Assessments of the applicable bill recipient. Water and sewer service will be

provided to the Condominium through one master water meter, and each Unit is intended to be sub-metered for water service. Each Unit Owner shall be obligated for payment of such sub metered charges whether such charges are sent directly by the utility provider, or the Association (or any company retained by the applicable entity to process invoicing and/or provide sub-metering services). The Association shall be entitled to levy an assessment against a Unit for any unpaid water/sewer charges. All other utilities or services identified above are anticipated to be billed to the Association (as to the Common Elements) and shall be paid for through the Assessments of the applicable entity.

- C. It is contemplated that the Association may enter into a bulk service agreement for the provision of internet access service, telephone, cable and/or satellite television services. Purchaser agrees to be bound by any such bulk service agreement and to sign an individual subscriber agreement to the extent required by the bulk agreement. Purchaser also understands and agrees that it is an industrywide practice for the providers of internet access service and cable and/or satellite television services to pay the Developer an installation, access and/or pre-wiring fee. Purchaser recognizes this practice and by acquiring a Unit agrees that Developer is entitled to such fees and may retain such fees for its own account, notwithstanding that the Association may otherwise assume all of the financial burdens of any such bulk service agreement. If the Association does not enter into a bulk service agreement for such services, reception of signals for television usage, cable, internet or satellite television shall be through various providers with whom the Unit owner is responsible to establish an account and thereafter be billed directly for such service(s) by such service provider.

X. Share of Common Elements, Surplus and Expenses:

- A. The Owner(s) of each Unit will own an undivided interest in the Common Elements of the Condominium and Common Surplus of the Association and shall be obligated for a proportionate share of the Common Expenses. Generally speaking, the Common Elements consist of all parts of the Condominium Property not included in the Units.
- B. The Common Expenses means all expenses incurred by the Association for the administration, maintenance, operation, repair and replacement of Common Elements and Association Property, including but not limited to the Surface Water or Stormwater Management System, and such other expenses as may be declared Common Expenses by the Declaration, the Articles, or the Bylaws. Common Expenses shall also include, without limitation, costs of the following: (i) Bulk interior pest control for Units, if provided by the Association in the Board's discretion; (ii) Premiums for property and public liability insurance and reasonable insurance for directors and officers; (iii) Utility bills that are not separately metered to individual Units or, where such utilities have been sub-metered to individual Units, the portions of such utility bills that are unreimbursed to the Association through the Utility Assessments referenced in the Declaration; (iv) Accounting and

legal fees, wages and fees for managerial and other services; (v) All reserves required by the Act or otherwise established by the Association, regardless of when reserve funds are expended; (vi) Communications services as defined in Chapter 202, information services, or internet services, if so designated by the Board, with the costs of said services, at the election of the Board, assessed on a per-Unit basis rather than on a percentage basis, or as permitted by the Act; (vii) If applicable, reasonable transportation services, road maintenance and operation expenses, in-house communications and surveillance services, which are reasonably related to the general benefit of the Unit Owners even if such expenses do not attach to the Common Elements or Condominium Property; (viii) Any items or services required by any federal, state, or local governmental entity to be installed or supplied to the Condominium Property by the Association, including, but not limited to, fire safety equipment or water and sewer service where a master meter services the Condominium; (ix) Property taxes and other costs or maintenance expenses attributable to any Units acquired by the Association or any Association Property. (x) Any unpaid share of Common Expenses extinguished by foreclosure of a superior lien or by deed in lieu of foreclosure.

- C. Common Expenses shall not include any separate obligations of individual Unit Owners.
- D. Each Unit shall have an equal undivided interest in the general Common Elements and Common Surplus and an equal responsibility for Common Expenses. See Section 5 of the Declaration.

XI. Estimated Operating Budget:

- A. The estimated operating budget for the Condominium and the Association and a schedule of the Unit Owner's expenses is set forth in Exhibit 3 to this Prospectus.

THE BUDGET CONTAINED IN THIS OFFERING CIRCULAR HAS BEEN PREPARED IN ACCORDANCE WITH THE CONDOMINIUM ACT AND IS A GOOD FAITH ESTIMATE ONLY AND REPRESENTS AN APPROXIMATION OF FUTURE EXPENSES BASED IN FACTS AND CIRCUMSTANCES EXISTING AT THE TIME OF ITS PREPARATION. ACTUAL COSTS OF SUCH ITEMS MAY EXCEED THE ESTIMATED COSTS. SUCH CHANGES IN COST DO NOT CONSTITUTE MATERIAL ADVERSE CHANGES IN THE OFFERING.

XII. Estimated Closing Expenses:

- A. In addition to the purchase price for the Unit, purchaser must pay certain other fees, costs or other sums when title is delivered to the purchaser at closing. The actual closing expenses to be paid by the purchaser of a will vary in relation to the purchase price of the particular Unit purchased and the amount of any mortgage loan financing obtained by a purchaser.

The closing is not contingent on financing or intended to be with the assistance of a federally related mortgage loan.

These estimated closing expenses of a purchaser include:

- B. 1.5% of the Total Purchase Price Toward Developer's Closing Costs. The Developer shall pay the following costs and expenses: (i) the cost of an owner's title insurance policy as described herein; (ii) the real estate commission payable by Developer on the sale pursuant to Section XII(C) of this Prospectus below; (iii) the legal fees for the Developer's attorney, if any; (iv) the closing fee for the closing agent of Developer's choice who shall close all sales from the Developer and shall provide the required title insurance; (v) documentary stamp taxes upon the Deed; (vi) recording fees for recording the Deed; and (vii) title search costs (collectively "Developer's Closing Costs"). Notwithstanding the foregoing, Purchaser agrees to pay up to 1.5% of the Total Purchase Price towards Developer's Closing Costs. In addition, purchaser shall be solely responsible for and shall pay attorney's fees of any attorney employed by the purchaser or a lender, and for any closing costs and expenses related to any mortgage that purchaser elects to obtain, if any, including the costs of a lender's title insurance policy, plus the premium for any required endorsements, documentary stamp taxes upon any mortgage, prepaid items required by a mortgage lender. Notwithstanding the foregoing, purchaser understands and agrees that purchaser's obligations under this Agreement are not in any way conditioned or contingent upon obtaining mortgage financing.
- C. Sales Commissions. Developer will pay all sales commissions due its in-house sales personnel and/or exclusive listing agent, if any, and the co-broker, if any, identified on the last page of the Purchase Agreement (if such space is left blank, it shall mean that Developer has not agreed to pay any co-broker and that purchaser represents that there is no co-broker who can claim a fee or other compensation by, through or under purchaser), provided that such co-broker has properly registered with Developer as a participating co-broker, has entered into Developer's standard form of Brokerage Agreement and has fully complied with the terms thereof. Developer has no responsibility to pay any sales commissions to any other broker or sales agent with whom purchaser has dealt. Purchaser will be solely responsible to pay any such other brokers.
- D. Working Capital Contribution. Purchaser shall also be required to pay, at the time the initial sale of each Unit is closed, an amount equal to 6 months of Association assessments, as determined at the time of closing, and which contribution is payable directly to the Association. This amount shall be used as a working capital fund in connection with all initial operating expenses of the Association. This payment shall not be refundable or applied as a credit against the Unit Owner's monthly Assessments. Pursuant to Florida Administrative Code, these funds may not be used for the operation of the Association during the period of the Developer's guarantee of Assessments.

- E. To the extent that the transaction is governed by RESPA and purchaser has elected to obtain a title insurance commitment and policy from its own sources, or to the extent that Developer otherwise allows purchaser to utilize its own title agent (which Developer has no obligation to do if the transaction is not governed by RESPA) all costs in connection with title search, title review and the premium for the title insurance commitment and title insurance policy;
- F. Any and all sales tax due in connection with the acquisition of any furnishings, finishes and/or equipment;
- G. Any remaining outstanding sums and/or any sales tax due for any options or upgrading of standard items included, or to be included, in the Unit as agreed to in writing by both purchaser and Developer;
- H. If the Developer permits a closing to be rescheduled from the originally scheduled closing date at the request of the purchaser, purchaser shall pay to the Developer, an extension fee as more particularly described in the Purchase Agreement. In addition, all closing prorations shall be made as of the originally scheduled closing date. Developer is not obligated to consent to any such delay.
- I. Proration of monthly Association Assessment for the current year.
- J. Proration of ad valorem real estate taxes for the current year.
- K. Any attorney fees incurred by purchaser in connection with the purchase of a Unit.
- L. If purchaser obtains a loan for any portion of the purchase price, purchaser will be obligated to pay the following:
 - (i) Florida Documentary Stamp Tax on the mortgage at the rate of \$0.70 per \$100 (or fraction thereof) of principal amount of note secured by the mortgage (based upon applicable Florida law as of the effective date of this Prospectus, and may change from time to time).
 - (ii) Florida Intangible Tax on the mortgage equal to 2 mills (.002) times the principal amount of note secured by the mortgage (based upon applicable Florida law as of the effective date of this Prospectus, and may change from time to time).
 - (iii) Fee to record the mortgage equal to \$10.00 for the first page and \$8.50 per page thereafter (size of mortgage depends on form used by lender) (based upon applicable Florida law as of the effective date of this Prospectus, and may change from time to time).
 - (iv) Premium for the mortgagee's title insurance, if required.

- (v) Loan origination fee, points or other fees to the lender (to be determined by lender).
- (vi) Fee for credit report and appraisal (depends on amount of fee charged lender by provider of such services).
- (vii) Any other loan fees, closing costs, escrows, prepayments or other expenses charged by the lender giving purchaser a mortgage, if any.

Whether or not the purchaser desires to obtain financing, the purchase of the Unit will not be subject to the purchaser arranging such financing and the Developer considers the purchase of the Unit as if the purchaser does not require a mortgage loan. Nothing herein shall be deemed to make the Purchase Agreement, or the purchaser's obligations under the Purchase Agreement, conditional or contingent, in any manner, on the purchaser obtaining a loan to finance any portion of the purchase price; it being the agreement of the purchaser that the purchaser shall be obligated to close "all cash" and that no delays in closing shall be provided to accommodate loan closings.

- M. The Developer is not obligated to provide a purchaser with a title opinion or an abstract of title. A policy of owner's title insurance, however, will be provided to a purchaser after closing.
- N. The form of Purchase Agreement set forth as Exhibit 5 hereto may be modified in any manner in any particular case or cases without the consent of any other purchaser or Unit Owner (provided, however, that no amendment may conflict with the provisions of the Condominium Act.). The modification of any such Purchase Agreement or Purchase Agreements shall not vest any purchaser or Unit Owner whose Purchase Agreement was not so modified with any rights of any sort. Purchaser should carefully review the Purchase Agreement as it has important provisions, including, without limitation, those affecting purchaser's rights in the event that purchaser defaults.
- O. Deposits under the Purchase Agreement will be held and disbursed in accordance with the Purchase Agreement and, to the extent that the Purchase Agreement is entered into prior to the time that the Unit is substantially completed, in accordance with the terms of the Escrow Agreement attached hereto as Exhibit 6. If the Purchase Agreement is executed after the Unit is substantially completed in accordance with the provisions of Section 718.202, *Fla. Stat.*, the Escrow Agreement shall not be applicable. Purchaser should take special notice that the Developer reserves the right to utilize a purchaser's deposits in excess of, ten percent (10%) of the Purchase Price as and to the extent permitted by law. Accordingly, each purchaser should expect that such deposits may not remain in escrow.

- P. Purchasers may elect to purchase flood insurance to protect their Unit if not otherwise required by any applicable mortgagee. Purchasers should refer to Section 9.5.2 of the Declaration for information pertaining to the purchasing of flood insurance and the use of any flood insurance proceeds to rebuild or repair the unit if damaged by flood. The Developer in no manner advises as to the necessity for such insurance.

Purchasers should consider purchasing fire and casualty insurance for their Unit, if not otherwise required by any applicable mortgagee. The following items are excluded from the Association's property insurance policy: personal property within the Unit or Limited Common Elements, and floor, wall, and ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments, including curtains, drapes, blinds, hardware, and similar window treatment components, or replacements of any of the foregoing which are located within the boundaries of the Unit and serve only such Unit. Such property and any insurance thereupon is the responsibility of the Unit Owner.

XIII. Identity of Developer:

- A. KKONG 3-7-12-27 LLC – 2344-2376 Ocean Shore Blvd. – Series 1, a Wyoming Series and Close LLC, is the Developer of Bailey By The Sea, a Condominium. Being a relatively newly formed entity, it has no prior experience in the field of condominium or other real estate development. The principal directing the creation and sale of the Condominium is Natalia M. Gates. Natalia M. Gates has no prior experience in the field of condominium or other real estate development.
- B. The information provided above as to Ms. Gates is given solely for the purpose of complying with Section 718.504(23), *Fla. Stat*, and is not intended to create or suggest any personal liability on the part of Ms. Gates.

XIV. Easements:

- A. In addition to the various easements to be provided for in the Declaration attached hereto as Exhibit 1 the Condominium Property may be made subject to easements in favor of various public or private utilities. Any easement in favor of a public or private utility or similar company or authority may be granted by the Developer or the Association on a "blanket" basis or by use of a specific legal description. See the Section hereof entitled "Utilities and Other Services" for the names of the suppliers of certain utilities to the Condominium.
- B. For more details, refer to the Declaration. The easements provided for in the Declaration and the Condominium Act are not summarized here.

XV. Evidence of Developer Ownership:

- A. Evidence of the Developer's ownership of the property upon which the Condominium is to be constructed is contained in Exhibit 7 to this Prospectus.

XVI. Definitions:

- A. The definitions set forth in the Declaration shall be applicable to this Prospectus, unless otherwise specifically stated or unless the context would prohibit.

XVII. Effective Date:

- A. This Prospectus is effective May 21, 2025.